



**Tshwane University  
of Technology**

*We empower people*

# Global Economic Reform

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*Presentation to Faculty of Economics & Finance*  
**Seminar Series**  
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# Outline

- Introduction
  - Globalisation
- Globalisation Effects
- Institutional Role-players
- Workshop Recommendations
- Conclusion
  - Policy Reform Proposals





# Introduction

- The integrative force of global production, finance and technology has qualitatively changed social relations along with culture, politics and the way we see the world and ourselves. Globalisation, as a mode of accumulation and wealth has achieved a hegemonic position but its social structure and nationally defined characteristics continue to be formed...

Jerry Harris: The Democratic Dialectic: The State, Markets and Civil Society, on [SolidarityEconomy.net](http://SolidarityEconomy.net),  
28 Mar 2007 01:00 AM CDT



# Africa

- 30,221,532 km<sup>2</sup>
- 941,249,130 people (2007 estimate)
- 2<sup>nd</sup> largest and 2<sup>nd</sup> most-populous continent
- 6% of the Earth's total surface area
- 20.4% of the total land area
- Total GDP of \$ 3,178,132, 000, 000.00
  - 2007 international dollars through estimated purchasing power parity (PPP) exchange rates





# Globalisation

- unitary process inclusive of many sub-processes that are increasingly binding people and the biosphere more tightly into a single global system with a shared destiny
  - *enhanced economic interdependence, increased cultural influence, rapid advances of information technology, and novel governance and geopolitical challenges*
  - *economic globalisation = economic integration among countries, brought about by the movement of goods, services, technology and factors of production, which would otherwise be restricted to their countries of origin*
- globalisation = both the cause and driver of these convergences whilst simultaneously being the collective result of these sub-processes



# Globalisation

- Proponents
  - panacea to the unevenness of development
  - extend the positive aspects of 'development'
  - redresses issues of poverty, inequality and environmental degradation
- Opponents
  - negative consequences for local political, socio-economic and environmental domains
  - supra-national regulations limits individual states scope to act in their own interests
  - mutes the voices of those directly affected by the consequent accords
  - corporate imperialism





# Globalisation Effects

- global economy has grown rapidly
- poverty persists
- inequality increases
- global environmental degradation deepens





# Globalisation Drivers

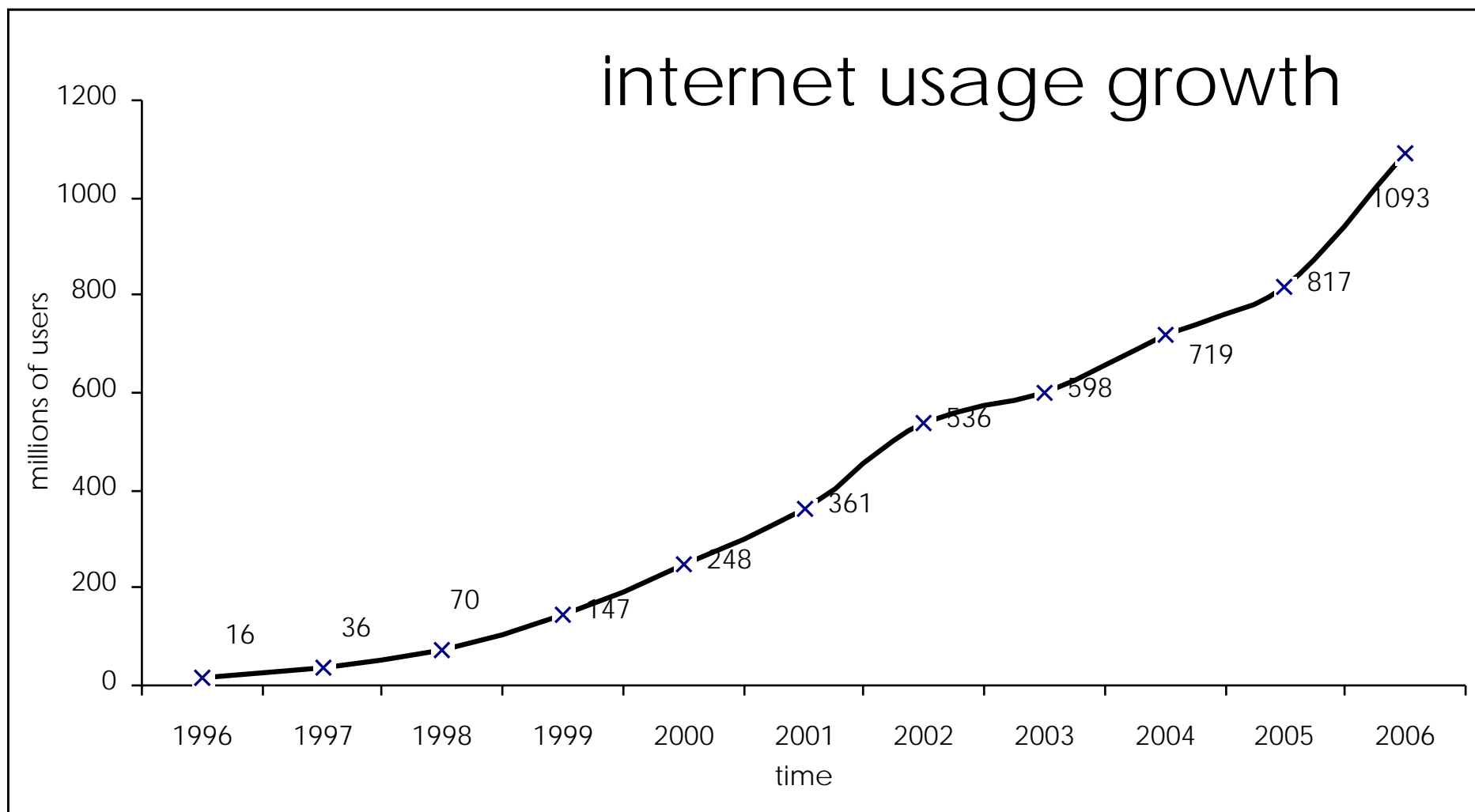
Year	Sea [average ocean freight and port charges per ton (\$US)]	Air [average revenue per passenger mile (\$US)]	Phone Call [3 minutes NY/London (\$US)]	Computers [index, 1990=100]
1920	95	—	—	—
1930	60	0,68	245	—
1940	63	0,46	189	—
1950	34	0,30	53	—
1960	27	0,24	46	12 500
1970	27	0,16	32	1 947
1980	24	0,10	5	362
1990	29	0,11	3	100







