

## **CHAPTER 7**

# **GLOBALIZATION AND AFRICAN RENAISSANCE**

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### **1. INTRODUCTION**

Globalization would have mixed effects on developing countries. It could be advantageous, and at the same time, disadvantageous, to them. Africa seems to be left outside of globalization anyway, but new initiatives emerged led by the Republic of South Africa. This paper depicts Africa's recent features in the context of globalization, and proposes the establishment of global governance as a means to control globalization for development cooperation in the 21st century.

### **2. GLOBALIZATION OR MARGINALIZATION?**

Before considering the specific features of globalization in Sub-Saharan Africa (referred to as Africa hereinafter), we must see another phenomenon related to the position of Africa in the world, that is, "marginalization." In fact, much more attention has been paid to, and definitely more discussion has been made on marginalization than globalization concerning this region. In order to initiate any measures to meet the challenges of globalization, Africa should tackle with the current situation in which it is by far alienated from the world economic trends.

#### **2.1 Aid Dependency and Aid Fatigue**

A financial exodus from Africa has become evident especially since 1985 when financial sanctions were taken against Apartheid South Africa by international private banks. Compared to Asian countries, Africa as a whole received almost a half amount of private capital in 1980 but the ratio decreased to only 3 percent in 1994<sup>1</sup>. It means that the rapid expansion of international financial activities during the last decade of this century completely neglected Africa as their target.

Africa's economies have rather been subjects of ODA<sup>2</sup>. The structural adjustment program (SAP) accompanied with expansion of non-project assistance has dominated the continent in these 20 years. It may be ironical that SAP is a set of policy recommendations for promoting private sector's activities, mainly investment either domestic or foreign, through vitalization of market forces. The 1980s was a decade of darkness for African countries, during which the efforts to invite investment along SAP turned out to be almost fruitless and, to make matters worse, foreign money was subtracted.

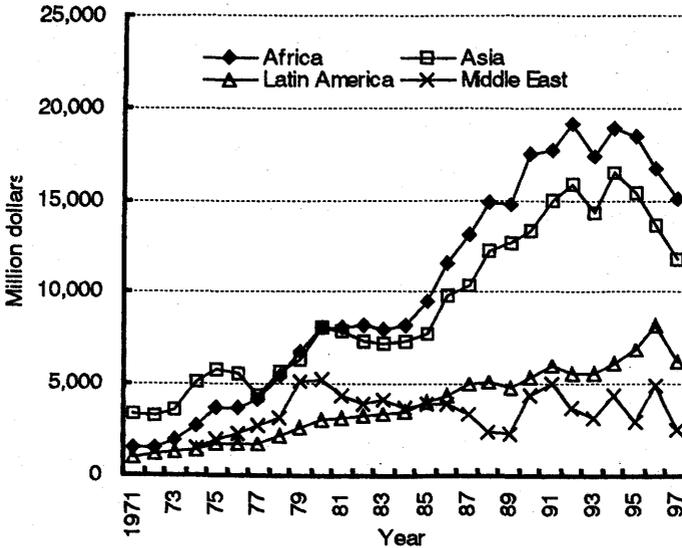
The most evident outcome of the 20-year SAP seems to be heavy debt burden to African countries. The World Bank advocated a doubling the amount of ODA to Africa<sup>3</sup> at the start of its Structural Adjustment Loan, and indeed the total ODA provided there had steadily increased (see Figure 7-1). In 1980, Africa came out as the biggest recipient of bilateral ODA exceeding Asia, thereafter constantly accounting for around 30 percent of its total and more than 40 percent of multilateral one. Table 7-1 shows ODA for each developing region indicating the outstanding aid dependency of Africa. While 55 percent of the total finance to all developing countries from the outside was provided by the private sector in 1994, more than 90 percent was made of ODA in Africa<sup>4</sup>. And also the African share in the world trade volume has dwindled to somewhere around 1 percent. That is to say, Africa is connected with the world economy mainly through ODA and marginalized in other dimensions.

**Table 7-1. ODA Receipts by Region (1993)**

|                          | Africa | Asia | Latin America |
|--------------------------|--------|------|---------------|
| ODA per capita (\$)      | 35.7   | 5.2  | 8.6           |
| percentage to GNP        | 11.5   | 0.9  | 0.3           |
| percentage to investment | 38.1   | 2.8  | 2.0           |
| percentage to import     | 27.6   | 4.0  | 3.2           |

Source: World Bank.

