

Statement at the 35th ordinary session of the OAU Assembly of Heads of State and Government

Algiers, Algeria: July 13, 1999.

"The Challenge of Globalisation: The Establishment of the African Economic Community."

Mr Chairman,
Your Excellencies,
Ladies and Gentlemen:

Last year, the well-known international financier, George Soros, published a book entitled: "The Crisis of Global Capitalism."

Being conscious of the negative impact that this crisis of global capitalism has on the African Continent, and certainly sub-Saharan Africa, I thought the most intelligent thing would be to start off by locating any references to Africa in the book, by checking the Index at the end of the 245-page book.

The index indicates that Africa is mentioned in four of these pages.

I would like to quote these particular portions.

"We have experienced... breakups and breakdowns of state power in the 1990's in the (Soviet Union), the former Yugoslavia and Albania, in various parts of Africa (Somalia, Rwanda, Burundi, Congo etc.)..."(p.82).

The next reference says: "Even Africa has shown some signs of life." (p.124). This refers to inflows of foreign capital. The next reference says: "The US dollar serves as the reserve currency in Hong Kong and Argentina, the French franc in the former French colonies in Africa..." (p.185).

The last of these references says:

"I also made a study of African countries and I found that people in resource-rich and resource-poor countries are equally poor; the only difference is that the governments of the resource-rich countries are much more corrupt." (p.205).

What this shows very graphically is the extent to which indeed Africa is off the globalisation screen - the degree of the marginalisation of the Continent, leading to what I think President Obasanjo referred to yesterday as "delinkage".

Yet, the African condition describes exactly the negative consequences of the process of globalisation, if we go according to what the 1999 Human Development Report of the UNDP says. And here is what this Report says:

"When the market goes too far in dominating social and political outcomes, the opportunities and rewards of globalization spread unequally and inequitably - concentrating power and wealth in a select group of people, nations and corporations, marginalizing the others.... When the profit motives of market players get out of hand, they challenge people's ethics - and sacrifice respect for justice and human rights..."

The Report gives specific figures to illustrate what is actually happening with regard to what it refers to as rewards that are spread "unequally and inequitably".

We quote:

"By the late 1990s the fifth of the world's people living in the highest-income countries had:

- 86% of world GDP - the bottom fifth just 1%.
- 82% of the world export markets - the bottom fifth just 1%.
- 68% of foreign direct investment - the bottom fifth just 1%.
- 74% of world telephone lines, today's basic means of communication - the bottom fifth just 1,5%.

The Report then goes on to say:

"The challenge of globalization in the new century is not to stop the expansion of global markets. The challenge is to find the rules and institutions for stronger governance - local, national, regional and global - to preserve the advantages of global markets and competition, but also to provide enough space for human, community and environmental resources to ensure that globalization works for people - not just profits. Globalization with:

- Ethics - less violation of human rights, not more.
- Equity - less disparity within and between nations, not more.
- Inclusion - less marginalization of people and countries, not more.
- Human security - less instability of societies and less vulnerability of people, not more.
- Sustainability - less environmental destruction, not more.
- Development - less poverty and deprivation, not more."

What this calls for is our conscious and deliberate intervention in the process of globalisation, as Africans, to produce these results of ethics, equity, inclusion, human security, sustainability and development.

What this means is that we, as politicians, must seek to gain a profound understanding of economics, so that we intervene in an informed manner and not as King Canute striving to wish the waves away.

Here is what Fidel Castro had to say on this matter:

"...politicians must be politicians with a minimum of economic knowledge and if possible with a maximum of knowledge in that field; that today is really the basis on which the fate of humanity depends, the basis on which our struggles are being carried out. And the politicians who do not understand, or do not want to understand, or who do not strive to know economics, are not worthy of exercising the duty they exercise as such politicians."

But clearly, we must also be politicians who pursue the objectives to which the World Development Report refers - ethics, equity, inclusion, human security, sustainability and development. Obviously this relates to issues we discussed yesterday concerning our collective security.

Specifically and given the foregoing, what next should we do to respond to the challenge of globalisation and establish the African economic community!

I believe the first thing we should do is to recall the objectives we set ourselves when we adopted the Abuja Treaty, which came into force five years ago.

As we all remember, this Treaty provides for six implementation stages. Among the goals we would pursue are:

- Higher rates of economic growth and development;
- Sustained increases in the standards of living of our people;
- Higher and sustained rates of investment;

- The modernisation of our economies;
- A cumulative process of integration of the African economy; and
- A beneficial integration of the African economy into the global economy.

To achieve these goals, we have to address two categories of challenges- the one subjective, and the other objective.

With regard to the subjective sphere, the first element is our politics. We have already dealt with this matter.

The second is the mobilisation of our intellectual resources to provide the answers as to what we should do practically to achieve the economic objectives we have already stated.

This obviously means that we have to activate our intelligentsia to become a valued partner in the struggle to interact with the process of globalisation in a manner that benefits our peoples and our continent.

It would therefore make no sense to act in a manner which alienates this important intellectual resource, for example by seeking to suppress independent opinion.

Similarly, we have to ensure a better utilisation of such resource centres as the Economic Commission for Africa and the African Development Bank.

The third element on the subjective plane consist in our intervention in the process of global governance, which is an inherent part of the process of globalisation.

