

- **Mr. Addison Parry Rand, Chairperson for the University Board**
- **Mr. Patrick Swygert, President of Howard University**
- **Dr. Richard Allyn English, The Provost of the University**
- **Ambassador Holace Dawson, Director of International Affairs**
- **University Faculty Members**
- **Distinguished Invited Guests**
- **Students**
- **Ladies and Gentlemen**

I am happy to address you this morning.

I am grateful to Ambassador Holace Dawson, the Director of International Affairs and the University management team for making this arrangement possible.

I have titled my address to you this morning:

GLOBALIZATION AND AFRICA: THE POWERFUL AND THE POWERLESS, for reasons that will become obvious as I go along.

I start by stating that Africa has the largest gold deposits in the world. Africa has the largest diamond production in the world. Africa has the largest deposits of coal, chrome, bauxite, titanium, copper, zinc, tin and manganese. Africa has also large deposits in crude oil and natural gases. Africa has huge forestry reserves and food.

But why is Africa the poorest region in the world? Why are policies that engendered growth in South East Asia and Latin America not giving spectacular results when applied in Africa?

To answer these questions, I would require more time and analytical tools than I have this morning. Let me observe that I see the relations between Africa and the rest of the world within the context of globalization as that of the powerful and

powerless. Past experience has shown that the global system of development is governed by intransigent exploitation of Africa's natural resources and the labour force.

In such a system, liberalization of any form means transfer of economic power from Africa into the hands of a few corporate giants from the G8 countries and that the distribution of wealth is lopsided in so far as the benefits of world economic development never trickle down to Africa.

My concern is that Africa has always been marginalized in global politics, science and technology, information technology, economic development and trade. Africa is also being marginalized in global resource allocation and investment. It is for this reason that in the distribution of the world's wealth, the rich countries become richer while the poor countries become poorer.

Mr. President

The majority of developing countries, derogatorily called “Third World”, are now in Africa. The African perception is that the globalization arrangement is not an association among equals. The system was designed to preserve the hegemony and supremacy of the North over the South and to maintain perpetual control and domination over Africa’s resources.

SURVIVAL OF THE FITTEST

During the past five decades, I have observed that global political and economic developments have always been governed by those who have the military might; by those who have power over research in science and technology; by those who have power over world finance and investment; and by those who have power over information and communications technology.

The creation existence of the Security Council of the United Nations merely legitimized the hegemony by the North in so far as it provides no acceptable system of power sharing between the rich and poor countries.

The global monetary and financial system on the other hand has brought in a new era of the “scramble for Africa” under which the G8 countries are competing for Africa’s minerals and other natural resources. They also scramble for investment and control of science and technology.

The new scramble for Africa ensures that the African people are not part of the decision-making process of the global village.

There is concern in Africa that through the use of such power, and the exploitation of its resources, Africa may become less effective in global decisions that affect the continent.

I am cognizant of the fact that globalization is a laissez-faire system of a world market economy under which international trade and financial relations are intended to ensure fair trade and equitable distribution of wealth.

But clearly this system is neither fair nor equitable. But the reality is far from this. By and large, globalization is still governed by the law of the jungle—survival of the fittest.

I have arrived at this conclusion because the G8 countries, together with the rest of the OECD, with only 25 per cent of the world population, own and control more than 75 per cent of the world's wealth. On the other hand, the poor countries, with 75 per cent of the world's population, own and control less than 25 percent of the world's wealth.

ROBBING PETER TO PAY PAUL

In the global development paradigm, the

protagonists of globalization would argue that this system brings the nations of the world closer together through, *inter alia*, the pursuit of stability in macroeconomic conditions; the creation of new wealth through the promotion of industrial development, manufacturing, mining and agro-processing industries in developing countries, the promotion of free trade and free movement of capital; and promotion of the private sector participation in socio-economic transformation of the African economies.

However, many observers throughout Africa and the world, see globalization as a “one-way traffic”, with Africa, though endowed with immense natural resources, still being reduced to “silent spectators” as its minerals, wood, cotton, sugar, fish, oil and natural gas continue to be exploited for the benefit of the North.

Furthermore, the African view is that globalization is designed to enable all countries, rich and poor,

to have a piece of the pie. In other words, the industrialized countries continue to be driven by greed and lust to dominate Africa. In the process, Africa continues to be marginalized and indeed impoverished.

Mr. President

Ladies and Gentlemen

The dichotomy of globalization is that there is no panacea for solving Africa's economic and poverty crisis. This view was amply expressed by Joseph Stiglitz, the Nobel Prize Laurette when he said:

“The critics of globalization accuse the Western countries of hypocrisy, and the critics are right. The Western countries have pushed poor countries to eliminate trade barriers, but kept up their own barriers, preventing developing countries from exporting their agricultural products and so depriving them of

desperately needed export income. But even when not guilty of hypocrisy, the West had driven the globalization agenda, ensuring that it garners a disproportionate share of the benefits, at the expense of the developing world. It was not just that the more advanced industrial countries declined to open up their markets to the goods of the developing countries—for instance keeping their quotas on a multitude of goods from textiles to sugar—while insisting that those countries open up their markets to the goods of the wealthier countries; it was not just that the more advanced industrial countries continued to subsidize agriculture, making it difficult for the developing countries to compete, while insisting that the developing countries eliminate their subsidies on industrial goods. The result was that some of the poorest countries in the world were actually made worse off’.

