

Effects of Globalization on Cities in Developing Countries

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ABSTRACT Extant literature on urban development is considerable in both developed and developing countries. The theoretical and empirical nature of these studies are of different strands. However there is a consensus on the influence of economic policies, principles and technology on urban development of cities in various regions of the world. This paper is on the effects of the rave of the moment “globalisation” on cities in developing countries with emphasis on Lagos, a prime city in West African sub-region. The paper highlights efforts towards economic transformation in Nigeria prior to the emergence of globalisation and after its emergence. It noted that due to the poor negotiative position of cities in developing countries caused by their weak productive position and export of primary goods, low technology, poor financial strength, unstable economy, poor infrastructure facilities, insecurity and instability in governance, cities in developing countries are not well positioned to obtain optimal benefit of this new world economic order. To reap these benefits, cities in developing countries will have to overcome these obstacles.

INTRODUCTION

Studies on urban land use shows that urban areas are of enormous political, social, economic and cultural importance to the various regions in which they are located. Cities of more influences are those that could be classified in “world and regional cities”, of which Lagos the case study is striving to belong. Lagos is about the third largest and economically active city in Africa after Cairo in Egypt and Johannesburg in South Africa. These cities have population of over 10 million people. Lagos is located in West Africa, Egypt in North Africa and Johannesburg in South Africa. Thus these cities can be described as the “Africa Triangle Cities Network”. They are strategically positioned to influence and determine the socio-economic destiny of Africa. These cities have the tendencies to be among the largest and most fast-growing among cities in developing countries (Rakodi, 1997). These cities serve simultaneously as national and regional engines of growth, centres of technological and cultural creativity, houses of the poor and deprived, the sites and sources of environmental pollution (Fuchs, 1994). These are the most sensitive settlements in Africa to global economic policies and technological development. Thus, they transmit development impulses to the hinterlands of the areas in which they are located.

Lagos in particular is essentially the loci of

Nigeria and the West Africa economic activities. The city is linked both to the economies of the hinterland in Nigeria at the national scale and to the wider regional and global economy through trade, investment, culture and technology. Like in cities throughout the world, Lagos has the history of earlier responses to global reforms in organisation of production, economic policies with significant spatial effects than any other city in the West African sub-region. This could be traced to the rate of responses of cities in Nigeria to recent global economic policies in Africa at the dawn of the twenty-first century.

Three recent global socio-economic policies are discussed in this paper in order to bring to focus the trends of socio-economic development attempts in Africa in general and Nigeria in particular. In Nigeria in the recent times, these policies are the Structural Adjustment Programme (SAP), the New Partnership for Africa Development (NEPAD) and the concept of privatisation. The paper touched on the influence of the World Bank and the International Monetary Fund (IMF) in particular as they attempt at improving the economic fortune of developing countries. It discusses indepth of the contemporary economic phenomenon “globalisation”, its contextual basis, advantages and the likely problems it could create for developing countries as these countries are not in any advantageous position to reap the full benefits of globalisation.

CONCEPTUAL ISSUES

As earlier mentioned three key economic transformation concepts are discussed in this paper as examples of attempts at achieving sustainable economic development in Nigeria. These concepts are the SAP, NEPAD and the issue of privatisation.

The Structural Adjustment Programme (SAP) was introduced into Nigeria as a response to the International Monetary Fund technical advice as a response to the recognition of the structural distortion in the Nigeria economy in 1986. The SAP was also designed to restore medium term viability to the balance of payment options of Nigeria. Adedeji (1990) stated that it may have been necessitated by the devastations of irresponsible domestic economic policies. However it requires policy action by deficit and surplus countries. This is necessary for the policy to produce the desired effects especially for developing economies (Adeniji, 2003).

Specifically SAP was introduced into Nigeria when it became evident that the ad-hoc policies of the past could not bring about the desired change in the economy. It was aimed to achieve the following restructuring and diversification of the productive base of the economy, to achieve fiscal and balance of payment, to lay the basis for a sustainable non-inflationary or minimal inflationary growth, to lessen the dominance of unproductive investments in the public sector and to improve the sector's efficiency and intensify the growth potential of the private sector. Despite the comprehensive breath, and the radical determination which characterised the programme, SAP was confronted with many problems during implementation some of which include substantial increases in prices of goods and services. Since its implementation relied on market forces to dictate the direction of the economy in an environment of insufficient government bureaucracy, relatively narrow and weak private entrepreneurship, high dependence on foreign input, it failed to produce the desired or optional solutions envisaged. It led to the collapse of the industrial sector as most industries could not cope with the high cost of imported raw materials and machinery. The housing and building materials sector also collapsed and a temporary stagnation was experienced in the construction and sustainable urban development sectors of the economy.