The 1999 Human Development Report reflects on this governance correctly, in the following terms:

"Governance does not mean mere government. It means the framework of rules, institutions and established practices that set limits and give incentives for the behaviour of individuals, organizations and firms. Without strong governance, the dangers of global conflicts could be a reality of the 21st century - trade wars promoting national corporate interests, uncontrolled financial volatility setting off civil conflicts untamed global crime infecting safe neighbourhoods and criminalizing politics, business and the police."

The challenge we have to meet is to develop our own sovereign continental capacity to participate in the global processes aimed at producing this framework of rules, institutions and established practices, to promote our own interests.

This is our third task within the subjective sphere. We now proceed to the objective plane. This must cover five areas, These are:

- National socio-economic policies and programmes;
- Bilateral co-operation;
- Regional co-operation;
- Continental co-operation; and
- Global co-operation.

All of these constitute necessary, discrete but interconnected parts of a whole system that must be addressed if we are to succeed to build the African Economic Community and to insert ourselves in a beneficial manner into the global and globalisation economy.

Among other things this means that we must put in place the mechanisms and procedures which would enable us to determine whether what we are doing at the national, bilateral and regional levels is consistent with the objectives in the Abuja Treaty.

We have to take this Treaty for what it is, a legal document which, within our countries has the force of municipal law. Accordingly, we cannot avoid putting in place and activating oversight structures to ensure that the law is in fact observed.

With regard to what we have just said, questions might be raised about the issue of national sovereignty. Our answer to that will obviously be that by voluntarily acceding to the Treaty, we agree to qualify that sovereignty because we believe that our national interest would best be served by joining forces with our Treaty partners.

Concerning that oversight mechanism, we have to look at the efficacy of existing institutions, namely the OAU Secretariat, the ECA and the ADB, to ensure that they are able to carry out this function.

At the continental level, we have to elaborate and implement extra-regional programmes and projects aimed at expediting the process of African integration.

In this regard, some areas suggest themselves immediately.

These are:

- Expanding the telecommunications infrastructure as already agreed by our Telecommunications Ministers and as visualised by the ECA;
- Speeding up our co-operation in the areas of Human Resource Development, some of whose elements have already been agreed by our Education Ministers;
- Intensifying our exchanges in the area of science and technology; and
- Developing our economic infrastructure, as would be represented by the generation of hydro-electricity at the Inga Falls in the DRC and supplying this energy to countries in West Africa, among others.

The question that arises is what mechanism do we have to follow-up such ideas and initiatives!

With regard to the issue of global co-operation, we would like merely to cite a few issues which require a concerted African response. These are:

- The debt issue;
- Negotiations at the WTO relating to the global trade system;
- The post-Lome negotiations with the European Union, obviously acting together with our ACP partners;
- The issue of attracting capital from the countries of the North, radically to increase the level of productive and profitable investment in our economies; (The 1999 Human Development Report mentions the interesting idea of what it calls "A world investment trust with redistributive functions.")
- Technology transfers;
- Restructuring and reorientation of the World Bank and the IMF;
- The issue of gold sales by the IMF and the central banks of the developed countries; and,
- The volumes and use of overseas development assistance.

The burden of our argument is that we must actually pursue the objectives and the programme we set ourselves in the Abuja Treaty. For this purpose we must have a functioning mechanism to enable us to act on this issue at all five levels - the national, bilateral, regional, continental and global.

This mechanism must report to the Assembly of Heads of State and Government, which is the highest organ of our organisation.

But that mechanism must work on the basis on directives given by ourselves as political economists who seek to build people-centred societies.

Certainly, we should avoid the approach proposed by the ECA in its brochure dealing with the "African Development Forum `99".

The ECA proposes to convene a forum later this year to discuss "The challenge to Africa of Globalization and the Information Age".

Clearly this is an important initiative. Yet the Heads of State would only come into this process after the Forum, "...to ensure their full support for the country action plans and forum recommendations as well as to underscore their endorsement of the importance of the issues considered by the African Development Forum `99".

Without seeking to suggest that all wisdom must originate from "the Chiefs", and without seeking to stultify enterprise and initiative, those who are elected to lead must lead. Again we not suggesting that such leaders must also play the role of technicians and other specialised personnel.

The Draft Algiers Declaration contains a paragraph on globalisation which I believe is, in many respects, fundamentally flawed and should be changed. It reads:

"...Ushered in with promises of progress and prosperity for all, (globalisation) has today aroused fears, in that it poses serious threats to our sovereignty, cultural and historical identities as well as gravely undermining our development prospects. We believe that globalisation should be placed within the framework of a democratically conceived dynamics, and implemented collectively to make it an institution capable of fulfilling the hope for a concerted development of mankind (sic) and prosperity shared by all people."

I am certain that in our discussions today we will help one another, among other things, to understand better the objective process of globalisation and its positive and negative features.

Having gained this understanding I believe we would be better placed to respond to the urgent and important challenges it poses.

The steps we have proposed towards a vigorous and practical implementation of the provisions of the Abuja Treaty by ourselves, taken together with the suggestions that were made relating to the fundamental issues of democracy, good governance, the recovery of humane African values, peace and stability would, we believe, constitute an appropriate response to the challenge of globalisation.

Mere moral appeals from the have-nots to the haves are not likely to take us very far.

Such is the degree of comfort among the haves, even in our own societies, that their ears are closed to the correct warnings we give repeatedly, that the worsening relative and absolute poverty of the many can never sever as assurance that the prosperity of the few is guaranteed for all time.

We must again become our own liberators. Thus will we turn the century that will soon be upon us into an African century and realise the objective of an African Renaissance.

Thank you