The total debt accumulation in Africa, mainly composed of official one, has exceeded its total GDP in 1987<sup>5</sup> without visible effects of such huge ODA input. These disappointing economic performances yielded among the donor community Afro-pessimism that any real economic progress could be no longer expected in Africa. The futility of long-lasting development cooperation for Africa put a serious doubt as to ODA-optimism that the international community could help and promote economic development of the developing countries through ODA activities,

**Figure 7-1. Regional Distributions of Bilateral ODA**

Source: OECD, *Development Co-operation Report*, Paris, 1999.

and then aid fatigue became shared among the donor community. And also aid capacities of the developed countries shrank due to the recession in the early 1990s, even though dismantling of the Eastern bloc suddenly swelled the demand for ODA. As a result, the volume of ODA input to Africa has stagnated and turned downward during the 1990s.

In those circumstances, the argument about debt forgiveness has gained influence as the final resort to alleviate the African plight partly out of moral consideration that the international community should rescue the vulnerable strata from pressure of debt repayment<sup>6</sup>, and partly out of technical consideration on financial management that unsustainable debts may injure debtors' profits, too<sup>7</sup>.

## 2.2 De-linked Super Powers and Homemade Security

The failed peacekeeping operations (PKO) in Somalia from 1992 to 95 produced strong reluctance among the American society to interfere directly in African affairs. On the other hand, France which was historically the most active Western power interested in Africa has changed its policy toward Africa and deescalated its military presence after being severely

accused of its responsibilities for the Rwandan genocide in 1994. The cost-benefit analysis of commitment to African affairs appeared to be immensely unfavorable in the post-Cold War situations, and arguments about disengagement from Africa were put on the table.

The Rwandan genocide was often depicted as "tribal conflict," but it can be most properly understood as the tragic outcome that the dangerous power games mobilizing ethnic emotion in that country brought about<sup>8</sup>. There is no historical proof at all that tribally based societies in Africa are always on the verge of such a tragedy. Blamable are never indigenous elements of its society but imprudence of its politics. The so-called Tutsi-Hutu conflict crossed the border, and the Mobutu regime in neighboring Zaire was overthrown in 1997 as a sequence of the regional expansion of conflict. President Museveni of Uganda was the key figure in coordination of the regional countries to establish a new government in that domain under the new name of the Democratic Republic of Congo (DRC). It was an almost unprecedented achievement that a conflict was settled by regionally concerted actions of African own initiative. The USA noticed this movement with great interest and hailed Africa's "strong new leaders" as a "beacon of hope"<sup>9</sup>.

However, the personal relationship between Museveni and President Kabila of the DRC collapsed in several months later, and the resurgence of conflict within the DRC from 1998 has involved more numbers of countries. This time, the situations looks like a complete split in the African community; Zimbabwe, Angola, Namibia, and Sudan sent troops siding with Kabila, while Uganda and Rwanda did so taking the opposite side. Nevertheless, the USA, France, and the UK still continue logistic assistances to establish African own PKO forces with the hope that those could substitute for direct interference as a means to settle conflicts in the continent.

### **2.3 Gloomy Scenario**

ODA and other types of official assistances, which were the main linkages between Africa and the developed nations of the world, are going to be deescalated. Once debt canceling for African countries is put in practice along the Heavy Indebted Poor Countries (HIPC) initiatives as discussed at the Cologne Summit in 1999, what will become of Africa? It may be persuasive as a gloomy scenario that Africa will continue to depend on the industrially advanced nations for the supply of down-scaled aid in which grant and emergency aid compose of main items as channels of financing from the outside. African nations will have to survive as second-class members of the international community and a burden of the world economy to lead lives on charitable contributions. Is there no alter-

native? Does no element exist in order to open any other perspective? These questions shall be discussed in the following.

### **3. IMPACTS OF DEMOCRATIZED SOUTH AFRICA: WHAT IS AFRICAN RENAISSANCE?**

The year 1994 in which the Rwandan genocide occurred witnessed also the quite different, and brighter phenomenon, that is, the democratization of South Africa. The democratized process started there in 1990 had fruited well as its first democratic election without serious disturbances. The size of the African economy became nearly double with the participation of South Africa who yields more than 40 percent of the regional production. The impacts coming from this regional power were greater than ever in the economic history of Africa.