# Globalisation Drivers





# Globalisation Drivers

## world internet usage and population statistics

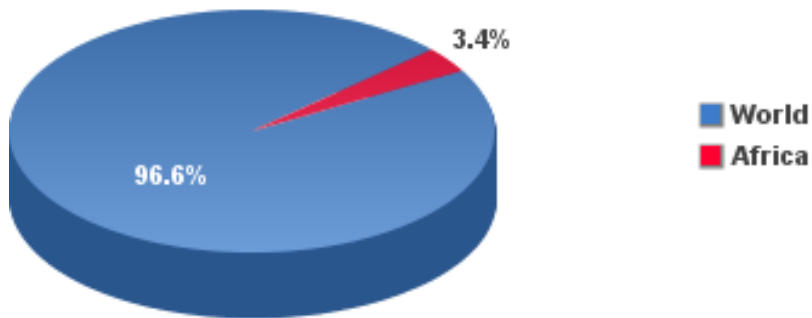
World regions	Population (2007 estimates)	Population % of world	Internet usage, latest data (30 September 2007)	% Population (penetration )	Usage % of world	Usage growth 2000–2007 (%)
<a href="#">Africa</a>	<b>933 448 292</b>	<b>14,2</b>	<b>43 995 700</b>	<b>4,7</b>	<b>3,5</b>	<b>874,6</b>
<a href="#">Asia</a>	3 712 527 624	56,5	459 476 825	12,4	36,9	302,0
<a href="#">Europe</a>	809 624 686	12,3	337 878 613	41,7	27,2	221,5
<a href="#">Middle East</a>	193 452 727	2,9	33 510 500	17,3	2,7	920,2
<a href="#">North America</a>	334 538 018	5,1	234 788 864	70,2	18,9	117,2
<a href="#">Latin America/Caribbean</a>	556 606 627	8,5	115 759 709	20,8	9,3	540,7
<a href="#">Oceania / Australia</a>	34 468 443	0,5	19 039 390	55,2	1,5	149,9
<b>WORLD TOTAL</b>	<b>6 574 666 417</b>	<b>100,0</b>	<b>1 244 449 601</b>	<b>18,9</b>	<b>100,0</b>	<b>244,7</b>



# Africa: ICT Statistics

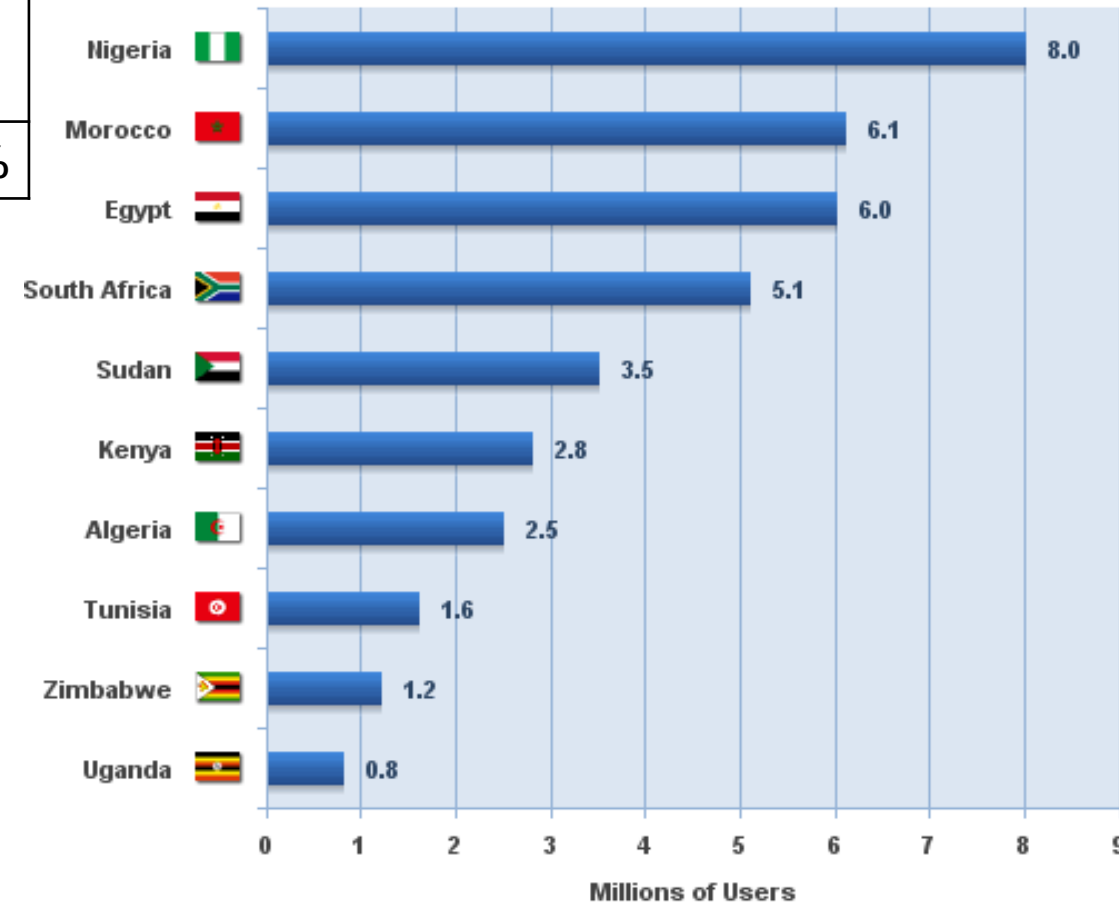
Internet Users (31/12/07)	Penetration (% Population)	% Users in World	Use Growth (2000-2007)
44,361,940	4.7 %	3.4 %	882.7 %

