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## Response to Mkandawire

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## Response

Ivor Agyeman-Duah

Any serious discussion about the global economy is unlikely to occur in the absence of freedom, democracy, and the operation of the markets. These have become the primary elements of economic development. Also, the transnationalization of any economy and its impact on the sovereignty and national structures of any country demand these discussions. This response will focus mainly on the African experience.

Without freedom of speech and freedom to make choices, democracy is difficult to attain. And if democracy becomes difficult to attain, it affects the very well-being of citizens because it jeopardizes the economic structures of the country. The problems of civil wars, the attendant refugee crises, and immigration to Europe and America, as they occur in Africa and other developing countries, all relate to citizens' lack of freedom to make choices for democracy to prevail. The United Nations Universal Declaration of Human Rights (Article 19) says: "Everybody has the right of freedom of opinion and expression, this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers."<sup>1</sup> This is more an economic statement than a political one. And Mr. Mkandawire shares this view.

Information has become the basis of economic growth, capital export, and how to entice investors, be they transnationals or locals. Whilst Mkandawire writes at length about leadership betrayal, a situation that undermines free media and information, he does not closely examine the role of the media in globalization. Information has become the world's window on the status of the market. Today information comes from sophisticated sources, in addition to such traditional sources as newspapers, magazines, radio, and television. It is easy now to share "inter" and "intra" economic news by means of these mass media. Consider, for example, that someone in a small town in Senegal can, within a minute, get information from a small city in Sweden via the fax machine, satellite hookup, telephone, courier service, or other resource along what United States Vice President, Al Gore, dubbed the "Information Super Highway." The global village of information has become intimately linked with the global village of the economy. As a result, I can exchange economic data within seconds via e-mail or the Internet. I can instantly check the listing on the New York

Stock Exchange by going to its Website, and I can print business news from CNN or *Time* or *Newsweek* from my computer—all because I am connected.

Today, a Ghanaian who lives in Alabama or rural Ohio can listen to a broadcast from a radio talk show in Accra, Ghana, and even contribute to the discussion. We live in an era when economic conferences can take place on the Internet, eliminating the need for speakers to travel 4,000 miles and more from Buenos Aires or Melbourne to Cape Verde. Media technology and its concomitant availability are so advanced (even in developing nations) that dictatorships find it difficult to suppress information. During the reign of the late Nigerian dictator, Sani Abacha, it was an offense punishable by imprisonment to send critical newspaper clippings across the border to Togo or Benin, Nigeria's closest neighbors. But by courtesy of the Internet and satellite dishes, some Nigerians and those outside the country could know what was happening.

The liberalization of many economies, especially in developing countries, and the privatization of state-owned media ensure that people have alternative sources of information. But, like all ideas capitalistic, the freedom to be connected to the Internet, to read data on stock exchanges and to contact brokers, to access satellite television, and to subscribe to M-Net and other broadcasting agencies are expensive. And poor, undemocratic countries lack the opportunity to avail themselves of these facilities and the freedom that can facilitate economic growth. (Africa has about 12 percent of the world's population but only 2 percent of world media.) Fortunately, in some African countries, including Ghana, Senegal, Botswana, and South Africa, where there are relatively stable governments and relatively better democracies, the limited media technologies are helping to facilitate economic growth. But this is clearly not the case in places like Sierra Leone, Ethiopia, Eritrea, or Mozambique, where coups are frequent and governance is volatile. But because freedom and democracy in economic development are becoming inevitable everywhere, Africa also has something to prove. A June 1998 World Bank news report on Africa says that nine sub-Saharan African countries have privatized their state-run telephone companies, which represent 75 percent of all telephones, a move beneficial to transnationals. According to the report, this change, among others, has generated nearly \$2 billion in government revenues and another \$4 to \$6 billion in investment commitments over the next five to seven years.<sup>2</sup>

In an essay published in the fall of 1996 and titled "Screening Out the Flies," Larry Campbell reveals that there are more than 100,000 Internet users in Singapore, an island nation of three million people. The government disapproves and attempts to control its usage by claiming the Internet broadcasts pornography. The same impressive figure for Internet usage is recorded in China. The governments of these two Asian countries are traditionally wary of freedom and democracy, and quick to ban what is deemed unsuitable. That they seek to *control* freedom of information rather than ban it altogether is because they recognize the usefulness of media technology in promoting economic growth. It is expected that, for both developed and developing economies, the irresistible freedom and democracy that the new media technology offers cannot be separated from economic development. The concluding point of Campbell's article holds true for Africa, too: "We are certainly aware that the Chinese authorities are looking to restrict access, but we are confident that technology will move quicker than the Chinese government. I don't believe they have the resources or the knowledge to control what goes on in cyberspace."<sup>3</sup>