#### **3.1 Latest Version of Liberal Democracy in the World<sup>10</sup>**

Total emancipation of Africa was finally completed with the democratization of South Africa, and also South Africa was reconstructed as one of the latest liberal democracies in the world. A lot of newly developed ideas are embodied in its constitution and the African National Congress (ANC), the ruling party under the new dispensation in that country, has a number of characteristics in thinking different from others rulers in the continent. The appearance of an advanced democracy that measures up to global standards will bring a huge impact on the African community of rather undemocratic nature.

South Africa is the first country in Africa to adopt the electoral system of proportional representation replacing the winner-takes-all majority system that other African countries still cling to. The institutionalized coalition, namely, the Government of National Unity (GNU) for Mandela's Cabinet, was a more unique device that was ever materialized after Arthur Lewis advocated its original idea 30 years ago<sup>11</sup>. And the legislative National Economic Development and Labour Council (NEDLAC) in which the Government, the management and labor unions discuss on economic policies before presenting bills to the national assembly can be construed as a system of liberal corporatism. These institutions were constructed for power sharing among each segment in society. It will be said, in a sense, that the regime of democratized South Africa accommodated the new political theory called Consociational Democracy<sup>12</sup>.

New South Africa pays considerable attention to keep the liberal principle for preventing any form of despotic rule, while other African countries are occupied in seizing the power in their hand for the cause of democracy. Liberalism is based upon the concept of fundamental human

rights, which was entirely absent in the Apartheid regime. Therefore, the ANC was insisting on the universal preservation of fundamental human rights throughout their struggle from its beginning. On the other hand, nationalism, or Africanism, played the pivotal role in combating colonialism in the continent. It must be said that little consideration was paid to accommodate individuality or minority in the African politics. The traditional thinking along the line of liberalism preserved in the ANC has a conspicuous characteristic in this respect, and this character is reflected in its economic and foreign policies. In other words, African is going to join in the world's mainstream in the field of governance.

### 3.2 Biggest Emerging Market in the World

South Africa is definitely the biggest economic power in the region for outdistancing the second biggest Nigeria. Its GNP (\$130 billion in 1997) is more than four times as large as that of Nigeria, and close to Poland's beyond Malaysia's and Finland's. There are a number of world-class enterprises represented by famous Anglo-American Corporation (AAC), that is the largest mining house in the world, and its subsidiary De Beers dominates the global diamond market. ESKOM has the fourth biggest capacity for power generation at the world lowest price; ISCOR is the thirteenth biggest steel producer with its plant rated one of the most cost-effective; SASOL has the only commercially proven oil-from-coal operations in the world. Based on those business entities, the Johannesburg Stock Exchange (JSE) is ranked ninth biggest globally by listed value, namely, the largest emerging market in developing countries. Therefore, the IFC sets the highest Emerging Market Index for it<sup>13</sup>, and the influx of portfolio investment to South Africa in 1997 exceeds the volumes in any of South-east Asian and Latin American countries.

Not only portfolio investment but also direct investment resumed to find opportunities in South Africa after the sanctions were lifted. Besides traditional investors returned, Malaysia is the most eminent newcomer occupying the second post next to the USA in accumulated value of FDI from 1994.

On the other hand, South Africa has been a net investing country with its outflow surpassing inflow for many years, and its firms are extending their business into other parts of the African continent and other continents as well. Their FDI covers various industries like mining, manufacturing, tourism, and distribution in many countries including Ghana, Burkina Faso, Kenya, Tanzania, Zimbabwe, Poland, Hungary, Brazil, Argentina, Venezuela, Chile, China, Indonesia, Australia, Canada, and the UK. Nowadays, South African big companies listed themselves in London and New York with the purpose to collect capitals more efficiently.

To sum up, South Africa now comprises an integral part of the international financial and business network.

### 3.3 New Dispensation of African Economy

The outstanding examples of South African FDI will be found in neighboring countries like Mozambique and Zambia. AAC recently bought the major assets of the Zambia Consolidated Copper Mines (ZCCM), which used to be the most important parastatal monopolizing copper production as the mainstay of the national economy. Zambian leading industries will be reorganized in the next century under the South African management and technologies.