**Internet Users in Africa  
December 2007**



Source: [www.internetworldstats.com](http://www.internetworldstats.com)  
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**Africa Top 10 Internet Countries  
December 2007**



Source: [www.internetworldstats.com](http://www.internetworldstats.com)  
Copyright © 2008, Miniwatts Marketing Group



# Africa GDP 1 of 3

Rank	Country	GDP (Million USD)	Date of Information
1	South Africa	703,709	2008 est.
2	Egypt	423,464	2008 est.
3	Algeria	298,448	2008 est.
4	Nigeria	216,245	2008 est.
5	Morocco	198,785	2008 est.
6	Sudan	129,447	2008 est.
7	Tunisia	107,185	2008 est.
8	Ethiopia	106,602	2008 est.
9	Libya	93,402	2008 est.
10	Angola	91,825	2008 est.
11	Ghana	70,785	2008 est.
12	Democratic Republic of the Congo	60,165	2008 est.
13	Uganda	57,886	2008 est.
14	Kenya	54,653	2008 est.
15	Cameroon	45,777	2008 est.
16	Tanzania	37,031	2008 est.
17	Mozambique	35,781	2008 est.
18	Côte d'Ivoire	34,155	2008 est.
19	Botswana	28,454	2008 est.
20	Zimbabwe	28,098	2007 est.



# Africa GDP 2 of 3

Rank	Country	GDP (Million USD)	Date of Information
21	Senegal	27,435	2008 est.
22	Equatorial Guinea	26,428	2008 est.
23	Guinea	25,650	2008 est.
24	Burkina Faso	22,132	2008 est.
25	Madagascar	21,787	2008 est.
26	Namibia	20,100	2008 est.
27	Mali	19,209	2008 est.
28	Mauritius	19,015	2008 est.
29	Chad	17,861	2008 est.
30	Zambia	15,168	2008 est.
31	Rwanda	15,155	2008 est.
32	Niger	14,485	2008 est.
33	Benin	12,217	2008 est.
34	Gabon	11,726	2008 est.
35	Malawi	10,737	2008 est.
36	Togo	10,544	2008 est.
37	Mauritania	7,962	2008 est.
38	Swaziland	6,537	2008 est.
39	Lesotho	6,241	2008 est.
40	Sierra Leone	5,991	2008 est.

