



**EXPLORING THE MARGINALISATION OF AFRICA (AND ZIMBABWE) IN
THE 'GLOBAL VILLAGE': A ZCTU ECONOMICS DEPARTMENT
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1. Introduction

Globalisation has been variously defined. At times it has been defined as a process, in other places it has been seen as an outcome. Globalisation is simply the integration of product and factor markets: trade, investments, capital and labour markets throughout the world. It involves the opening up of national economies into the global one, to create an imaginary 'global village' where interdependence is the norm.

Although globalisation is not a new phenomenon, it is the intensity and quality of the process that distinguishes the current process from earlier ones. New technologies have sharply reduced transportation, telecommunication and other related costs of doing business, thereby hastening the pace of economic integration. In the process, economic distances have shrunk, and co-ordination problems have been substantially reduced such that it is a lot easier and more efficient for multinational enterprises to organise production in different parts of the world.

Two factors have played an important role in economic integration. Firstly, technological advances, and particularly so in information and communications have helped in overcoming natural barriers of space and time. Secondly, institutions such as the World Bank, International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), until 1994, the General Agreement on Trade and Tariffs (GATT), and since 1994, the successor to GATT, the World Trade Organisation (WTO), have been instrumental in pushing for multilateral trade liberalisation. The collapse of the Soviet Union, and the eastern block has reinforced the supremacy of markets, and this has intensified globalisation.

The distinctive features of the current phase of globalisation are the following:

- new markets - foreign exchange and capital markets are integrated and operate round the clock;
- new tools - Internet connections, cellular phones, media networks;
- new actors - the WTO which has authority over governments, multinational corporations which are more powerful than States, etc; and
- new rules - multilateral agreements on trade, services and intellectual property, with strong enforcement mechanisms and more binding for governments, reducing the space for national policy (UNDP, 1999: 1).

It manifests itself through the intensification of activities in these areas:

- international trade in goods and services;
- capital flows (FDI and short-term flows);
- the role of MNEs;
- the reorganisation of production networks on an international scale;
- the adoption of new technology, notably ICT (Torres, 2001: 8).

Following the collapse of communism, globalisation is largely presented to developing countries as a *fait accompli*, something they cannot avoid. It is often argued developing countries do not have much room for manoeuvre, what they should do is integrate themselves as quickly as possible into the global economy. In his address to the International Labour Organisation (ILO)'s International Labour Conference in June 1999, the USA President, Bill Clinton stated that: "Globalization is not a proposal or a policy choice, it is a fact. But how we respond to it will make all the difference. We cannot dam up the tides of economic change any more than King Canute could still the waters," (page 5).¹

Its benefits derive from a simplistic assumption that economic integration will result in improved economic performance. As countries reduce protective barriers to free trade and open their economies to international capital flows, growth will follow, and in the process poverty is reduced as the standard of living improves for all. In the same address, President Clinton remarked, "Competition and integration lead to stronger growth, more and better jobs, more widely shared gains ... Moreover, a failure to expand trade further could choke off innovation and diminish the very possibilities of the information economy. No, we need more trade, not less," (page 6).

The proponents of globalisation often portray it as a mutually beneficial, welfare enhancing process. The EU provides an up-beat assessment of economic liberalisation, arguing:

The multilateral trading system has for fifty years contributed to stable and continued economic growth, with all the benefits that this implies. Eight rounds of Trade liberalisation and strengthening of rules has made a major contribution to global prosperity, development, and rising living standards. Since 1951, global trade has grown seventeen fold, world production has more than quadrupled, and world per capita income has doubled. The multilateral system has helped many developing countries to be integrated into the international economy, experience showing that countries with more open markets achieve higher levels of economic growth and development. The record of the WTO since the conclusion of the Uruguay Round has been particularly positive, bringing major improvements in market access and more predictable rules. Growth has become increasingly trade driven, and trade accounts for an increasing proportion of economic growth," (Informal discussion paper for EU Trade Ministers, Berlin, 10-11 May 1999).²

To maximise the benefits of free trade, Sharer contends that: "Open trade systems need to be a part of a comprehensive set of liberal, market-oriented, structural and

¹ On this subject, the former director general of the WTO, Renato Ruggiero, remarked that "...anyone who believes that globalisation can be stopped has to tell us how he (sic!) would envisage stopping economic and technological progress; this is tantamount to trying to stop the rotation of the earth," (quoted in Keet, 1999: 6).

² A similar text appears in the opening paragraph to the Doha Ministerial Declaration.

other economic reforms that will result in high-quality, sustained growth,” (1998: 4). During the 1980s, much of Africa embraced markets through the implementation of Structural Adjustment Programmes. The question then is whether this has improved the fortunes of the continent (and Zimbabwe), as proponents of market-driven globalisation assert.

3. Globalisation and Africa (and Zimbabwe): The Reality

Over time, the integration of the world has progressed steadily, with international trade growing at a faster rate than world output as illustrated in Table 1 below.

Table 1: Average Annual Growth of World Trade and GDP, 1950-95

	1950-60	1960-70	1970-80	1980-90	1990-95
World trade	6.5	8.3	5.2	5.0	6.2
World output	4.2	5.3	3.6	3.1	2.0
Difference	2.3	3.0	1.6	1.9	4.2

Source: World Bank, 1997: World Development Indicators, The World Bank.

Table 2 captures the extent of global integration using conventional measures, namely, share of trade in GDP, private capital flows and foreign direct investment for the periods 1981-83, 1990 and 2000.

Table 2: Global Economic Integration, 1981-83, 1990 and 2000 (All Measures As Percentage of GDP).

Region	Trade in Goods			Gross Private Capital		Gross FDI	
	1981-83*	1990	2000	1990	2000	1990	2000
1	27.3	32.4	40.0	10.3	29.1	2.7	8.8
2	24.6	48.8	65.6	5.3	13.3	1.5	3.9
3	29.5	32.0	37.1	11.0	33.6	3.0	10.1
4	34.8	28.7	65.6	-	13.6	-	3.8
5	22.4	23.2	37.7	7.9	10.5	0.9	4.5
6	34.3	45.4	51.6	11.5	7.5	0.9	1.0
7	14.0	16.5	24.3	1.4	3.1	0.1	0.6
8	28.8	41.2	56.8	5.1	11.0	1.0	1.8
9	29.3	40.7	44.9	1.7	-	0.1	-

Source: World Bank, 2002 and 1997: World Development Indicators, The World Bank, pages 334 & 294 respectively.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe & Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe. FDI denotes Foreign Direct Investment, while asterisks * is real trade, which is the sum of exports and imports of goods and services measured at constant prices. Trade for 1990 and 2000 is the sum of merchandise exports and imports (excluding services) at current US dollars, Gross Private Capital and Gross FDI include both inflows and outflows.