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Trade between Africa or the developing world of the South and the industrialized countries of the North has never been balanced. The industrialized countries of the North and, more especially, the Group of Seven have engaged in international trade with the South for centuries. Just as the North, or industrialized world, dominates the "information order" (controlling more than 80 percent of world information or media), so too does it dominate the economic order. The South produces raw materials for the industrialized world to turn into finished goods. Prices of these raw materials are dictated by the industrialized world, which also dictates the price of their finished goods. This trade imbalance partly accounts for the South's underdevelopment and its debt to the North. This imbalance is of international concern. South-South cooperation (the encouragement of international trade within the developing world of Africa, Asia, Latin America, etc.) became a fashionable hope in the late 1970s not only to establish fair practices pertaining to inter-African and intra-African trade but also to consolidate regional groupings, which emerged in Africa and Asia in the 1960s. The Organization of African Unity, formed in 1960 in Addis

Ababa, Ethiopia, was the first such regional group; by 1990, forty-nine African states, with a total population of 465 million, had regrouped themselves in subregional economic communities. In West Africa, there are the West African Economic Community (1973), the Mano River Union (1974), and the Economic Community of West African States (1975). In North Africa, there is the Arab Maghreb Union (1989); in Central Africa, the Customs and Economic Community of the Great Lakes Countries (1976); and in Eastern and Southern Africa are the Southern Africa Customs Union (1910) and the Southern Africa Development Coordination Conference (1980). These unions and others want strong economies for their countries and regions. Apart from these union creations, many declarations, hopes, and promises have been made to achieve this goal: the Lagos Plan of Action, Final Act of Lagos, Africa's Declaration on Economic Cooperation and Development (1973), Africa's Priority Program of Economic Recovery (1985), Africa's Submission to the Special Session of the United Nations General Assembly on Africa's Economic and Social Crisis (1986), the United Nations Program of Action for African Economic Recovery and Development (1986–90), and many more. Indeed, if regional groupings, declarations, and promises alone could save Africa's economic position, I think the aim would have been reached. Professor S.K.B. Asante asserts in a World Bank Report: "Economically, African states include a high proportion of the world's least developed countries; in 1991, the World Bank reckoned the poorest of all as Mozambique with a GNP per capita of a mere U.S. 80 dollars while of the 32 countries in the world with per capita income of less than 500 U.S. dollars, no fewer than 21 were to be found in sub-Saharan Africa."<sup>4</sup> Such depressing statistics account for why many people reasonably think that developing regional groups with the aim of building strong economies could help Africa. After all, even Europe in the 1950s and 1960s saw the need to integrate in the European Coal and Steel Community (1951), the European Economic Community (1957), and the now-famous European Union (EU), organized in the 1990s.

The question is: How feasible are some of these attempts at uniting the economies of Africa in the face of transnational operations? The latter include, for example, the transfer of huge amounts of capital to Africa (but sometimes transferring it *from* Africa); skills and setting up, in some cases, the economic agendas of countries; and dictating how sovereign countries should conduct their business. Because unstable governments breed unstable economies in Africa, with resultant

poverty, the International Monetary Fund/World Bank brought Structural Adjustment Programs to the continent, despite protests from trade unions and students. Today, almost all countries in West Africa and beyond are on IMF/World Bank prescriptions, which encourage liberalization of the economy and deregulation. Transnational companies flourish in this atmosphere due to “access to international know-how, management techniques and capital as well as technology.” Attempts to redeem Africa’s regional groupings and United Nations declarations notwithstanding, it is the presence of transnationals that makes the greater impact, for good or bad.

How exactly do transnational companies affect the sovereignty of Africa? Obviously, Africa needs external support in the form of capital transfer. All countries, as they are being developed, need it. Think, for instance, of the Marshall Plan following World War II and the hundreds of millions of dollars that were given to the countries of Eastern Europe after the fall of the Berlin Wall and the death of communism in the late 1980s.

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Many Pan-African institutions (like the Pan-African News Agency in Dakar, Senegal, set up in the 1970s to report about Africa from the African perspective) are currently selling huge shares to non-Africans. The insistence that only African capital, insufficient in any case, should be accepted to run this agency almost led to its collapse. The same thing happened to the African Development Bank (ADB) in the Ivory Coast, which was seen as an African bank, with very limited capital from non-African institutions and persons; today, however, capital investment in the bank is 40 percent non-African and 60 percent African. At the bank’s 1998 board of directors meeting in Abidjan, non-African institutions clamored for more shares, indicating a strong possibility of African institutions taking an even lower percentage than non-Africans in the future. These two examples reveal how Pan-African sovereignty has withered in the face of transnational aggression.