In this expose', Prof. Stiglitz has demonstrated that globalization has created a new set of challenges for Africa ranging from policy framework that is at variance with the plight of Africa, unbridled greed for those who control power and unethical exploitation of the poor by the rich.

THE FALLACY OF MACROECONOMIC STABILITY

In this global scenario, the first challenge of globalization is the dogmatism of **“macroeconomic stability”** as a policy goal that every African nation should follow. This has been vigorously propounded by the Bretton Woods Institutions through the so-called “Washington Consensus”. Put simply, the theory is that a country must achieve macroeconomic stability before it can grow.

I have failed to understand the basis of this theory

because an economy cannot be stabilized and grow at the same time. Therefore, this theory of macroeconomic stability is both erroneous and misleading. I will elaborate.

First of all, the classic theory of growth and development describes the macro economy to consist of aggregate industrial and agricultural production; aggregate investment; aggregate financial and monetary resources; aggregate employment and indeed aggregate gross national income.

It follows therefore that a sound economic development policy would dictate that these various aggregates must be stimulated to grow in visible measurements for an economy to be described as a growing economy. Such growth would entail movement of the economy from a lower to a higher level of “equilibrium”.

The lessons from experience in the advanced

industrial nations as well as the “emerging economies” show that these countries first ensured rapid growth of the macroeconomic aggregates before they embarked on any “stabilization” policies.

Therefore, in my research, I have discovered that what Africa needs is not “macroeconomic stability” but rapid **macroeconomic growth within a stable economic and political environment**. In this case, a stable economic environment would entail the pursuit of policies for low interest rates, low inflation, stable exchange rates and sound economic governance.

A stable political environment on the other hand would entail free and fair elections, the guarantee of human rights, the observance of the rule of law and fundamental freedoms.

This has therefore led me to conclude that although Africa is endowed with vast minerals and natural resources, these cannot be converted into

new wealth through the pursuit of macroeconomic stability. Africa needs rapid macroeconomic growth.

THE AGRICULTURAL SUBSIDY CONTROVERSY

The second concern is that globalization has forced African governments to accept the **removal of all agriculture subsidies** to poor farmers as a condition for donor support. But in the G8 countries, heavy agricultural subsidies are still the bedrock of their development policies. In other words, what the advanced nations are saying to Africa is “what is good for us is not good for you”.

These double standards have resulted in many African nations slipping deeper into poverty than before. Yet Africa is expected to equally compete with everybody else in this global village. This has proved to be extremely difficult for Africa to manage.

I believe this is what led Professor Jeffrey Sachs to remark that:

“In some ways, today’s development economics is like eighteenth century medicine, when doctors used leeches to draw blood from their patients, often killing them in the process. In the past quarter century, when impoverished countries have pleaded with the rich world for help, they have been sent to the world's money doctor, IMF. The main IMF prescription has been budgetary belt tightening for patients much too poor to own belts. The IMF-led austerity has frequently led to riots, coups, and the collapse of public services. In the past, when an IMF program has collapsed in the midst of social chaos and economic distress, the IMF simply chalked it up to the weak fortitude and ineptitude of the government”.

Indeed Professor Sachs has highlighted the real dichotomy in globalization that borders on hypocrisy. This is also a wake up call for Africa to

look for home-grown solutions to the continued crises facing the continent.

As a response, some African governments are beginning to adopt a deliberate policy to resume agricultural subsidies. Malawi is a case in point. Within the last two years, through such subsidies, Malawi has the highest food surplus production of 1.4 million metric tons and is able to export maize to other Southern African countries.

What is interesting is that all this food surplus has largely come from smallholder and previously subsistent farmers and not from large mechanised commercial farms. The good thing is that the food surplus is beginning to impact positively on the incomes of households, individuals, family and at national level.

Malawi is determined to continue with these subsidies until hunger, malnutrition and poverty are eliminated in the country. I therefore believe that there is a strong case for agriculture subsidies to be resumed in Africa. I also believe that a well

fed nation is a better companion in a global village than a hungry and starved one.

THE OVER-LIBERALIZED AFRICA

The third challenge for Africa is the overliberalization of the economies. For decades, the Bretton Woods Institutions have pushed for **removal of protection for industries in developing Africa. They have advocated Free Trade and free movement of capital.** These policies have facilitated growth of industries in the north. But the deepening of poverty in Africa as the giant multinationals have overshadowed and choked the small indigenous business investments. As a result, Africa cannot effectively compete in the global market.

Furthermore, African nations have been pushed to eliminate trade barriers whilst the industrialised nations have kept theirs, and these prevent the former from competitively exporting agricultural and manufactured products. They have also

refused to open up their markets under the DOHA arrangements and insisted that least developed nations maintain free trade regimes.