In Mozambique, a wide-ranging set of civil engineering projects, named the Maputo Development Corridor (MDC), proceeds now. MDC was formulated as cross border initiatives covering from the South African industrial center to the Mozambican capital to build a logistically efficient industrial complex. Those projects boosted South Africa into a position as the biggest foreign investor in Mozambique and made it possible for one of the world's poorest countries to develop at a double-digit economic growth rate in 1997-8. It is the first experience in Africa that such a huge development program is carried out by own finances. More importantly, those finances come mainly from the South African business community, which means that MDC is based on commercial calculation to assure returns for investors.

The initiative of private sectors in regional development is found elsewhere, and ESKOM's involvement is noteworthy. South Africa depends on thermal power generation for electricity, and experienced hardship to secure the requisite amount of oil during the sanction period. Additionally, environmental consideration tends to refrain further construction of thermal power stations in its domain. Therefore, ESKOM is planning to shift oil importation gradually to electricity buying through establishing regional grids covering the subcontinent south of the equator. Inga Hydroelectric Stations standing at the mouth of the Congo River in the DRC was regarded as the biggest potential in the region, and then ESKOM persuaded successfully the member states of the Southern African Development Community (SADC) to accommodate the DRC in it. ESKOM completed step-by-step transmission linkages between SADC states and waits for stabilization in the DRC to start rehabilitation and expansion projects of Inga Stations. All these schemes will be financed by ESKOM itself through worldwide bond issue, because it enjoys a very favorable rating among international financial institutions and need not ask for public finances from the Government or ODA.

In the meanwhile, the South African export to other African countries

**Table 7-2. South African Export to Other African Countries  
(in Million South African Rand)**

|                        | 1990   | 1996    | Gain  | Surplus in 1996 |
|------------------------|--------|---------|-------|-----------------|
| Total Export (surplus) | 60,928 | 126,027 | 107%  | 10,566          |
| <b>SACU</b>            |        |         |       |                 |
| Namibia                | 2,840  | 5,022   | 77%   | 3,572           |
| Botswana               | 3,343  | 4,339   | 30%   | 2,258           |
| Swaziland              | 1,714  | 4,008   | 134%  | 1,784           |
| Lesotho                | 1,540  | 2,958   | 92%   | 2,539           |
| sub-total              | 9,437  | 16,327  | 73%   | 10,153          |
| (share)                | 15%    | 13%     | -     | -               |
| <b>Outside SACU</b>    |        |         |       |                 |
| Zimbabwe               | 1,100  | 5,388   | 390%  | 4,211           |
| Mozambique             | 467    | 2,377   | 409%  | 2,302           |
| Zambia                 | 513    | 1,801   | 251%  | 1,628           |
| Angola                 | 51     | 1,524   | 2888% | 1,263           |
| Malawi                 | 424    | 962     | 127%  | 667             |
| Zaire                  | 489    | 961     | 97%   | 481             |
| Kenya                  | 10     | 953     | 9430% | 830             |
| Mauritius              | 312    | 924     | 196%  | 908             |
| Tanzania               | 22     | 552     | 2409% | 531             |
| Ghana                  |        | 255     | -     | 240             |
| Madagascar             | 52     | 193     | 271%  | 187             |
| Nigeria                |        | 180     | -     | 142             |
| Seychells              | 45     | 163     | 262%  | 160             |
| Uganda                 | 2      | 104     | 5100% | 102             |
| Côte d' Ivoir          |        | 99      | -     | -30             |
| Comoros                | 22     | 90      | 309%  | 90              |
| Sudan                  |        | 78      | -     | 74              |
| Mali                   |        | 73      | -     | 24              |
| Congo                  | 6      | 68      | 1033% | 65              |
| Ethiopia               |        | 66      | -     | 65              |
| Cameroon               |        | 37      | -     | 9               |
| Gabon                  | 8      | 36      | 350%  | 14              |
| Liberia                |        | 28      | -     | 27              |
| Togo                   |        | 26      | -     | -48             |
| Senegal                |        | 21      | -     | 19              |
| Rwanda                 | 0.4    | 14      | 3400% | 14              |
| Burundi                |        | 10      | -     | 10              |
| Guinea                 |        | 9       | -     | 9               |
| Benin                  |        | 7       | -     | -26             |
| Mauritania             |        | 7       | -     | 7               |
| Guinea Ecuatorial      |        | 6       | -     | 6               |
| Gambia                 |        | 5       | -     | 5               |
| Sao Tome and Principe  |        | 4       | -     | 4               |
| Cape Verde             |        | 4       | -     | 4               |
| Chad                   |        | 2       | -     | -13             |
| Niger                  |        | 1       | -     | -10             |
| Djibouti               |        | 1       | -     | 1               |
| sub-total              | 3,523  | 17,029  | 383%  | 13,972          |
| (share)                | 6%     | 14%     | -     | -               |
| grand total in Africa  | 12,960 | 33,356  | 157%  | 24,125          |
| (share)                | 21%    | 26%     | -     | -               |