Using the three conventional measures of global integration, namely, share of trade in GDP, gross private capital flows and gross foreign direct investment, the general picture that emerges in Table 2 is that the world has become more integrated over time. On the basis of its share of trade in GDP, while Sub-Saharan Africa (SSA) was less integrated than Europe & Central Asia, and High Income countries during the

initial period (1981-83), it has since become substantially more integrated than these regions. Using gross private capital flows and FDI as proxies of global integration suggests a deepening process for all regions, with the exception of the Middle East and North Africa. The share of gross private capital flows and gross foreign direct investment in SSA's GDP is markedly lower than that in the high performing regions (East Asia & the Pacific and Europe & Central Asia). While SSA's level of integration using the share of trade is deeper than that for the world, it is evidently shallower when private capital flows and FDI are used. This is where SSA has been largely left behind, its failure to attract investment. Net private capital flows to SSA stood at US\$10,449 million, compared to levels of US\$51,02 million for East Asia and the Pacific and US\$111,315 million for Latin America and the Caribbean. Private capital flows have soared from US\$44 billion in 1990 to US\$257 billion in 2000, while official flows have declined from US\$57 billion to US\$39 billion during the same period. FDI has become the major source of international finance to developing countries, accounting for about 70% of all private capital flows in 2000. However, a large portion of these net private capital flows (78% in 1995), went to a dozen countries (24.1% to China, 10.4% to Brazil, 7.1% to Mexico, 6.5% to Malaysia, 6.3% to Indonesia, 4.9% to Thailand, 4.2% to Hungary, 3.9% to Argentina, 3% to the Czech Republic, 2.8% to Poland, 2.5% to Philippines & 2.3% to Chile).

While FDI to SSA amounted to US\$7,949 million in 1999, that to East Asia and the Pacific amounted to US\$56,041 million (almost 8 times the SSA level) and that to Latin America and the Caribbean was at a level of US\$90,335 million (more than 12 times the SSA level) during the same period. FDI flows to developing countries are so skewed that the top four beneficiaries (Argentina, Mexico, Brazil and China) account for more than half the total. SSA has tended to rely more on official development assistance, with a per capita level of US\$20 in 1999 (down from US\$32 in 1994), compared to a per capita level of US\$5 for East Asia and the Pacific and US\$12 for Latin America and the Caribbean.

Table 3 shows the average annual growth rates of output by region for the period 1980-'00.

Table 3: Average Annual Growth Rates of Output By Region, 1980-'00

Region	GDP		Agriculture		Industry		Manufacturing		Services	
	1980-90	1990-'00	1980-90	1990-'00	1980-90	1990-'00	1980-90	1990-'00	1980-90	1990-'00
1	3.3	2.7	2.5	1.4	3.1	1.5	3.6	1.3*	3.4	2.9
2	7.9	7.2	4.4	3.1	9.3	9.3	10.4	9.9	8.6	6.4
3	3.3	2.5	1.4	0.0	2.9	0.7	3.5	0.5*	3.4	2.3*
4	-	-1.5	-	-2.3	-	-3.8	-	-	-	1.6
5	1.7	3.3	2.3	2.3	1.4	3.3	1.4	2.6	1.9	3.4
6	2.0	3.0	5.2	2.6	0.3	0.9	5.0	3.8	2.4	4.5
7	5.6	5.6	3.2	3.1	6.8	6.2	7.0	6.6	6.5	7.1
8	1.6	2.5	2.3	2.8	1.2	1.6	1.7	1.6	2.4	2.6
9	3.6	2.5	3.1	4.3	3.2	0.4	2.8	0.4	3.0	3.1

Source: World Bank, 2002 & 1997: World Development Indicators, The World Bank, pages 206 & 132 respectively.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe & Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe. Asterisks * denote 1990-95.

Clearly, the average annual rates of growth are lowest for SSA compared to other regions of the world (except for Europe and Central Asia). The average annual rates of growth are even lower in crucial sectors such as industry and manufacturing, where value added and correspondingly, terms of trade are more favourable. While Zimbabwe performed better than the average for SSA during the period 1980-90, its performance was at par with that of the region during 1990-'00. SSA's gross national income of US\$310 billion in 2000 is the lowest of all the regions in the world. It is lower than the US\$421.1 billion for South Korea or The Netherlands' US\$397.5 billion for the same period. Its per capita gross national income of US\$470 in 2000 compares unfavourably with the level of US\$1,060 for East Asia and The Pacific, US\$2,010 for Europe and Central Asia, US\$3,670 for Latin America and the Caribbean, US\$2,090 for the Middle East and North Africa, and US\$27,680 for the same period. It is only higher than that for South Asia (US\$440 in 2000). The world average gross national income for 2000 is US\$5,170, which is 11 times that for SSA for the same period.

The structure of output is summarised in Table 4 below.

Table 4: Structure of Output By Region, 1980 & 2000 (% of GDP)

Region	Agriculture		Industry		Manufacturing		Services	
	1980	2000	1980	2000	1980	2000	1980	2000
1	7	5	38	31	23	22	53	64
2	27	13	39	46	27	32	32	41
3	3	2	37	32*	24	21*	58	66*
4	-	10	-	35	-	-	-	57
5	10	7	37	29	25	21	51	64
6	9	14	57	37	7	14	32	48
7	39	25	24	26	15	16	35	49
8	24	17	36	30	12	14	38	53
9	14	18	34	25	25	16	52	57

Source: World Bank, 2002 & 1997: World Development Indicators, The World Bank, pages 210 & 132 respectively.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe & Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe. Asterisks * denote 1995 figure.

The structure of output reflects the level of development attained. For developed countries, services tend to be pronounced, while the share of agriculture is low (and diminishing). However, for SSA and Asia, agriculture still plays a relatively important role in the economy. Whereas the share of the labour force in agriculture in the world declined from 53% in 1980 to 49% by 1990, that for the high-income economies declined from 9% in 1980 to 6%, for SSA it declined from 72% to 68%, while for Zimbabwe it declined from 74% to 69% during the respective periods. The issue is that the proportion of the labour force in agriculture is high in developing compared to in developed countries. A feature of rapidly growing economies such as East Asia is the dramatic fall in the proportion of its labour force in agriculture – Malaysia from

54% in 1970 to 27% by 1995 and South Korea from 49% to 18% respectively. Agriculture relies on rainfall patterns, which lie beyond the control of governments. Therefore the higher levels of dependence on agriculture imply limited control over the performance of the economy.