The New Partnership for Africa Development (NEPAD) formulated by African leaders as a roadmap to Africa's development in the new millennium is worth mentioning. The thrust of NEPAD is that Africa's development strategy must be experimental and not imposed. It is also aimed at new partnership that is both credible and capable of reversing Africa protracted economic and political backwardness and increasing marginalisation in the world economy (Adeniji, 2003). This new policy is based on the condition that African out of their own volition are ready to take their destiny in their hands. That development is about empowerment and self-reliance and that its sustenance has to rest on the people and not the foreign benevolent guardians (Omoweah, 2003). NEPAD is however a comprehensive document on Africa future and position relative to global development. It comprises of policies on peace, security, democracy, politics, governance, infrastructure, human resource development, agriculture, environment, culture, science and technology, capital flow and market access. Each theme has a programme of action. For example under infrastructure, it highlights vision on roads and highways, airports, seaports, railways, waterways and telecommunications. It states the need to increase investment in infrastructure and establishment of African institutions that will train and produce highly skilled technicians and engineers. Similarly under information and communication technology sub-theme, it stresses the need to work with regional agencies such as the African Telecommunication Union to design model policy legislation for telecommunication reform, regulatory capacity, establishment of a network of training and research institutions to build high-level manpower.

Despite the impressive aim of NEPAD many scholars on Africa political economy are skeptical about its prospect, as the restructuring of the World Order has had many painfully consequences for Africa. With the mutation of GATT to WTO, for example, Africa forfeited a fairly reliable platform for tabling her grievances relating to multilateral trade agreement. Also, the greatest strength of Africa in world trade which is export of primary products have been eroded by biotechnology through the development of synthetic alternatives to primary commodities. This definitely places Africa in a poor position in the WTO, thus positioning Africa in a largely unfavourable trading position in a global context.

This situation Aderemi (2003), noted places Africa in a peripheral position in the world economy as it has increasingly declining demand of her products in the world market. The option for survival is to make her market open, its policies structured to accommodate market signals with limited negotiating strength to dictate market prices. For NEPAC to survive therefore Africa will have to pool her resources together in order to place herself in a better position of negotiation. This will entail a radical and combative approach to solving the economy dilemma of Africa.

The third global economic policy ravaging the world is the concept of privatisation, especially of the State owned enterprises, services and infrastructure. Generally it involve the selling or leasing on State assets to the private sector. Its merits include its ability to reduce financial burdens on strained government budgets, capacity to improve efficiency of services and potential for attracting investment to capital starved sectors. It has the capacity to offer the chance of improving both the livelihoods of individuals and the services which they depends on in their day to day lives. Presently in Nigeria and in most developing countries the State have over-extended themselves, suffocating private and community initiatives in the provision and management of municipal services such as waste management, rail transit, parks, parking, water supply, electricity, telephone, amongst others. Privatisation might not be total withdrawal leaving everything to the private sector. Appropriate government intervention such as in policy formation and monitoring are always in the hands of government. This demand highly skilled public administrators capable of performing such complex technically difficult and politically sensitive tasks. These requirements are not presently well developed in many developing countries including Nigeria. This means that government will have to prepare for this new role of transition from providers to enablers. Also government will not only make initial assessments on how services should be supplied but also to administer her role as supervisor once these establishments are taken over by the private sector. The capacity required should include ability to analyse and maintain market conditions, manage and enforce contracts, regulation of monopolists, coordinate, finance and support producers, enable community self provision and support consumers with information and alternatives (Batley, 1994). This can

only be achieved with government institutions sufficiently equipped to maintain the delicate balance between supporting private and community efforts. Towards achieving these objectives the Nigeria government established the Bureau of Public Enterprises (BPE) to facilitate the privatisation of many government agencies in various sectors which include the oil sector, power, telecommunication, cement, hospitals, hotels, steel, air lines amongst others. Appreciable progress have been made by the BPE, however efforts towards privatisation in Nigeria has been confronted with many teething problems among which are underpricing, unattractive incentives, instability in policies and enforcement. Most of the implementation efforts have been unfriendly to the people.