Sources: Department of Trade and Industry, Republic of South Africa, *South African Trade Statistics 1996*; Pieter Esterhuysen(ed.)(1994) *South Africa in subequatorial Africa: Economic interaction*, Pretoria: Africa Institute of South Africa, 1994, Table 25; EIU for SACU member states.

has shown an explosive increase (see Table 7-2) since the domestic negotiation for democratization was initiated in 1990. While the exportation within the Southern African Customs Union (SACU), that was a historical market for South African manufacturers even in the Apartheid period, increased 73 percent between 1990 and 1996, the figure for the other countries coming near to 400 percent. The African market became indispensable for South African manufacturers on one hand, and South Africa became one of the main suppliers for the rest of Africa on the other hand. Zimbabwe appears typical of the phenomena; South Africa's share in the Zimbabwean total import increased from 16 percent in 1989 to 41 percent in 1995, and Zimbabwe came to rank fourth among major South African customers. In conclusion, it can be said that, the African economy is going to be reorganized to become an integrated formation in which South Africa functions as an industrial and financial center.

### 3.4 Butterfly Strategy

Not only in the African continent, but globally the total volume of South African trade has kept growing during the 1990s. Trade relationships with Asian countries have been enlarged, too (see Table 7-3). The share of Asia excluding Japan in South African trade increased from 4.6 percent in 1990 to 14.2 percent in 1997 in terms of exports, and 4.9 percent to 15.3 percent in term of imports during the same period. Differing from the current feature of imbalance within Africa, much more balance is kept in trade with Asia. South Africa mainly imports fiber products and

**Table 7-3. South African Trade with Asian Countries  
(in Million South African Rand)**

|           | EXPORTS |       | IMPORTS |       |
|-----------|---------|-------|---------|-------|
|           | 1997    | 1991  | 1997    | 1991  |
| Taiwan    | 3,690   | 2,081 | 3,621   | 1,832 |
| Korea     | 3,522   | 1,413 | 2,708   | 705   |
| Hong Kong | 2,164   | 1,355 | 1,901   | 949   |
| India     | 1,349   | 21    | 1,572   | 84    |
| Singapore | 1,125   | 331   | 1,246   | 563   |
| Malaysia  | 1,120   | 17    | 1,312   | 235   |
| Indonesia | 1,088   | 75    | 656     | 110   |
| China     | 912     | 144   | 3,268   | 480   |
| Thailand  | 901     | 111   | 878     | 389   |

Source: RSA, Foreign Trade Statistics.

electrical appliances from Asian countries, and exports metal products to them. It may indicate that some sort of division of labor is going to be formed between them<sup>14</sup>. The newly established international entity articulating Africa and Asia — the Indian Ocean Rim Association of Regional Cooperation (IOR-ARC) — is worthy of attention in this context. The concept of it was initially presented by South Africa to India in 1993, and it was formally inaugurated in 1997 with the participation of fourteen states — South Africa, India, Australia, Singapore, Malaysia, Indonesia, Sri Lanka, Oman, Yemen, Mauritius, Kenya, Tanzania, Madagascar, and Mozambique.

The renewal of economic relations between South Africa and Europe has been shaping up gradually as a result of tough and prolonged negotiations. Strictly conditional participation (virtual rejection) of South Africa to the Lome Convention was approved in 1997, and the mutual agreement on trade liberalization<sup>15</sup> was confirmed in 1999. The EU intends to abolish the Lome Convention in 2001, which has been a collective framework of European policies toward African, Caribbean and Pacific (ACP) countries in the post-colonial era, and to reorganize its commitment to developing countries. Europeans seemingly have doubt about the validity of its paternalistic attitude toward former colonies and try to shift its policy from regionalism to globalism along the WTO-type universality. The progress of EU-South Africa negotiations is watched with keen interest, especially among ACP countries, as it may indicate the EU's post-Lome policy in the 21st century.