Of particular significance in terms of globalisation is trade performance. Table 5 traces the growth of merchandise trade by region for the period 1980-95.

Table 5: Average Annual % Growth of Merchandise Trade By Region, 1980-95

Region	Export Volume		Import Volume		Export Value		Import Value		Income TOT	
	1980-90	1990-95	1980-90	1990-95	1980-90	1990-95	1980-90	1990-95	1980	1995
1	4.7	6.0	4.9	5.9	6.3	7.3	6.2	7.2	-	-
2	9.3	17.8	7.1	17.0	8.0	17.8	9.1	17.9	-	-
3	5.2	5.4	6.2	4.6	7.8	6.9	7.5	6.2	72	138
4	-	-	-	-	-	-	-	-	-	-
5	5.2	6.6	-0.5	15.1	3.0	9.1	1.1	14.3	123	120
6	-2.0	1.1	-5.8	5.9	-7.6	-4.0	-3.7	0.6	147	119
7	6.6	8.6	3.5	5.3	6.8	10.7	3.8	8.8	70	185
8	0.9	0.9	-3.8	1.9	-0.7	0.9	-2.8	5.0	105	88
9	2.2	-6.6	-2.2	-5.1	2.5	2.0	-0.4	2.7	105	92

Source: World Bank, 1997: World Development Indicators, The World Bank, page 156.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe & Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe. TOT stands for terms of trade, where 1987 = 100.

Regions that have experienced high levels of growth in trade also experienced significant improvements in their terms of trade. The poor performers (SSA; the Middle East & North Africa; Zimbabwe) saw their terms of trade decline markedly. Sadly, total exports from SSA have declined from US\$77,237 million in 1980 to US\$72,847 million in 1995. In terms of share of world exports, SSA's share declined from 3.9% in 1980 to 1.4% in 1995.

Table 6 shows the total merchandised exports by regional trade bloc for the period 1970-2000.

Table 6: Share of World Exports From Selected Regional Trading Groups (%): 1970-'00

Region	1970	1980	1985	1990	1995	2000
EU	45.6	41.0	37.8	44.0	39.8	35.9
NAFTA	21.7	16.6	17.4	16.2	16.8	19.1
CARICOM	0.4	0.6	0.3	0.2	0.1	0.1
MERCOSUR	1.7	1.6	1.9	1.4	1.4	1.4
COMESA	1.6	0.6	0.5	0.4	0.4	0.4
ECOWAS	1.1	0.4	1.0	0.6	0.4	0.5
SADC	2.2	1.6	1.2	1.0	0.8	0.6
EAEC	11.3	15.1	19.6	20.9	26.0	26.0

Source: World Bank, 2002: World Development Indicators, Table 6.5: 346.

Notes: EU denotes European Union; NAFTA, North American Free Trade Area (USA, Canada & Mexico); CARICOM, Caribbean Community and Common Market; MERCOSUR, Southern Cone Common Market (Argentina, Brazil, Paraguay & Uruguay); COMESA, Common Market for East and Southern Africa; ECOWAS, Economic Community of West African States; SADC, Southern Africa Development Community; EAEC, East Asian Economic Caucus (Brunei, China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, the Philippines, Singapore, Taiwan & Thailand).

The African regional trade blocs' share of world exports is not only very low, but has declined over time. Whereas SADC countries accounted for 2.2% of world exports in 1970, their share declined to 0.6% by 2000. EAEC benefited most, with its share of world exports growing from 11.3% in 1970 to 26% by 2000.

The differentiated trade performance by region cannot be understood without examining the structures of their economies. Out of the 37 African countries whose trade statistics are reported in the 1997 World Development Indicators, 31 derive in excess of 70% of their export earnings from primary commodities (1993 statistics). Of these, Algeria, Angola, Chad, Congo, Ethiopia, Gabon, Libya, Malawi, Mali, Mauritania, Niger, Nigeria, Rwanda, Sudan and Uganda are the extreme cases, deriving at least 90% of their export earnings from primary commodities. In the context of declining terms of trade for most primary commodities, this leaves most of these economies exposed to the vagaries of international commodity markets.

A key feature of high performers is the high level of savings and investment in their GDP.

Table 7 reports the levels of savings and gross domestic investment as a percentage of GDP by region for the periods 1980, 1990 and 2000.

The level of savings and investment are typically high in high performers (such as East Asia and the Pacific). The recommended savings and investment to GDP ratio is at least 25%. Gross domestic investment in SSA recovered from a negative average annual growth rate of 3.9% for the period 1980-90 to a positive average annual growth rate of 3.4% for the period 1990-'00.

Table 7: Percentage Share of Savings and Gross Domestic Investment in GDP By Region, 1980 and 1995

Region	Gross Domestic Savings			Gross Domestic Investment		
	1980	1990	2000	1980	1990	2000
1	25	24	23	24	24	22
2	28	35	35	28	35	30
3	23	24	22	23	23	22
4	-	26	26	-	28	21
5	23	21	19	25	19	20
6	45	23	30	26	24	20
7	15	20	20	20	24	23
8	27	16	17	23	15	17
9	16	17	12	19	17	13

Source: World Bank, 2002 & 1997: World Development Indicators, The World Bank, pages 238 & 176 respectively.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe and Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe.

During the same period, gross domestic investment in East Asia and the Pacific decelerated from an average annual growth rate of 9.3% to 5.9% respectively (World Bank 2002: 242). In spite of the recovery in investment in Sub-Saharan Africa, its overall performance remains way below the optimum levels. These differences in savings and investment performance illustrate the divergences in economic performance, with economies experiencing high levels of investment generating higher levels of economic growth.