Mr. President

Ladies and Gentlemen

It is evident from the foregoing that the global framework does not really take into account the aspirations and challenges of African nations. Globally the development plans have been designed to meet the requirement of the G8 countries. What is more upsetting is that the development goal posts are being constantly changed to such an extent that African countries cannot cope.

CAN AFRICA SURVIVE?

Mr. President

Ladies and Gentlemen

Can Africa survive in the global village? The

answer is YES. But this will happen through fundamental changes in the mindset. It is for this reason that Malawi decided not to lament these policy misdirections but decided to have a common vision and a pragmatic strategy for the way forward.

In Malawi, we have now taken control of our growth and developed policy and our destiny. We are implementing a home grown strategy “the Malawi Growth and Development Strategy” (MGDS). MGDS has the full support of our cooperating partners. It provides a clear roadmap for growth and development of the country through a rapid macroeconomic growth paradigm.

In order to engender sustainable growth, we have clearly defined our “priorities within priorities” by selecting key sectors that can pull Malawi out of the “poverty trap”. These include:

- Agriculture and food security with subsidies for fertilizer and other farm inputs especially

- designed for the poorest people in rural areas;
- Irrigation and water development to reduce dependence on rain-fed agriculture and to enable Malawi to produce food even when rains fail. We also provide clean and potable water through the construction of at least 40 earth dams within the next two years;
 - Transport infrastructure development for easy movement of people, goods and services, to open up rural areas for internal and external trade and to link our inland port for access to the Indian Ocean;
 - Energy development to cater for expansion of industries; and provide electricity to rural communities.
 - Integrated rural development with the sole purpose of taking development to the poor and redistributing the wealth and population to the rural areas;
 - Management of HIV and AIDS to combat the depletion of capacity for governance.

Three years down the line, I can say that Malawi has already started seeing some positive changes in people's social status. In other words, Malawi has found a slot in the global system where they have achieved food security and a phenomenal annual rate of growth of 8.5 per cent in 2006.

Part of the survival mechanism is for Africa to agree on a common agenda to deal with globalization. Already, such a platform exists in the African Union. Africa needs a new pragmatic development agenda that is inevitably a holistic approach covering all economic sectors and sub-sectors. There will be need to establish new regional industries owned and operated by consortia of African entrepreneurs who would change the equation in Africa's favour.

Essentially, the agenda could, *inter alia*, include the following:

- Political and economic reforms through the establishment of a democratic system of governance, multi-party politics, the Rule of Law and the guarantee of peace, security and stability for all peoples.
- The adoption of effective public and private sector reforms to diversify policies and programs so as to adjust the structures of production and institutions so as to accelerate the pace of economic recovery leading to sustainable growth and development. Such reforms must be accompanied by appropriate changes in the political and business cultures of the countries so as to enable cross-section participation of the private sector in the development process;
- The North must agree to support significant industrial and manufacturing ventures in Africa that would allow the indigenous

entrepreneurs, especially those in the small and medium range, to produce goods that find markets in the North on a more competitive basis.

We therefore need a change of mindset of the G8 countries towards Africa, and a genuine desire to support sustainable growth in Africa. We also need increased investments in human capital, science and technology. It is a deliberate combination of these that would induce sustainable growth of the African economies to such levels that poverty alleviation will become possible.

More importantly, Africa should push that globalization be redesigned to become a force for greater good, with institutional reforms, democracy, culture and transnational investments that benefit a greater portion of mankind than a few wealthy nations or corporate giants. Globalization should also allow interdependence

that transforms societies by generating increased economic growth and productivity so as to promote prosperity for humanity as a whole.

CONCLUSIONS

Mr. President

Ladies and Gentlemen

I wish to conclude by stating my conviction that Africa can move out of the marginalization to become a giant competitor in the global village. This optimism is premised on the realization that Africa is endowed with huge resources that can be turned into new wealth for Africans. Industrialization, manufacturing and agro-processing should form the basis for new relations between Africa and the rest of the world.

The G8 countries, the World Bank, the European Union and the United Nations should help Africa regain control over its minerals and other natural

resources. With increased industrialisation and human capital development, Africa can become one of the attractive partners in the global trade and finance.

In order to continue and consolidate this trend towards prosperity, we need full understanding, support and cooperation from Africa's development partners. The world powers need to change their mindset from domination and exploitation of Africa to genuine partnership and power sharing.

The G8 countries should be reminded that a partner who walks hand-in-hand with you down the road is better than a partner whom you carry on your shoulders down the road. Therefore, a stronger Africa economically and politically is a better trading partner under globalization than a weaker one.

We must all agree that the present global policy framework that creates the powerful and the powerless cannot be sustained in a community that professes justice, equity and fairness among nations.

THANK YOU.

GOD BLESS YOU ALL.

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POWERLESS

Keynote Address

By

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THE REPUBLIC OF MALAWI

At

HOWARD UNIVERSITY
WASHINGTON DC

MALAWI AND THE MILLENNIUM
DEVELOPMENT GOALS (MDGs)

STATEMENT

by

HIS EXCELLENCY DR. BINGU
WA MUTHARIKA PRESIDENT OF
THE REPUBLIC OF MALAWI

to the

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