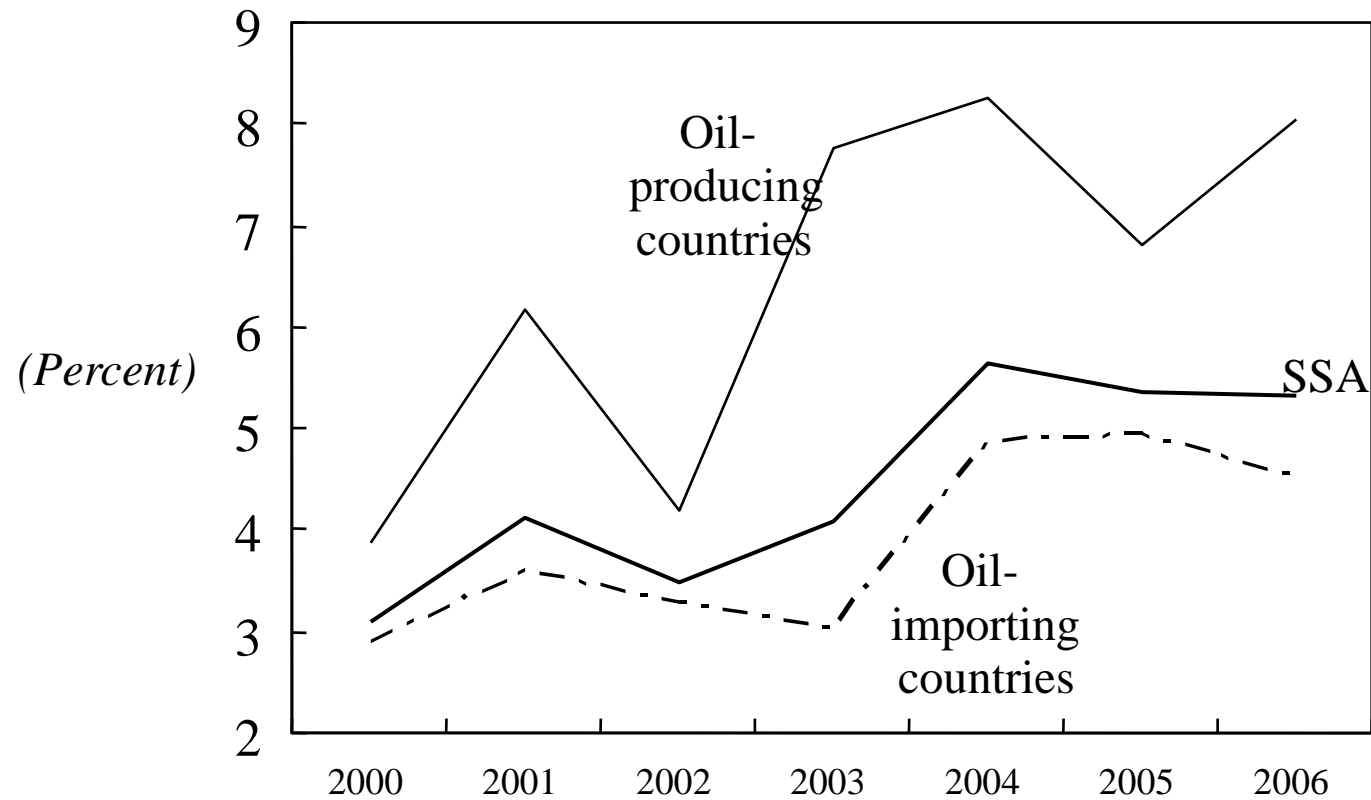


# Africa GDP 3 of 3

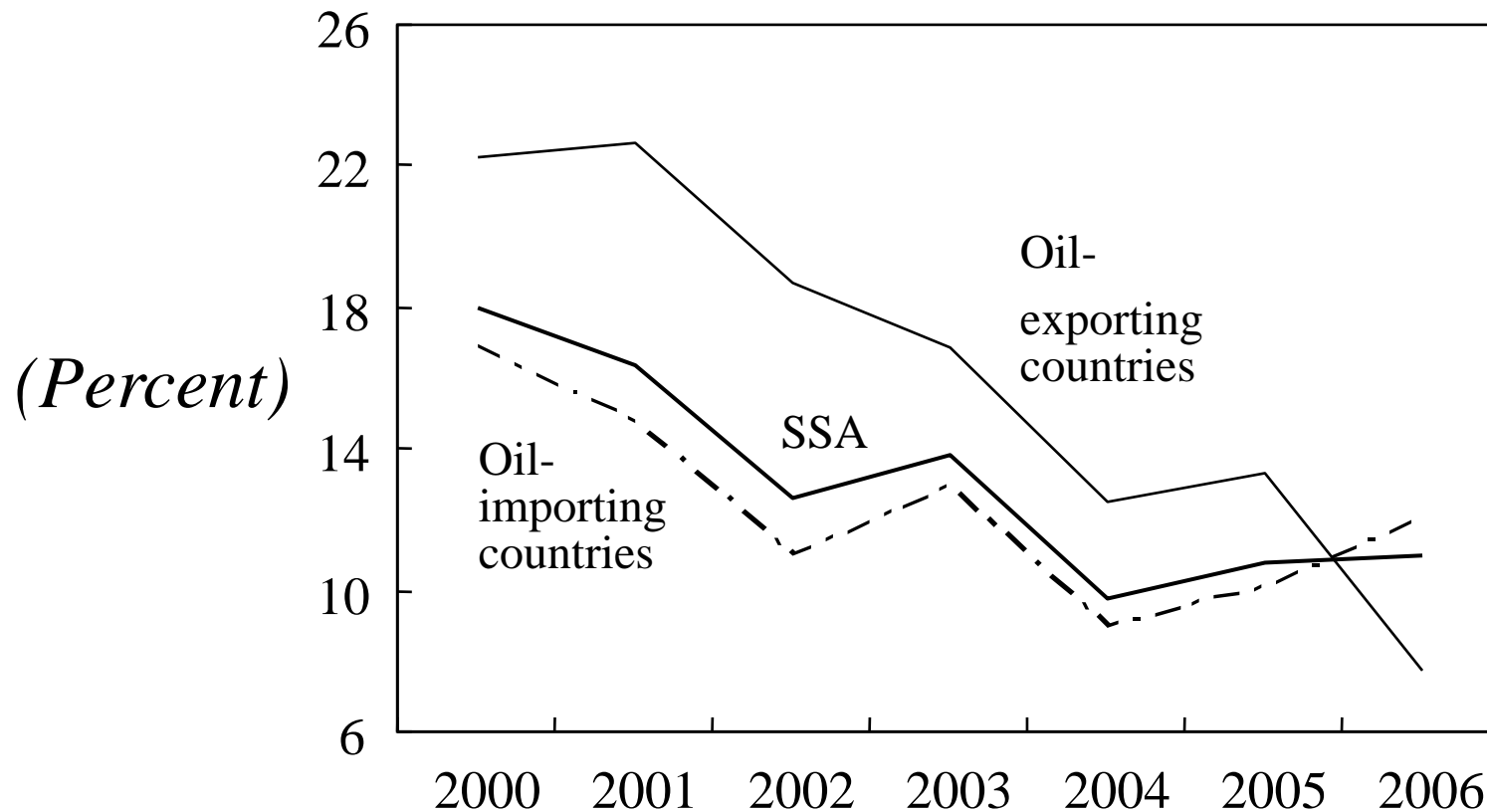
Rank	Country	GDP (Million USD)	Date of Information
41	Burundi	5,913	2008 est.
42	Republic of the Congo	5,774	2008 est.
43	Central African Republic	5,733	2008 est.
44	Somalia	5,575	2007 est.
45	Eritrea	5,068	2008 est.
46	Cape Verde	4,271	2008 est.
47	Gambia	4,114	2008 est.
48	Djibouti	2,194	2008 est.
49	Liberia	1,498	2007 est.
50	Guinea-Bissau	1,362	2008 est.
51	Seychelles	1,921	2008 est.
51	Comoros	1,391	2008 est.
52	São Tomé and Príncipe	616	2008 est.
-	Western Sahara	N/A	



# Real GDP Growth (2000-2006)



# Inflation (2000- 2006)



Source: IMF, SSA Regional Economic Outlook.