The USA seems to adopt a more frank attitude to the newly born regional power. Both countries set up the SA-US Bi-national Commission in 1995, and a lot of delegations with various missions have been exchanged. South Africa is now one of those very limited number of countries that has the hot line with Washington, and the USA obviously regards South Africa as a reliable partner in African affairs and global issues.

Such omnidirectional diplomacy deployed by new South Africa is called "Butterfly Strategy." Its economy has a magnitude that cannot be sustained only by regional running but requires more openness to the world economy. The conditions peculiar to this unique African country urge Pretoria to work out a strategy for combating marginalization and adapting to globalization.

### **3.5 A Challenge to Globalization**

Thabo Mbeki succeeded Nelson Mandela as President of South Africa in 1999. Two years before his inauguration as head of the state, Mbeki proclaimed the idea named "African Renaissance."<sup>16</sup> This will be reflected

in the global strategy that will be developed under his administration.

The perception about Africa's present situation held by the concept makers of African Renaissance is relentlessly realistic: Africa is "no longer considered of strategic importance to the interest of big powers"; "capital flows from the West to Africa fall behind those going into Eastern Europe, East Asia and Latin America"; and "marginalization could be exacerbated even further."<sup>17</sup> Therefore "the notion of an African Renaissance has arisen, as the best framework through which we can empower the continent to act for itself and its interests" and to "build our capacity to make an effective contribution on the continent and in the world."<sup>18</sup> This is "a strong message to the world that in this coming century the African continent cannot be marginalized."

The goal of African Renaissance is to situate African peoples as "equal and respected contributors to as well as beneficiaries of all the achievement of human civilization." For that purpose, it needs to construct "growing and sustainable economy" which can "contribute to and take advantage of the real flows of economic activities around the world." Regarding the current of the world economy in which African Renaissance is supposed to make its way, they defines it as the transitional stage of globalization "from an international to a transnational" one. Globalization itself can be "recognized as a process aimed at turning the entire globe into a single global market operating according to a universal set of rules," and it shall be accompanied with "the unevenness, imbalances and inequalities." From these viewpoints, "it is more critical for us to identify opportunities in the search for a just, humane and equitable world order" and those opportunities must "be creatively used." Hence African Renaissance is a "challenge" to globalization.

Along the above arguments, they proposed some specific recommendations like democratization of the operation of the World Bank and the IMF, democratization and expansion of the membership of the United Nations Security Council, common program toward the poverty alleviation and debt relief for developing countries, transformation and empowerment of the OAU, etc.

Incidentally, I want to point out the repeated self-awareness of South Africa which appeared in their documents as "a small country with very limited influence," despite the fact that it is the unrivaled power in Africa. Clever wisdom is essential to small countries, developing countries in particular, in order to survive and thrive in the globalized economy. There used to be support to the assertion that Africa has a right to claim ODA or other assistances because of its history and in the cause of international morality, but such a self-invited behavior will be no help to attract private investment and to promote trade. The only countries that can grasp real dynamics of the world economy and use their forces will enjoy prosper-

ity. This sort of posture has historically belonged to small countries, who cannot write their own scenario but must find a role in the setting furnished by powers.

However, as discussed in South Africa, we must examine any alternative other than leaving ourselves at the mercy of globalization. How should the international community behave itself hereafter? What is required of Japan for the sake of the developing world in the 21st century?

#### **4. GLOBALIZATION WITH GLOBAL GOVERNANCE**

Although the powerful stream of globalization is hardly resisted, it is admittedly accompanied with undesirable aspects that require some treatment. Notwithstanding certain indigenous elements resulting in the Asian economic crisis, the behavior of short-term capital, hedge funds in particular, surely magnified its seriousness. A handful of fund managers and their customers got enormous profits at the sacrifice of targeted countries. Such speculative short-term capital, products of advanced financial engineering, incredibly expanded in its volume of international circulation after "Big Bang," thenceforth the term of globalization has prevailed. In order to make a proper assessment of globalization, some consideration must be bestowed on short-term capital movement besides trade expansion and globalized production.

##### **4.1 Harness up Globalization**

Globalization in monetary economy will be easier than in real economy, and actually the total value of international financial transaction is estimated to be tremendously far beyond the figure of global trade today. Such economic circumstances may well promote so-called casino capitalism, in which economic actors, even national economies, are reduced to targets for speculation. Unfortunately, we have no instrument against those activities. It is definitely a part of the realities of globalization.