SSA's external debt rose markedly from US\$84,119 million in 1980 to US\$226,483 million in 1995 and US\$215,794 million by 2000. That for Zimbabwe increased from US\$786 million to US\$4,885 million and fell to US\$4,002 million during the respective periods. SSA's debt service ratio (debt service as % of exports of goods and services), increased from 9.8% in 1980 to 14.5% in 1995, before falling to 10.2% by 2000, while that for Zimbabwe rose sharply from 3.8% to 25.6%, before declining to 22.1% respectively. According to the World Bank, debt service difficulties become increasingly likely when the ratio of the present value of debt to exports reaches 200-250% and the debt service ratio exceeds 20-25% (1997: 225). In this regard, African countries that have a debt service ratio above 20% (such as Zambia at 174.4%, Guinea Bissau at 66.9%, Sierra Leone at 60.3%, Algeria at 38.7%, Mozambique at 35.3%, Morocco at 32.1%, Burundi at 27.7%, Malawi at 25.9%, Kenya at 25.7%, Zimbabwe at 25.6%, Guinea at 25.3%, Mauritania at 21.4%, Cote d'Ivoire at 23.1%, Ghana at 23.1% and Uganda at 21.3%) are already in the 'difficult' zone.³ Of the 38 countries classified by the World Bank (2002: 268-70) as severely indebted, 25 (66%) are from Sub-Saharan Africa.⁴

The World Bank (2002: 15) argues that at the end of 2001, 24 countries were receiving relief under the Highly Indebted Poor Countries (HIPC) initiative. This initiative, which was started by the IMF and World Bank in 1996, was enhanced in 1999 by linking it to poverty reduction. According to the World Bank (*ibid*), average debt service due will be about 30% less than that paid before relief started in 1998/99. However, the HIPC initiative has been strongly criticised by civil society groups, which disdain the market-conditionalities of the initiative and its further commitment to structural adjustment.

Infrastructure, especially Information and Communications Technology (ICT), plays a key role in mediating the benefits of globalisation. Table 8 shows the levels of ICT development by region for 2000.

³ The data are as at 1995. The source is the 1997 World Development Report, The World Bank.

⁴ The World Bank classifies a country as severely indebted when the present value of its external debt exceeds 220% of its exports of goods and services or 80% of Gross National Income. The Bank however concedes that experience suggests debt service difficulties are likely when the present value of debt exceeds 200% of exports (World Bank, 2002: 198). Moderately indebted countries are those whose value of debt exceeds 132% of exports or 48% GNI, while the others are classified as less indebted.

There are only 14 telephone mainlines per 1,000 people in SSA, compared with the world average of 163, a level of 101 for East Asia and the Pacific and 604 for high income economies. In terms of waiting time, in SSA, one has to wait for 4.4 years before getting a telephone line compared to a world average of 1.1 years, 1.2 years for East Asia and the Pacific and non for high income countries. For Zimbabwe, the waiting time exceeds 10 years. While the cost of a local call in SSA coincides with the world average, the number of mobile phones per 1,000 people at 17 is way below the world average of 123.

Table 8: ICT Development By Region, 2000

Region	Telephone mainlines			Mobile Phones
	Per 1,000 people	Waiting time, years	Cost of local call- US\$ per 3 minutes	Per 1,000 people
1	163	1.1	0.06	123
2	101	1.2	0.02	70
3	604	0.0	0.09	532
4	222	1.8	0.08	92
5	148	0.5	0.06	123
6	92	1.2	0.01	30
7	27	1.9	0.01	3
8	14	4.4	0.06	17
9	18	>10.0	0.04	23

Source: World Bank, 2002: World Development Indicators, The World Bank, page 314.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe and Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe.

Table 9 reports more information on the state of ICT developments globally for 2000 / 2001.

Table 9: Further ICT Developments By Region, 2000/2001

Region	Television Sets per 1,000 people 2000	Personal Computers Per 1,000 people 2000	Internet	
			Users '000s 2000	Service provider charge US\$ 2001
1	254	78.3	366,470	18
2	252	21.7	51,943	20
3	641	392.7	269,821	11
4	380	45.4	14,648	15
5	269	43.6	19,086	-
6	172	31.2	1,864	27
7	75	4.2	5,413	13
8	59	9.2	3,695	36
9	30	11.9	50	46

Source: World Bank, 2002: World Development Indicators, The World Bank, page 318.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe and Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe.

ICT provides the cutting edge for globalisation. Clearly, SSA has not been able to take advantage of developments in ICT. Access to television is limited to 59 per 1,000 people in SSA, compared to the world average of 254, a level of 252 for East Asia and the Pacific and 641 for high-income countries in 2000. 9.2 computers are used by 1,000 people in SSA, compared to the world average of 78.3, 21.7 for East Asia and the Pacific and 392.7 for high-income countries.

Whereas only 3.7 million people have access to the worldwide Internet in SSA, the levels are 51.9 million for East Asia and the Pacific, and 269,8 million for high-income economies. On the basis of monthly off-peak access charges, SSA service providers charge the highest rates for all regions at US\$36. Zimbabwean rates are even higher at US\$46. Clearly, therefore, SSA has the weakest link to ICT, and hence misses out in terms of harnessing the driving force of the current phase of globalisation.

Table 10 reflects the mortality rates by region for the periods 1980 and 2000.

Table 10: Mortality Rates By Region, 1980 and 2000

Region	Life expectancy at birth - years		Infant mortality rate, per 1,000 live births		Under-5 mortality rate, per 1,000		Survival to age 65, % of cohort	
	1980	2000	1980	2000	1980	2000	2000 Male	2000 Female
1	63	66	80	54	124	78	69	78
2	64	69	56	35	82	45	69	76
3	74	78	12	6	15	7	81	90
4	68	69	41	20	-	25	59	80
5	65	70	61	29	-	37	67	81
6	58	68	98	43	136	54	68	73
7	54	62	119	73	179	96	62	65
8	48	47	116	91	187	162	40	46
9	55	40	80	69	108	116	18	19

Source: World Bank, 2002: World Development Indicators, The World Bank, page 124.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe and Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe.

In every other region, life expectancy improved over time. However, in SSA, it deteriorated from 48 years to 47 years, and for Zimbabwe from 55 years to 40 years during 1980 and 2000 respectively. This is so due to the high incidence of HIV / AIDS in SSA.⁵ Data for 1999 suggests that at 8.4% of the adult population, HIV infection is highest in SSA compared to levels of 1.1% for the world, 1.2% for East

⁵ An estimated 40 million people are living with HIV / AIDS, with 20 million deaths since the disease was first identified. More than 13 million children are estimated to have been orphaned as a result of HIV / AIDS. It is the leading killer in SSA and the fourth cause of death worldwide (World Bank, 2002: 12).