Institute for Economic Research on Innovation





# inward FDI to SADC countries (US\$ Millions)

	2000		2001		2002		2003		2004		2005	
	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>
Angola	878,50	7 976,97	2 145,50	10 122,47	1 672,10	11 794,57	3 504,70	11 987,50	1 449,20	13 436,70	-23,92	13,412.79
Botswana	57,16	1 826,64	30,68	1 388,50	403,41	854,09	417,99	1 167,21	391,06	982,10	346,12	1,083.52
DRC	23,11	617,25	82,00	699,25	117,00	816,25	158,00	974,25	15,14	989,39	1 344,00	2,333.39
Lesotho	31,46	329,52	28,21	357,74	26,82	384,56	41,85	426,41	53,21	479,62	47,17	526.79
Malawi	26,00	357,70	33,70	490,90	5,90	496,80	3,90	500,70	-0,68	500,02	3,00	503.02
Mauritius	265,64	672,35	-27,68	644,67	32,07	676,74	62,63	739,37	13,89	753,26	23,97	777.23
Mozambique	139,20	1 094,20	255,42	1 349,62	347,25	1 696,87	336,70	2 033,57	244,70	2 278,27	107,85	2,386.12
Namibia	188,25	1 264,52	365,41	750,92	181,71	1 757,43	148,71	3 003,51	226,11	4 046,87	349,09	2,440.28
Seychelles	24,30	537,27	64,70	601,97	47,70	649,67	58,40	708,07	37,45	745,52	82,40	827.92
South Africa	887,90	43 442,27	6 788,70	30 656,52	756,70	29 549,20	733,70	45 592,46	799,20	62 992,63	6 379,40	69,372.03
Swaziland	90,59	536,64	51,36	374,29	90,10	607,00	-61,00	724,00	60,30	928,20	-13,80	814.00
Tanzania	282,00	3 038,30	467,20	3 776,60	429,80	4 206,40	526,80	4 733,20	469,90	5 203,30	473,40	6,028.80
Zambia	121,70	2 359,64	71,70	2 431,34	82,00	2 513,34	172,00	2 685,34	239,00	2 924,34	259,00	3,183.34
Zimbabwe	23,20	1 238,05	3,80	1 241,85	25,90	1 267,75	3,80	1 271,55	8,70	1 280,25	102,80	1,383.05
SADC	3 038,99	65 291,32	10 360,70	54 886,62	4 218,47	57 270,67	6 108,18	76 547,14	4 007,17	97 540,47	9 480,49	105,072.28





# outward FDI from SADC countries (US\$ Millions)

	2000		2001		2002		2003		2004		2005	
	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>	<i>Flow</i>	<i>Stock</i>
Angola	20,00	49,04	15,00	64,04	28,70	92,74	23,60	116,34	35,24	151,58	29.18	180.76
Botswana	2,25	516,57	379,67	865,82	42,89	1 023,66	206,06	1 446,65	-38,76	950,10	57.43	791.03
DRC	-1,84	–	0,89	–	-1,88	–	–	–	–	–	--	--
Lesotho	–	1,94	–	1,94	0,10	2,04	0,01	2,05	0,10	2,15	--	2.15
Malawi	–	8,40	4,70	13,10	–	13,10	–	13,10	–	13,10	--	13.10
Mauritius	12,95	132,29	2,87	135,16	8,70	143,86	-6,02	137,84	31,79	169,63	47.53	217.16
Mozambique	-0,20	1,67	-0,42	1,25	0,42	1,67	0,01	1,68	0,01	1,69	--	1.69
Namibia	2,77	44,53	-12,78	15,04	-5,42	26,02	-10,44	82,98	-22,32	98,96	-12.26	68.30
Seychelles	7,70	136,49	8,50	144,99	8,70	153,69	8,20	161,89	7,60	169,49	7.50	176.99
South Africa	270,80	32 318,63	-3 180,10	17 630,31	-398,90	21 934,76	565,10	27 112,16	1 352,10	38 435,47	67.90	38,503.37
Swaziland	16,56	94,89	-18,47	46,63	-0,10	64,00	-10,50	95,10	1,20	109,70	21.40	72.60
Tanzania	–	–	–	–	–	–	–	–	–	–	--	--
Zambia	–	–	–	–	–	–	–	–	–	–	--	--
Zimbabwe	7,50	233,60	4,10	237,70	3,20	240,90	0,20	241,10	0,00	241,10	1.10	242.20
SADC	338,49	33 538,06	-2 796,04	19 155,99	-313,60	23 696,44	776,22	29 410,90	1 366,96	40 342,98	219.78	40,269.36