Worldwide deployment of production capacities through FDI will promote economic progress in a number of developing countries, and the enlargement of the world trade through well-coordinated arrangements will help further integration of them into the world economy's dynamics. However, these assessments do not necessarily ensure the effectiveness of globalization. Globalization is a complex phenomenon composed of merits and demerits not only for developing countries but also for developed ones, and of course cannot be simply explained by neo-liberal economics.

If we tentatively classify its complexity into two categories, i.e., em-

ployment creative and employment non-creative, international activities related to trade and FDI will be identified with the former and speculative capital with the latter. The international community has been engaged in reducing taxes on the former to promote their business, and supposedly the latter was also benefited under the name of deregulation. But if due attention be directed to the nature against employment that was observed at the time of the Asian economic crisis, different treatment should be rewarded for it in order to protect the people's welfare. Although the discussion on this matter already started during the G7 talks and the Cologne Summit, introduction of heavy taxation on hedge funds and to appropriate its revenue for ODA, for example, can be considered. Because its present magnitude is far beyond the regulative capacity at a national level, experienced by the British authorities in 1992, countermeasures at a global level are expected.

We often hear arguments for global governance to deal with global issues like international conflict management and peacekeeping in these days. Institutionally formed global governance is also requested for the purpose to prevent injurious actors who play across the borders in the context of globalization. In other words, as globalization is evolving, global governance must be instituted and strengthened in order to build and maintain a desirable international order, which will not be able to be attained only by market forces.

#### **4.2 Development Cooperation in the 21st Century**

Africa is going to transform itself in the face of globalization. Its leading country South Africa well recognizes the realities of the current international situations that may have undesirable influences on developing countries. Therefore, South Africa defined African Renaissance as a challenge to globalization. That line of arguments will be understandable for Japanese people, who closely watched what really happened in our neighboring countries during the Asian economic crisis, and whose government committed itself to cooperate in African development, for example, at the second Tokyo International Conference on African Development (TICAD II) in 1998.

Development cooperation means all the activities, not ODA alone, that contribute to development in the developing countries. Accordingly, global governance structure should be established as a mean to protect each national economy from being severely affected by external factors. The concept of the comprehensive approach, which is proposed to coordinate the activities carried by private sector and the government of donor countries in the direction for development cooperation, needs to govern effectively the situations where private firms will be able to enjoy more

freedom than the government. Globalization hereupon puts tasks on donors as well as developing countries. Not only being the biggest ODA supplier, but one of the leading states in the world economy, Japan will be required too perform so as to control globalization. If we are wishing to be a reliable development partner in the 21st century, we must make globalization not harmful but helpful to the developing world.

The struggle against poverty is still continued. Human dignity is not preserved in its universal meaning if the majority of the human being is left in misery. For rescuing human dignity and protecting human security, the international community has to continue to join forces to accelerate socio-economic development in poor nations.

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## Notes

- <sup>1</sup> Excluding South Africa.
- <sup>2</sup> See the detailed discussion in Hirano [1998].
- <sup>3</sup> World Bank [1981].
- <sup>4</sup> OECD [1995].
- <sup>5</sup> World Bank [1989].
- <sup>6</sup> Jubilee 2000 was formed in the UK in 1996.
- <sup>7</sup> Sachs, J. [1986], Krugman, P. [1988], etc.
- <sup>8</sup> See Takeuchi, Shin'ichi [2000].
- <sup>9</sup> Remarks made by the US Secretary of State Albright during her tour of the continent in December 1997.
- <sup>10</sup> See the detailed discussion in Hirano [1997].
- <sup>11</sup> Lewis, Arthur [1965].
- <sup>12</sup> Arend Lijphart is the main architect of this theory. He has made many articles about South Africa too. See Lijphart [1985].
- <sup>13</sup> 13.2 percent is at the start in 1994, recently over 14 percent.
- <sup>14</sup> See Sudo, Hiroyuki [1999].
- <sup>15</sup> Trade, Development and Co-operation Agreement, 11 October 1999.
- <sup>16</sup> He made a lecture titled "African Renaissance" at the United Nations University when he paid an official visit to Japan in 1998. See Mbeki [1998].
- <sup>17</sup> Cited from the paper made by Vusi Mavinela, adviser for Mbeki.
- <sup>18</sup> See ANC [1998].