Asia and the Pacific, 0.2% for Europe and Central Asia, 0.6% for Latin America and the Caribbean, 0.03% for the Middle East and North Africa and 0.3% for high income countries for the same period. While mortality rates improved for all regions, those for SSA are still too high. The proportion of a cohort group expected to survive to age 65, although it improved in 2000 compared to 1980, is typically low in SSA. Health expenditure per capita for SSA for the period 1995-99 is US\$41, which compares unfavourably with the levels of US\$51 for East Asia and the Pacific, US\$264 for Latin America and the Caribbean, US\$2,733 for high-income countries and the world average of US\$483 for the same period. Given that SSA has to deal with formidable health care challenges, including HIV / AIDS, such low expenditure levels do not bode well for the region.

Table 11 captures the levels of participation in education by region for the period 1980 and 1998.

Table 11: Participation in Education and Adult Illiteracy Rates (%), Selected Years

Region	Gross Enrolment Ratio Primary - % of relevant age group		Adult Illiteracy Rate			
	1980	1998	Male % 15 yrs & over		Female % 15 yrs & over	
			1990	2000	1990	2000
1	97	104	-	-	-	-
2	111	107	13	8	29	21
3	102	-	-	-	-	-
4	99	-	2	2	6	5
5	105	130	14	11	17	13
6	87	97	34	25	59	46
7	77	101	40	34	66	57
8	80	78	40	30	60	47
9	85	-	13	7	25	15

Source: World Bank, 2002: World Development Indicators, The World Bank, pages 92 & 100.

Notes: 1 denotes world, 2 for East Asia & Pacific; 3 for High Income; 4 for Europe and Central Asia, 5 for Latin America & Caribbean; 6 for the Middle East & N. Africa; 7 for South Asia; 8 for Sub-Saharan Africa and 9 for Zimbabwe.

The gross enrolment ratio for SSA declined from 80% of the relevant age group in 1980 to 78% in 1998. The gross enrolment ratio for SSA is significantly lower than the world average, which increased during the periods under review. The primary completion rate of 53% for SSA during 1992-2000 is substantially lower than the world average of 84%, the levels of 84% for East Asia and the Pacific, and the Middle East and North Africa, and 103% for Europe and Central Asia. The levels were lower for females compared to males. Levels of illiteracy are higher among females compared to males. However, such levels have declined in 2000 relative to the 1990 levels. Of all the regions, illiteracy rates in SSA are only better than those of South Asia.

As the process of globalisation gains momentum, it is important to check where the poor are located. Table 12 reports the levels of poverty by region for the periods 1987 and 1993.

South Asia has a quarter of the world's population, 39% of its poor and has the highest incidence of poor people (43%). East Asia accounts for almost one-third of the world's poor, with the incidence of poverty at 26%. While SSA has only 17% of the world's poor, the incidence of poverty has remained at 39%. Whereas the incidence of poverty in the other regions declined over time, that for SSA increased marginally. Only 55% of the population in SSA has access to safe water, compared to 75% in East Asia and the Pacific, 90% in Europe and Central Asia, 85% in Latin America and the Caribbean, 89% in the Middle East and North Africa, 87% in South Asia, and a world average of 80%.

Table 12: Population Living on Less Than US\$1 a Day in Developing Economies, 1987 and 1993

Region	Millions		Share of Population (%)	
	1987	1993	1987	1993
East Asia & Pacific	464.0	445.8	28.8	26.0
Europe & Central Asia	2.2	14.5	0.6	3.5
Latin America & Caribbean	91.2	109.6	22.0	23.5
Middle East & North Africa	10.3	10.7	4.7	4.1
South Asia	479.9	514.7	45.4	43.1
Sub-Saharan Africa	179.6	218.6	38.5	39.1
Total	1,227.1	1,313.9	30.1	29.4

Source: World Bank, 1997: World Development Indicators, The World Bank, Table 2a, page 31.

What accounts for SSA's marginalisation in the global economic setting?

Africa has been linked to the rest of the world in a manner that reinforces its marginalisation and underdevelopment. Probably the most significant episodes that best explain Africa's marginalisation are the slave trade, where the continent's able-bodied population was forcibly taken to develop other regions at no remuneration, and colonialism, where its economy was designed to service the metropolitan powers in terms of provision of raw materials and markets. Because the African economy is based on the production of raw materials, whose prices are determined in Northern markets, it has been facing deteriorating terms of trade. In this regard, a structural constraint imposes itself on the African continent and impinges on prospects for sustainable growth and development. Without addressing this structural bottleneck, as past development strategies did, it is impossible to achieve sustainable (human) development.

Furthermore, post-independence policies reinforced the dependence of the African economy on the provision of raw materials. Poor economic policies, coupled with poor governance, virtually condemned the African economy to further marginalisation and underdevelopment. Wars and conflicts on the continent have taken their toll on the African economy. This was further accentuated by the implementation of market-based reforms since the 1980s (eg. Structural Adjustment Programmes - SAPs). The ascendancy to, and acceleration of corporate-driven globalisation has left Africa behind. Clearly therefore, both external and internal factors have contributed to the marginalisation and underdevelopment of Africa.

3. Critique

The analysis above has suggested that there can be benefits from globalisation. However, the large differences in levels of development between the developing and developed countries, and the dominance of the rich industrial countries in global markets creates risks and costs for the poorer countries. The major challenge to globalisation is the fact that the gains are not evenly distributed, resulting in growing inequality and poverty.

3.1 Uneven Distribution of Benefits

Globalisation is based on a neo-liberal agenda, which believes in the efficacy of unfettered market forces. However, while market forces may be useful in achieving efficiency, they are not effective at delivering equity. As UNDP rightly observed, "...today's globalisation is being driven by market expansion - opening national borders to trade, capital, information - outpacing governance of these markets and their repercussions for people. More progress has been made in norms, standards, policies and institutions for open global markets than for people and their rights," (1999: 2).

Narrow focus on markets results in inequitable distribution of the opportunities and gains to be had from globalisation. Globalisation has effectively concentrated power and wealth in the hands of a few countries, corporations and individuals, while marginalising the majority. As at 1997, the richest 20% accounted for 86% of world GDP, while the middle 60% accounted for 13% and the 20% poorest for 1%.

In terms of share of exports of goods and services, the richest 20% account for 82%, the middle 60% for 17% and the poorest 20% for only 1%. The richest 20% hold claim to 68% of FDI, the middle 60% for 31% and the poorest 20% for 1%. The use of Internet is distributed as follows: the richest 20% represent 93.3% of all Internet users, with the middle 60% accounting for 6.5% and the poorest 20% for only 0.2%. Men and youths dominate use of the Internet. Women constitute only 17% of users in Japan and only 7% in China (UNDP, *ibid*).