Furthermore, there is the general consensus that, in the words of Dr. Douglas Zormelo, “their [transnational companies] ability to affect governments stems from several factors including their potential ability to undermine the policy prerogatives of governments by virtue of their methods of transferring finance and their overwhelming eco-

conomic strengths. It is, therefore, their ability to circumvent tax laws and undermine monetary and fiscal policy that concerns government."<sup>5</sup> And because they are motivated mainly by profit, they don't often invest in areas of long-term profit. Instead, as Mkandawire rightly says: "Much of the foreign investment has gone into mining activities (especially oil and gold) and in a few countries; little of this has gone into manufacturing industry and the little that has, has been driven not by plans to set up new productive enterprises but to buy up existing ones that are being sold under fire-sale privatization conditions."<sup>6</sup> Despite what Mkandawire and Zormelo correctly contend, some government officials aid certain transnational companies in Africa by collaborating with them to dupe their own countries. In Ghana, for example, strong allegations have been made in the media against some government officials of collaborating with transnational companies, especially from Malaysia, that buy state companies cheaply under divestiture in which these officials are shareholders. There are many Malaysians and other investors in Ghanaian media, hotel, and other businesses who have partners in government and who may help companies subvert tax and other obligations to the state. Laws like the Industrial Relations Act, 1965 (Act 299) and the Labor Decree, 1967, exist to check the excesses of transnational corporations that do not have government officials as partners. But how effective are they? For example, no proper account was rendered to the people of Ghana when the government sold more than 30 percent of its share of Ashanti Goldfields, one of the richest such resources in the world, to Lohoro. Though some Ghanaian economists—led by a former governor of the Bank of Uganda, Dr. Jones Ofori Atta—took the sale to court for rape of the national economy, the judiciary, whose independence cannot be assured, issued no ruling of consequence.

Another dubious form of collaboration is that of governments and political parties working together to cheat host countries by way of funding party activities and other sponsorships. Again, remember Nigeria in 1995, when Shell International collaborated with the government of the late General Sani Abacha to kill Ken Saro Wiwa and eight other human-rights activists of the Ogoniland in eastern Nigeria. Not only did Shell support the Abacha government in hanging people who had legitimately complained about Shell's destruction of their environment, but it also looked on with impunity as the international community declared the jury illegal. Thus, Shell International, while

creating employment opportunities in Nigeria, had more power and influence under the government of Sani Abacha than some Nigerians.

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Mkandawire concludes his essay by saying, "We need to place on the agenda some of the key concerns of nationalist politics — equity, nation-building, sovereignty. And we need a much more creative institutional design to respond to the peculiarities of Africa's social pluralism."<sup>7</sup> This is perfectly true, especially for those of us who cherish communalism and communal sharing in African culture. But one can also argue that, in many cases, transnationals can take away the sovereignty of a people or a state, not simply by themselves but in concert with people in local government. Since these transnationals gain more profit by collaborating with corrupt governments and officials, governments must be more nationalistic to avoid the erosion of sovereign status. Host government officials should make sure they don't sell state enterprises to transnationals for the infamous 10 percent cut. And they should make sure state properties are given to citizens who can afford to buy. Finally, they should prevent activities, like tax evasion, that are bad for the state.

Transnational companies are *not* philanthropic organizations, although they do provide employment and sometimes training for local personnel; in these ways, the operations can be positive. Some transnationals, including banks and media institutions like AT&T and M-Net, have granted scholarships and sponsored sporting events and other forms of entertainment, even if the costs of which are but a fraction of the huge profits the companies transfer back to their own countries. And some, like M-Net, which are controlled by non-Africans, set agendas and standards in culture that barely reflect African values. It is safe to say, then, that African governments need transnationals to improve their economies, just as transnationals need bases to operate their businesses. Economic liberalization has come to stay in the absence of a rival, and transnationals will swim in its glory.

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## Notes

1. "Universal Declaration of Human Rights—Article 19," *Committee to Protect Journalists Quarterly*, no. 56 (1998): 2.
2. "Changing Face of Telecommunication," Daily Graphic, *World Bank Report* (24 June 1998): 7.



3. Larry Campbell, "Screening Out the Flies," *Nieman Reports* Vol. L, no. 3 (Fall 1996): 58–60.
4. S. K. B. Asante, *The Strategy of Regional Integration in Africa* (Accra, Ghana: Ebert Foundation, 1996), 2–3.
5. Douglas Zormelo, "Multinational Corporations Control Mechanism on the Bargaining Power of Trade Unions," Niya Alabi and Peter Mayer, eds., *Liberalisation, Multinational Corporations and The Bargaining Power of Trade Unions* (Accra, Ghana: 1996), 5–8.
6. Thandika Mkandawire, "Globalization and Africa's Unfinished Agenda," Macalester International Roundtable, October 1998.
7. Ibid.