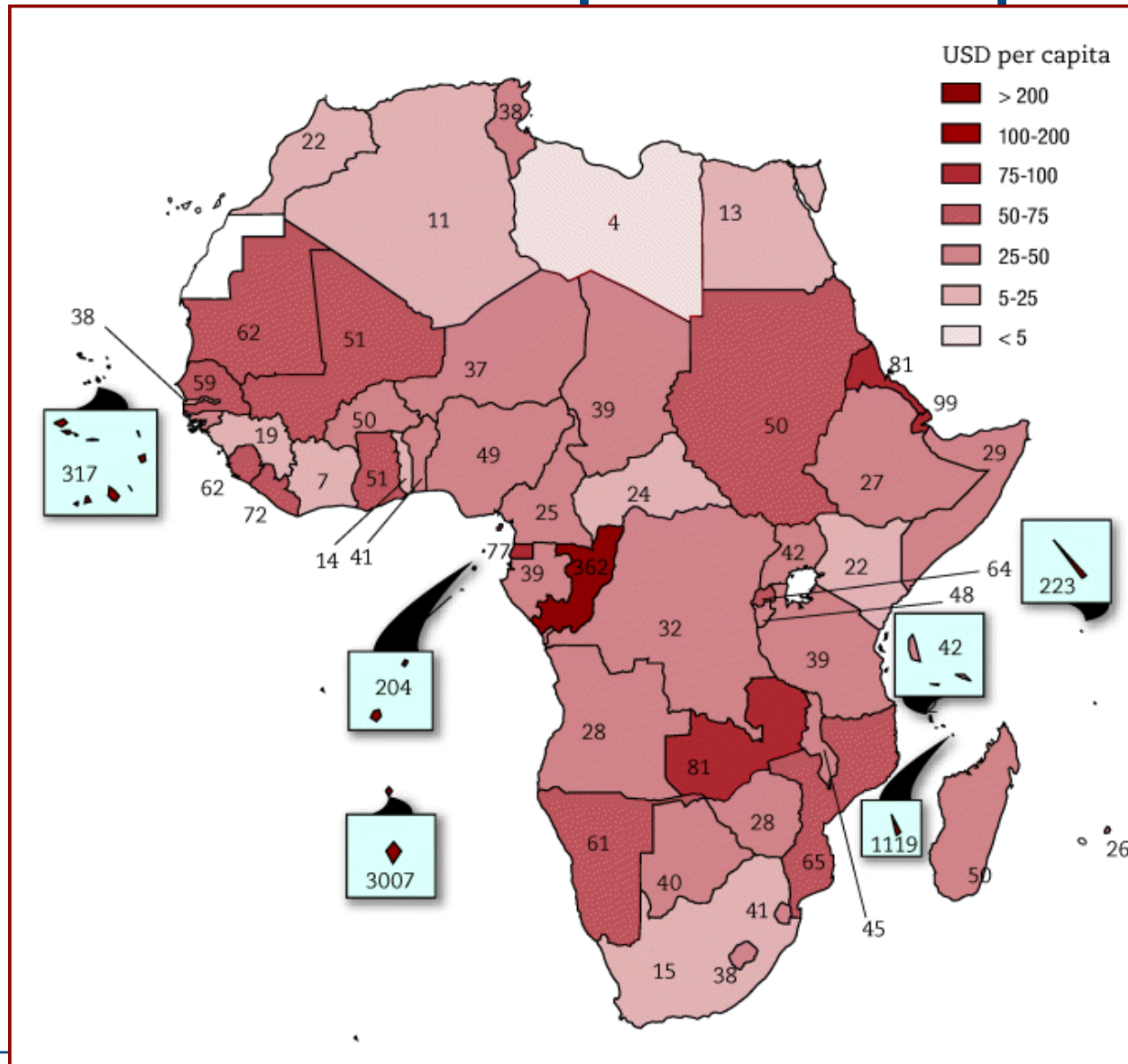


# net official aid flows (US\$ millions)

	Average				Average: Share by components (%)				Volatility index			
	1960–2004	1980–1989	1990–1999	2000–2004	1960–2004	1980–1989	1990–1999	2000–2004	1960–2004	1980–1989	1990–1999	2000–2004
Official development assistance	14 268	16 268	26 158	28 776	100	100	100	100	0.77	0.2	0.15	0.21
Bilateral grants and grant-like flows, of which:	8 878	8 917	16 938	19 505	62,2	54.8	64.8	67.8	0.82	0.27	0.13	0.28
•Technical co-operation	2 932	3 646	5 393	5 160	20,5	22.4	20.6	17.9	0.72	0.22	0.1	0.1
•Developmental food aid	790	1 146	736	491	5,5	7	2.8	1.7	0.47	0.16	0.53	0.09
•Emergency & distress relief	1 046	–	493	1 930	7,3	1.9	6.7	--	--	0.79	0.55	
•Debt forgiveness (grants)	2 143	136	1 682	3 868	15	0.8	6.4	13.4	0.82	0.85	0.45	0.53
Bilateral loans	2 631	4 082	4 415	2 455	18,4	25.1	16.9	8.5	0.71	0.18	0.3	0.23
Imputed multilateral loans	3 879	3 270	4 805	6 816	27,2	20.1	18.4	23.7	0.52	0.31	0.2	0.15



# Africa: ODA per Capita





# Institutional Role-players

- United Nations Organisations
  - UN DESA, UNICEF, UNDP, UNCTAD, UNIDO, & ILO
- Breton Woods Institutions
  - IMF & World Bank
- Multilateral Bodies
  - WTO & WIPO
- Continental Arms
  - African Development Bank & UN Economic Commission for Africa
- Regional Bloc
  - Southern African Development Community,
- Local Development Finance Institutes
  - Development Bank of Southern African & Industrial Development Corporation





# Workshop Recommendations

- Avoid Debt creation and loans from the World Bank & IMF
- Global Trade Policy Negotiations
- Aid for Development rather than “phantom” aid
- Dangers of prioritising Foreign Direct Investment