Ironically, exports from Sub-Saharan Africa constitute as much as 30% of GDP, compared to only 19% for OECD countries, implying the former is more integrated than the latter. These economies depend on exporting primary commodities, whose prices have fallen to their lowest level in a century and a half. Policy prescriptions that require that they all depreciate their exchange rates to encourage exports have contributed to the decline in commodity prices.

OECD countries, which have 19% of the global population have 71% of global trade in goods and services, account for 58% of FDI and 91% of Internet users. The spate of mergers and takeovers has concentrated industrial power in a few MNCs, risking competition. As at 1998, 10 countries accounted for 84% of global research and development expenditures and controlled as much as 95% of the US patents. In excess of 80% of patents in developing countries are owned by residents of developed countries. These are visible abuses of the process that have gone uncorrected.

It is therefore important to ensure that globalisation works for people, and not just for profit by including the following principles:

- ethics - less violation of human rights;
- equity - less disparities between nations;
- inclusion - less marginalisation of people and nations;
- human security - less instability of societies and less vulnerability of people;
- sustainability - less environmental destruction;
- development - less poverty and deprivation (UNDP, 1999: 2).

3.2 Weak Position of Developing Countries in Multilateral Settings

A multilateral setting does offer potential benefits to participants. But these benefits can only be derived if developing countries have the financial and human capacity to be effective negotiators. Multilateral negotiations are complex and often take several years to conclude. Without adequate resources, developing countries lose out.

The reality is that global institutions such as the WTO, IMF, World Bank etc. are sites of complex tactical manoeuvres, alliances and political battles (Keet, 1996). In her words, "...while the most developed countries and the international institutions they control and influence are imposing rapid, radical liberalisation of trade and investment terms upon the rest of the world, they are careful to qualify and modify such terms for themselves," (ibid: 10). During the 7-year Uruguay Round, the USA, Europe, and Japan fought for special terms and time frames for their vulnerable sectors (eg. textiles) or politically influential ones (eg. agriculture). For instance, while subsidies and other incentives provided for research, regional development and environmental adaptation by industrialised are non-actionable (are acceptable), those that are of interest to developing countries (such as developmental subsidies to encourage diversification or upgrading industry) are not actionable (not permitted). Developed countries insist on providing market access to their MNCs, which are themselves not subjected to regulations (notice the emphasis is on their rights and not their responsibilities).

When facing competitive pressures from developing country imports, these developed countries resort to unilateral action and non-trade barriers. In his address to the International Labour Conference in June 1999, President Clinton made the following startling revelation: "Last week, at the inspiration of Senator Tom Harkin, who is here with me today, I directed all agencies of the United States Government to make absolutely sure they are not buying any products made with abusive child labour," (page 8).

Positions are often secured in exclusive clubs such as the G7, OECD in privacy. Meetings are held when in fact compromises would have already been made (back-room collusion). The lack of inclusive and transparent governance of key institutions such as the World Bank, IMF, WTO etc. reinforces the dominance and control of the agenda by a few developed countries, and especially the Quad of US, EU, Japan and Canada.

3.3 Adverse Labour Market and Social Effects

Contrary to theoretical expectations of converging relative wages, income differentials have widened. Whereas the income gap between the fifth of the world's people living in the richest countries and the fifth from the poorest was 30:1 in 1960, it widened to 60:1 in 1990 and 74:1 by 1997. Pressures emanating from globalisation have led to job and income insecurity and precarious forms of employment, and in particular, 'casualisation'. Enterprise restructuring has led to growing unemployment and poverty.

In his address to the ILO, President Clinton summed up the labour market experience as follows: "...in all countries, the premium the modern economy places on skills leaves too many hardworking people behind. In poor countries, the gains seem too often to go to the already wealthy and powerful, with little or no rise in the general standard of living. And the international organisations charged with monitoring and providing for rules of fair trade, and enforcement of them, seem to take a very long time to work their way to the right decision, often too late to affect the people who have been disadvantaged," (page 6).

The social fabric, and especially the health delivery systems have virtually collapsed, against a background of the HIV / AIDS pandemic. According to UNDP, the pressures of globalisation are squeezing out care, "...the invisible heart of human development," (*op.cit*: 7). Unfortunately, the task of caring for the sick, children and elderly has been disproportionately left to women. The recourse to market forces in health and education has excluded from human capital formation, those who do not have the capacity to invest in these. In addition, globalisation has benefited speculators, drug and arms dealers, money launders and other illicit trades such as trade in girls and women for sexual exploitation. An estimated 500,000 girls and women are trafficked to Western Europe each year, and the trade itself is estimated to be a US\$7 billion business.

3.4 Financial Volatility, Economic Insecurity and Systemic Risk

The Asian crisis of 1997-99 demonstrated the systemic risks inherent in a highly integrated global economy, and especially with respect to financial liberalisation. The crisis illustrated the reality of contagion in an integrated global economy. In particular, it illustrates the dangers of large flows of potentially reversible short-term international capital. Whereas the net flows to Indonesia, Republic of Korea, Malaysia, the Philippines and Thailand peaked at US\$93 billion by 1996, these were reversed overnight following the crisis such that by 1997, these nations experienced an outflow of US\$12 billion. The East Asian crisis is estimated to having cut global output by US\$2 trillion during 1998-2,000 (UNDP, *op.cit*). This crisis had highly negative social effects and resulted in political instability (see Griffith-Jones, 1999).

In an address to the annual meeting of the IMF and World Bank in October 1998, President Clinton observed that: "...the central economic challenge we face is to harness the positive power of an open international economy while avoiding the cycle of boom and bust that diminishes hope and destroys wealth."

3.5 The Crisis of Neo-liberalism

The concept of perfectly competitive, self-regulating and correcting market forces is abstract and hence unsustainable, especially in the context of market imperfections and failures. The foregoing analysis has suggested that the current global system has emerged more out of 'horse trading' than from a 'rules-based' process. Inconsistencies and contradictions have characterised the global system, with the free market concept applied to developing countries, while the industrialised nations practiced strategic trade options.

Regarding free trade, history is presented (especially the Asian experience) as if the successful nations developed on the basis of unbridled markets. A uniform trade prescription is given to all developing countries. As Helleiner has recently pointed out: "On the basis of the evidence available, however, to suggest that there is already a universal optimal trade policy prescription that will generate improved economic performance for all who embrace it is to ignore too much recent experience," (1995:).

