

Human Settlements Global Dialogue Series, No. 1

# Globalization and urban centres in Africa

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## List of acronyms

|            |  |
|------------|--|
| AGOA       | African Growth and Opportunity Act (United States of America)                |
| CBD        | Central business district  |
| EBA        | Everything But Arms programmes (European Union)                              |
| FDI        | Foreign direct investment  |
| GATT       | General Agreement on Tariffs and Trade                                       |
| GDP        | Gross domestic product   |
| GNP        | Gross national product   |
| HIPC       | Heavily Indebted Poor Countries (IMF)  |
| IFIs       | International financial institutions   |
| IMF        | International Monetary Fund  |
| ISI        | Import substitution industrialization  |
| NGO        | Non-governmental organization  |
| NIEs       | Newly industrialized economies   |
| ODA        | Official development assistance  |
| OECD       | Organisation for Economic Co-operation and Development                       |
| PRSP       | Poverty Reduction Strategy Paper   |
| SAPs       | Structural adjustment programmes   |
| SOEs       | State owned enterprises  |
| TNCs       | Transnational corporations   |
| UN-HABITAT | United Nations Human Settlements Programme                                   |
| UNCHS      | United Nations Centre for Human Settlements (since 2002 known as UN-HABITAT) |
| UNCTAD     | United Nations Conference on Trade and Development                           |
| UNDP       | United Nations Development Programme   |
| UNECA      | United Nations Economic Commission for Africa                                |
| USAID      | United States Agency for International Development                           |
| WTO        | World Trade Organization   |

## Abstract

This paper explores the impacts of economic, cultural and political globalization processes on urban Africa. It identifies changing globalization trends, explores the impacts on Sub-Saharan Africa of both cross-border flows of goods, services, capital and people and political globalization, and assesses their implications for urban settlements. For many reasons, it is argued, African countries have not been able to benefit from the opportunities offered by globalization and have instead been trapped by external shocks, international influences and their domestic political economies in the restricted mode of economic integration inherited from the colonial past. Although policy reform was needed, increased aid dependence in the 1980s made countries susceptible to uniform policy prescriptions determined largely by outside agencies. Globalization trends influence urban areas through three inter-related channels — the economy and labour markets, people's lives, and approaches to governance and management. It is argued that globalization has produced some changes in towns and cities, but also that external influences interact with local economic, political and social circumstances to produce different outcomes, and these in turn help to shape the global forces. At present, the ability of urban settlements and their inhabitants to defend themselves against the adverse impacts of economic and political globalization, or to realize the potential benefits of increased trans-border flows of capital and technology seems limited and for many in the informal settlements of large cities and urban centres in rural regions, the impacts of the new forms of globalization seem very remote.

## About the authors

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The authors are collaborators in research on informal land delivery systems in African cities and a study of ill health, HIV/AIDS and urban livelihoods in Kenya and Zambia.

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# Globalization and urban centres in Africa

The aim of this paper is to identify the impacts of globalization processes on urban Africa. The arguments will be developed in three stages: first, globalization will be defined and different types of globalization process identified; second, the implications of these processes for Africa will be discussed; and third, their existing or potential impact on urban settlements will be assessed.

## I. Globalization

Globalization refers to economic, cultural and political processes and flows which increasingly transcend the territorial confines of the nation state. It implies acceleration, widening and deepening of cross-border transactions, linking not just economies but governance, cultures and people's lives. There is considerable debate about whether and how current transnational flows and links are different from those of periods prior to the 1980s.

Some consider current trends an inevitable outcome both of changes in capitalist economic organization (drivers and products of recent technological development) and of political developments, especially the collapse or radical restructuring of the former centrally planned economies. These are often the optimists, who consider

*“that globalization is the improver of everything from wages to political freedoms and environmental standards ... a win-win situation, because foreign products and investment increase economic efficiency, political transparency and overall competitiveness”* (Short and Kim, 1999:6).

Others regard the trends as constituting a “globalization project”, driven by transnational corporations (TNCs), international financial institutions (IFIs) and neo-liberal economists, and aimed at incorporating “*the world's diverse economies into a single global free market*” (Gray, 1998:2). Many are pessimists, viewing “*globalization as the destroyer of everything from social welfare programmes to living standards*” (Short and Kim, 1999:6), resulting in increased polarization between and within societies. Views differ on the extent to which

*“the power of national states to influence economic activity is eroding as economies become more integrated, while the power of private businesses and market forces is correspondingly rising”* (Baker and others, 1998:2).

Cultural and political globalization are important, but linked to and driven by economic globalization and so most of the discussion in this paper will focus on the latter. In the remainder of this section, the causes of economic globalization and characteristics of its key agents will be briefly discussed, leading into an introduction to political globalization, and finishing with a brief discussion of cultural globalization.

## I.A. Economic globalization

Economic globalization refers to “*the trend by both firms and countries towards a more integrated cross-border organization of economic activity*” (Dunning, 1997:14). It implies that the significance and scope of all types of cross-border transactions has greatly increased, and that the major institutional players are changing their ways of thinking and modes of action. In addition to the longstanding need for sources of raw materials and export markets for manufactures and shifts in production patterns resulting from increasing costs in industrialised societies in the mid-twentieth century, the basic causes of contemporary globalization are changes in the organization of economic activity, driven by the pressure on business enterprises (from consumers and competitors alike) to continually innovate and upgrade quality. The increasing costs of research and development and ever-truncated product life cycles are leading producers to search for wider markets, adopt ‘lean production’ practices, concentrate on their core competencies and develop alliances with other firms, often via subcontracting. Technological change arises from these competitive challenges. It also facilitates changes in organization. It reduces the friction of distance, by reducing the real and relative costs of transport and information and communications and enabling co-ordination of activities in geographically far-flung locations (Dunning, 1997; Katseli, 1997; UNDP, 1999).

The key actors in this process are the TNCs, of which there are about 61,000, with about 900,000 foreign affiliates. They account for 10 per cent of world GDP and a third of global exports (UNCTAD, 2004). They manage 75 per cent of world trade in manufactured goods (of which a third

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