# Policy Reform Proposals

- Apex Organisation
  - Build the AU
  - Regional Consolidation of SADC
- Global trade, diversification in production, and poverty reduction
- Debt management
- Resource Mobilisation
  - Mobilising finances for development
- Technical Support
  - Mobilising knowledge resources for development



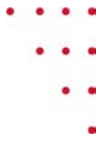


# PRP: Apex Organisation

- African Union & NePAD
  - Coherence based on Legitimacy
  - Representation of non-governmental groups and civil society organisations
  - Sovereignty = Voice of Africa?
- State should be renewed & built on the rule of law and democratic institutions, and working with other social actors (ILO: 2004)





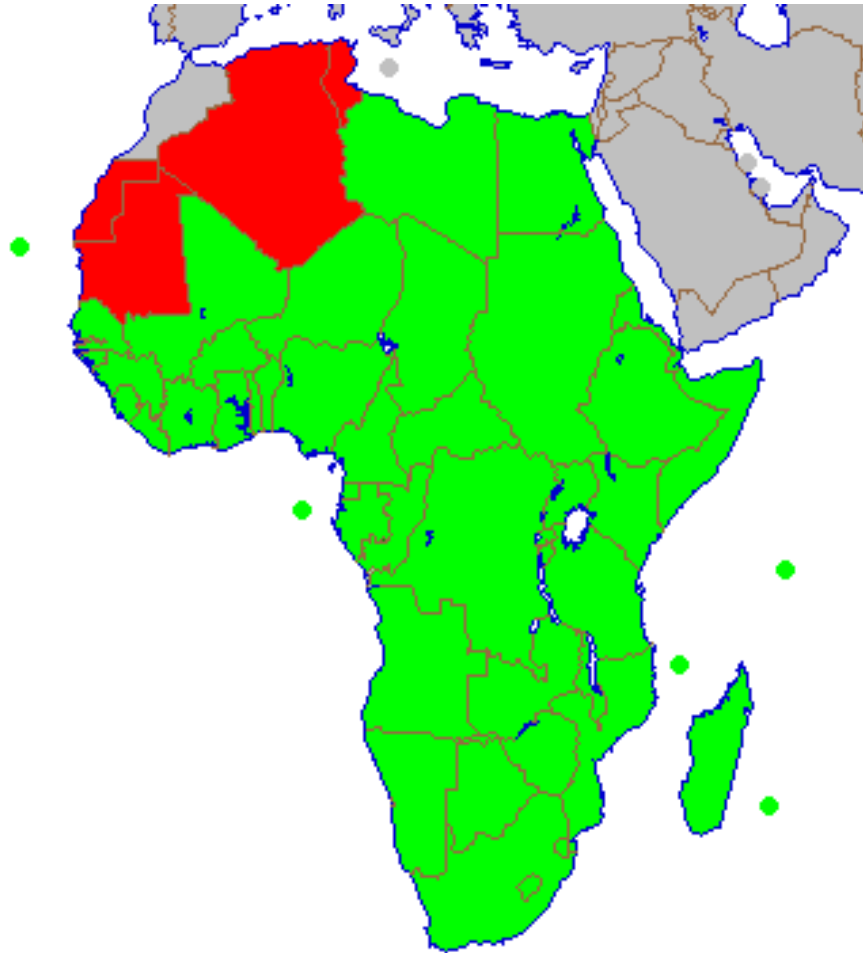


# PRP: Regional Consolidation

- Regional integration is seen as a route towards a fairer, more inclusive globalisation
- Countries are better able to manage the social and economic challenges of globalisation by working together (ILO: 2004)
- Greater regional trade flows and less dependence on 'external' trade is a crucial factor in reducing dependency and in stimulating growth
- More bilateral trade, economic cooperation, trade infrastructure and agreement between trade blocs in the region are an important way to reduce dependence.



# African Economic Community



- the creation of free trade areas, customs unions, a single market, a central bank, and a common currency
- establishing an economic and monetary union