Kaul *et.al* (1999) have extended the concept of public goods from the national to the global level.⁶ They give as examples of global public goods financial stability, human security or reduction of environmental pollution. According to their analysis, most global crisis are due to a serious under-supply of global public goods. Such global goods serve our common interest. In their assessment, the market itself relies on this set of goods that it cannot itself produce: property rights, predictability, safety, nomenclature etc. Modified markets or non-market mechanisms can only produce such goods. Their consumption is characterised by non-excludability and non-rivalry in consumption.

Left to itself, the market will under-produce these vital goods. An important message from Kaul *et.al* (*ibid*) is that to develop a human-centred global economy, one needs a multi-disciplinary approach, and not only rely on narrow 'economism.'

4. **The Way Forward Beyond Corporate-driven Globalisation**

There is general consensus that SAPs have been largely unsuccessful. In the case of Zimbabwe, the World Bank now admits that:

- growth needs to be inclusive - "Partial deregulation without a restructuring of the dual economy creates social tensions and not enough jobs";
- social sector expenditures need to be protected and targeted measures to deal with poverty should not be seen as 'add ons' but as an integral part of the programme;
- state intervention is necessary - "Getting the prices right and making markets work better are important, but these need to be complemented with measures to ensure that the 'unequal' balance of power of those who can readily engage in the market and those who cannot, does not lead to dangerous levels of social tensions"; and
- national ownership is critical (see paper by Tom Allen, World Bank resident representative to Zimbabwe on: **Way Forward on Structural Adjustment Programme, Presented at the Structural Adjustment Participatory Review Initiative - SAPRI - First Forum, 2-3 September 1999**).

⁶ Public goods are "collective consumption goods."

At a more global level, owing to the successful 'Fifty Years Is Enough Campaign,' the World Bank agreed to review SAPs with participating governments and civil society groups in 8 countries worldwide. This review, which is known SAPRI, was launched in Washington in July 1997. Four African countries, namely, Ghana, Mali, Uganda and Zimbabwe are involved in this initiative and the project is now at the research phase. Other participating countries include Hungary in Europe, Bangladesh in Asia, Ecuador and El Salvador in Central America.

What is important about SAPRI is that it is a participatory review programme involving government, the World Bank and civil society. In the case of Zimbabwe, 6 regional and 45 district structures have been created by civil society to facilitate the participation of these groups. The exercise is now at the stage of research and should be completed in the next six months.

The neo-liberal paradigm has also been dented by the Asian crisis. The Chief Economist of the World Bank, Joseph Stiglitz openly attacked the contractionary policies associated with the IMF bail out programmes in the region. Critics blamed the Fund for turning the financial crisis into a social disaster (Bungarten, 1999). Interestingly, it is those countries that applied heterodox policies that recovered quickest (especially Malaysia, which among other things applied capital controls to stem capital flight).

A new group of critics from within the neo-liberal framework, the 'Post-Washington Consensus' increasingly criticised the design of structural adjustment programmes. Addressing the tenth Annual World Bank Conference on Development Economics, Stiglitz emphasised the need for new models and instruments to pursue a broader agenda than in the past. He called on the Bank to jettison 'many shibboleths of development economics.'

According to Stiglitz, this model "...accords the government a minimal role, essentially one of ensuring macroeconomic stability, with an emphasis on price stability, while getting out of the way to allow trade liberalization, privatization, and getting the prices right," (World Bank Policy and Research Bulletin, Vol.9.No.2, April-June 1998). He argues that while many of these policies are necessary for economic success, they are far from sufficient. He cited an example of China, that pursued selective policies, and especially trade liberalisation, without undertaking public enterprise reforms, and yet that country was the fastest growing economy in the past two decades. In conclusion, Stiglitz pointed out that systematic analyses consistent with empirical evidence, "...are in short supply," warning against confusing ideology with economic science.

In the light of the Asian crisis, even the IMF has changed its position, arguing vigorously for regulation of financial markets and calling for a new International Financial Architecture (see Finance & Development, IMF, Sept.1999). The IMF is increasingly talking about the need for good governance, national ownership of programmes etc. Key opinion makers like President Clinton are increasingly calling for 'globalisation with a human face / heart,' (see Appendix Boxes).

While the IMF and World Bank admit there are fundamental problems with the design of their policies, 'rhetoric still runs ahead of actual practice' in these matters.

However, in an attempt to seize the initiative, the World Bank has established an 18-month Comprehensive Development Framework involving a number of countries (Ghana and Uganda from Africa are included). The programme, which will operate on an experimental basis until September 2000, seeks to include wider issues such as social ones and to involve civil society in the design of development programmes. The project seeks to allow participating countries to design their own programmes, while Bank staff continue to operate on the basis of their mandate. It is not therefore clear to what extent the Bank will accept alternative development initiatives.

Three sets of recommendations are made regarding the way forward. These are:

4.1 At the National Level:

4.1.1 Rethinking Structural Adjustment

It has been shown that the failure of ESAP was not only associated with faulty implementation, there were also serious problems of design. Interestingly for Zimbabwe, we are involved in the ongoing SAPRI exercise, whose mandate is to review the experiences of ESAP and come up with alternatives.

It is therefore important that Zimbabwe comes up with a development strategy that is nationally owned. Since SAPRI is already carrying out a national review of ESAP and developing alternatives, it will be useful to use the outcomes of the exercise in charting the way forward.

4.1.2 Creating Macroeconomic Stability

The Zimbabwean economy is in crisis. With inflation levels of 70.4% and interest rates beyond 60%, the macroeconomic environment is indeed destabilising. Two factors have largely been responsible for inflation in recent years, namely, exchange rate depreciation and excessive borrowing to finance the budget deficit.

The only effective way of stabilising the Z\$ is by encouraging exports. In the meantime, fixing the Z\$ as has been the case since January 1999 may not be sustainable. This is particularly so because holding the nominal exchange rate in the context of rising inflation undermines international competitiveness. A managed float may be preferable in that it combines the objectives of achieving international competitiveness with those of ensuring stability and predictability.

On the other hand, government has to be committed to fiscal discipline to reign in on runaway expenditures and desist from unplanned expenditures. Public enterprise reforms need to be expedited and a transparent and stakeholder-driven privatisation process should be put in place in order to deal with the problems of parastatals, which have drained the fiscus.

Of critical importance is the need to deal with the debt issue. Various measures such as rescheduling of debt, seeking debt forgiveness and swapping short-term (domestic) for long-term debt, should be explored to release resources for social services and development.

4.1.3 Strengthening the Human Capital Base

Globalisation has made long-term manpower planning redundant. In which case, the human resource market has to respond quickly to new skill requirements. In view of these radical changes, education and training has had to shift from the traditional supply-driven focus to a more relevant demand driven approach. Technical vocational education and training (TVET) is increasingly run by Training Boards that are stakeholder-driven. While Zimbabwe recognises the need for reform, and a Commission of Inquiry into the Education System has recently completed its work, the pace is slow.

In addition, global competition demands flexibility at the firm level. In this case, there is increasingly a shift away from vertical, hierarchical organisations towards flatter ones driven by teamwork. In Zimbabwe, most firms (worse still training institutions) have operated with antiquated technologies. There is therefore urgent need to renew technologies to sustain competitiveness. Firms have been hamstrung by the debilitating macroeconomic environment (especially volatility of the exchange rate and the high cost of capital) in their efforts to restructure and upgrade technology (see UNCTAD, 1997).

4.1.4 Infrastructural Development

Infrastructural development is a prerequisite for competitiveness. There is need for reliable, fast and cost effective transport corridors to the main harbours in neighbouring countries. The availability of electricity at competitive prices, availability of water, good communication and efficient transport networks is essential.

4.1.5 Adjusting to Non-Trade Barriers

Increasingly, there is a trend among developed nations towards using non-trade barriers in the form of social standards, environmental issues etc. in trade. Zimbabwe must prepare itself against such issues; by taking steps to eliminate child labour and to ensure production systems are adjusted to meet required international standards.

4.1.6 Social Networking

There is need for government to network closely with civil society groups on issues relating to globalisation. Joint positions, as on the Seattle multilateral round of trade talks, to ensure thorough preparations are carried out and Zimbabwe is well-prepared for the trade talks. This has been a major weakness in the past whereby trade issues were left to the Ministry of Industry and Commerce alone.

4.2 At the Regional Level

Regional arrangements have become important in the context of globalisation. In this regard, there is need to deepen regional integration by:

- co-ordinating economic policies to avoid contradictory tendencies (eg. competing for foreign investment by providing competing incentives as in Export Processing Zones);

- strengthening the regional identity, which has been shaken by the regional differences on the DRC war;
- restructuring the governance of SADC to include civil society groups.

4.3 At the International Level

4.3.1 Upholding the principle of Special and Preferential Treatment

This principle, which recognises the different levels of development at which countries are at is under threat as developed countries demand reciprocity. In this context, it is necessary for Zimbabwe, together with other developing and progressive forces to fight for this principle. It is therefore necessary to ensure that the Lome Convention, which is currently under re-negotiation be retained, albeit with minor adjustments.

4.3.2 Creating A New International Financial Architecture

There is need to democratise international institutions (World Bank, IMF, WTO etc) in a manner that allows for multilateral governance. Proposals to reform the international financial system include creating a new World Central Bank, to serve as lender of last resort and prevent global recessions; an international supervisory institution to enforce international market reforms (eg. increased transparency, prudential regulation etc); Board of Overseers of major institutions and markets, World Financial Authority (see Eatwell and Taylor, 1999) to co-ordinate regulation internationally so as to manage systemic risk and ensure an environment conducive to growth. More fundamentally, a suggestion has been made for the creation of an International Sovereign Insolvency Mechanism whose objective is to ensure that financial crisis and sovereign debt obligations do not place undue burdens on countries. When sovereign debt threatens the welfare of people, the panel would restructure and or cancel debts. In line with this is the suggestion that debt reduction should not be conditioned on IMF and World Bank structural adjustment programmes

The Asian crisis has created an avenue for reforming the international financial architecture. The outcome is subject to intense negotiations and it is important that at regional level, positions are taken on these.

4.3.3 Regulating Capital Flows

James Tobin suggested in the 1970s that a small globally uniform levy be charged on all private foreign exchange transactions (the Tobin Tax). This is meant to discourage financial speculation, but does not stop it. An alternative suggestion by Melitz (see Blecker, 1999) is to charge a 100% tax on profits on short-term foreign exchange transactions. In addition, capital controls have been suggested to reduce speculative flows of short-term capital (see Griffith-Jones, 1999; Eatwell & Taylor, *op.cit*).

4.3.4 General Review of Neo-Liberalism, Free Trade and the WTO Process

Following the Asian crisis, even the proponents of neo-liberalism admit there is a limit to ‘free markets,’ recommending adjustments. In this regard, there is need for a co-ordinated approach to deciding how far markets can go at the global and indeed

national level. The Post Washington Consensus (especially Stiglitz) has already provided a basis for a comprehensive review of market concepts and their limits.

In the meantime, as suggested by the developing countries, there is need to resist the introduction of new issues: competition policy, investment policy, government procurement, the environment, trade facilitation, electronic commerce and industrial tariffs. Implied in this attempt to bring on board new issues is the desire by the big powers to accelerate the pace of globalisation and to widen the process.

The existing injustices and iniquities of the system must be addressed first. It is intolerable that the developed countries practice unfair trade by insisting on unilateral action on their part, while denying developing countries the opportunity to develop. For instance, while subsidies and other incentives provided for research, regional development and environmental adaptation by industrialised are non-actionable (are acceptable), those that are of interest to developing countries (such as developmental subsidies to encourage diversification or upgrading industry) are not actionable (not permitted).

4.3.5 Implementation of Core ILO Labour Standards

To protect labour from the adverse impacts of globalisation and promote its interests, countries are being encouraged to ratify the 7 core ILO Conventions, namely:

- Freedom of association and collective bargaining (Conventions 87 & 98);
- Abolition of forced labour (Convention 29 & 105);
- Prevention of discrimination in employment and equal pay for work of equal value (Conventions 111 & 100);
- Minimum age for the employment of children (Convention 138).

To these has been added a new Convention, Number 182 on Worst Forms of Child Labor.

These core labour standards do not set minimum wages or benefits, but ensure that workers have a say in what their working conditions are. They do not attempt to impose a rigid global harmonisation of labour laws, but rather focus on fundamental rights. In fact, the Conventions already take into account the different levels of development among States. For the SADC region, the tripartite Employment and Labour Sector has been discussing the adoption of the regional Charter, which is based on the core Conventions. It remains our hope that the region will adopt the Social Charter and create a basis for the promotion of good industrial relations based on respect for human and trade union rights.

4.3.6 Mobilisation for Global Justice

The struggle for a new type of globalisation from the bottom will not be easy. As in the past, it requires mobilisation of anti-globalisation groups for action. Global social movements can only be strong and effective if such movements exist at the national, regional and continual levels. It is therefore important to build such platforms at all levels.

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