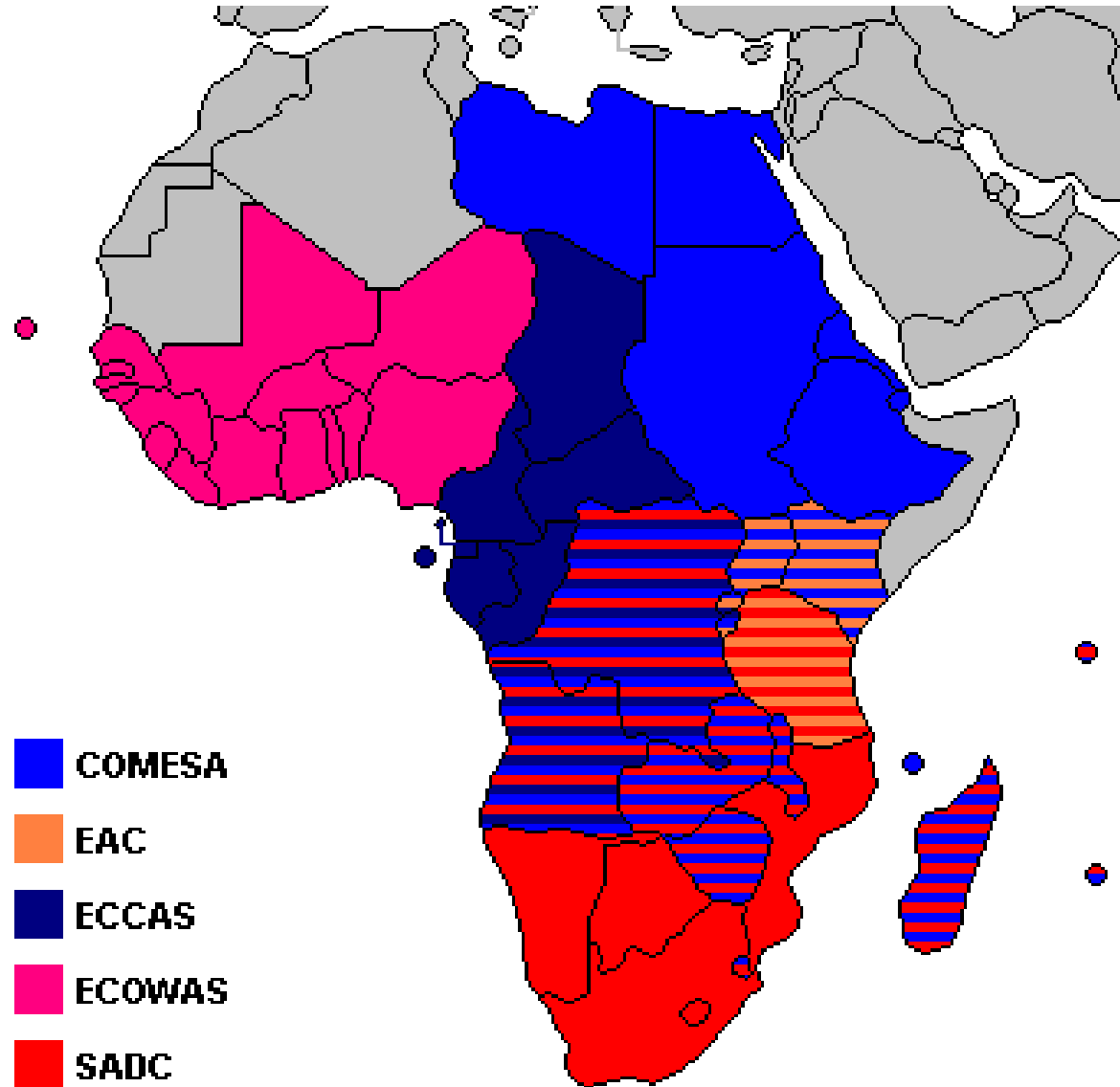


# Regional Economic Communities

- Community of Sahel-Saharan States (CEN-SAD)
- Economic Community of Central African States (ECCAS)
- Common Market for Eastern and Southern Africa (COMESA)
- Economic Community of West African States (ECOWAS)
- Intergovernmental Authority for Development (IGAD)
- Southern African Development Community (SADC)
- Union du Maghreb Arabe (UMA)



# Regional Economic Communities



# African Economic Community

- AEC founded through the Abuja Treaty, signed in 1991 and entered into force in 1994 is envisioned to be created in six stages:
  - 1999 - Creation of regional blocs in regions where such do not yet exist
  - 2007 - Strengthening of intra-REC integration and inter-REC harmonisation
  - 2017 - Establishing of a free trade area and customs union in each regional bloc
  - 2019 - Establishing of a continent-wide customs union (and thus also a free trade area)
  - 2023 - Establishing of a continent-wide African Common Market (ACM)
  - 2028 - Establishing of a continent-wide economic and monetary union (and thus also a currency union) and Parliament
- End of all transition periods: 2034 at the latest



# African Economic Community

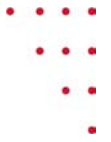
Regional bloc		free trade area	customs union	economic and monetary union		free travel		political pact	defense pact
				Single Market	Currency Union	Visa-free	Border-less		
AEC		proposed for 2019	proposed for 2019	proposed for 2023	proposed for 2028			proposed for 2028	?
CEN-SAD		proposed for 2010							
COMESA		in force <sup>1</sup>	proposed for 2008	?	proposed for 2018				
EAC		in force	in force	proposed for 2009	proposed for 2009	proposed	?	proposed for 2010	
ECCAS	CEMAC	in force	in force	?	in force				
	Common	proposed for 2007 ?	proposed for 2011 ?	proposed	proposed	proposed	?		in force
ECOWAS	UEMOA	in force	in force	?	in force				
	WAMZ			?	proposed for 2009				
	Common	proposed <sup>2</sup>	proposed for 2007	?	proposed	in force	proposed	proposed	in force
IGAD									
SADC	SACU	in force	in force		de-facto in force <sup>1</sup>	?			
	Common <sup>1</sup>	proposed for 2008 <sup>3</sup>	proposed for 2010	proposed for 2015	proposed for 2016				
UMA									

<sup>1</sup> not all members participating yet

<sup>2</sup> telecommunications, transport and energy - proposed

<sup>3</sup> sensitive goods to be covered from 2012

Source: Wikipedia



# PRP: Resource Mobilisation

- Build up the state revenue-generating capacities
  - Taxes not Rents
- Stewardship over Development Finance Institutions
  - Lenders versus Borrowers
- Coordinating Development Finance
  - Innovative sourcing
  - ODA Management
  - FDI Monitoring





# PRP: Technical Support

- Mobilising Knowledge Competencies
  - Clearinghouse for Research Output
  - Diaspora Networks
- Technical Competences & Upgrading
  - Quantitative: Statistics
  - Qualitative: Surveys
  - Technology Extension & Transfer
- Science, Technology & Innovation
  - Audit, Foresight, Institutional Reviews, Indicators, Collaboration ...







# Thank You

- For more information, contact:  
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