GLOBALISATION AND DEVELOPING COUNTRIES

The issue of globalisation which seeks to integrate various parts of the world into a global economy and global finance system has increasingly been attracting considerable debate. The forging of a global economy is an intoxicating and momentous process, one of the major structural features of the contemporary age (Castells, 1992). The concept of globalisation views the global economy as one, which works as a unit on real time on a planetary scale. It is an economy concept where capital flows, labour and commodity markets, information, raw materials, management and organisation are internationalized and fully interdependent throughout the planet. It corresponds to an attempt at contraction of space and time through the development of new means of communication and information technologies across the planet (Hammouda, 2000). Globalisation perceives the world as a trade unit without socio-political barriers and constraints. It is the process through which people, goods and services, trades, ideas and information flows across the borders of countries with ease (Asaju, 2002). This has been enhanced greatly by technological breakthrough through the development of the computer and telecommunication. Globalisation is characterised by liberalization of the world economies and economic activities that are free from institutional control and which fosters and promotes free market mechanism, private enterprise, open competition, professionalism and excellence in corporate

governance. It seeks to promote specialisation and the principle of comparative advantage in the production of goods and services on a global scale. It is aimed at creating a new world economic order, efficiency, competitiveness, efficient allocation of resources and speedy growth of the world economy.

Since economic factors are very strong among factors influencing the growth of cities, there is no doubt that this new phenomena, like the transportation and automobile revolution will have pronounced effects on how cities will develop. This will vary among different world economic regions i.e. developing countries and the developed countries. First it can be speculated that globalisation would generate greater disparity and increase poverty in developing countries as these regions are not at equal levels and positions to compete with developed countries. Also it could be an attempt to impose western standards, needs and values in developing countries as successfully done with SAP, all to the benefit of developed world through their multinational corporations. This is in line with the view of Simon (1997) in his historical excursion of Africa economic path, Simon (1997) stated that over the past millennium, developing countries particularly in Africa have been subjected to dramatic external interventions and influences enmeshing them firmly within the emerging world system. He stated further that with successive conquest, colonizations and associated cultural imperialisms of Arab and European, Islam and Christianity and more recently the western imposed modernization and spread of capitalist ideology all have transformed and internationalized African culture in all areas of life include the use of land as land use concepts and standards adopted by many African countries are reflections of their colonial masters home standards.

EFFECTS OF GLOBALISATION ON CITIES IN DEVELOPING COUNTRIES

In most developing countries cities globalisation impact will vary greatly in extent and intensity over time, spatially, within and between cultures and social class. Due to the weak financial base and technology, developing countries will be at a disadvantage position in a world of globalised trading of industrial products. Though this may vary within and among regions in developing countries. In Africa and Lagos in particular it will

result into paucity of inward foreign direct investment and export of secondary and tertiary products as the traditional strengths of these regions are production and export of primary products, while a high proportion of manufactured goods are imported. Therefore globalisation is likely to be of little advantage if any to developing countries as most of them will turn into consuming nations.

At the global seen the influence of global economic direction have been documented in Latin America and Asia (Rakodi, 1997) Caribbean (Thrift, 1994). Their findings shows that significant regional and local differences exists. This reflect, the vulnerability of these regions to external policies and the level of their integration into the changing international economic order. In the recently independent nations such as in South Africa, strands of European colonial impact still exist and Zimbabwe is rigorously battling the aftermath of colonial land tenure policy.

Unfortunately for developing countries globalisation is gradually resulting into a new structure of global competition due to the appearance of "global" markets and "global" production complexes (Thrift, 1994). This scenario has been influence greatly by many factors among which are new innovations in technology, such as micro-electronics, telecommunication, material science all of which exert profound impact on refashioning world production systems. There has been tremendous growth of transnational production and the increase openness and interdependence among national economies. Also there has been a great lip in global financial market, with varsity improved global telecommunication and infrastructure. This can easily be noticed in the investment of transnational companies particularly in telecommunication and transportation in Nigeria especially in Lagos. These changes have been manifesting at both the national, the Lagos urban economy and individual enterprises levels. At the national level the impact has been on the intensification of international and local competition for markets and investments. It has also increase the rate of employment into these new sectors though at the detriment of the formal industrial sector which is on the downward side. At the enterprises level, it has opened up the need for adoption of new process technologies, flexible working system, and organisation and shifting towards flexible rather than mass production system.

The concept of "space of flows" emerged from the process of globalisation (Castells, 1989). Also the emergency of "global or world cities" is fast growing roots. These cities are the loci for new international division of labour in manufacturing, they are key hubs for the control and coordination of global finance and producer services. Due to the strategic positions of these cities as the optimal beneficiaries of new, dynamic, high-income growth sectors of the economy "global city status" is something to be coveted, defended and fought for (Dieleman and Hamnett, 1994).

The effects of globalisation on the city land use is disturbing as it has both positive and negative effects. However, since it is a global trend it is better for cities to be positioned as a player in the phenomena. Despite the fact that Lagos within the African and particularly West African sub-region context is a leading city it stands to benefit in the new competition process through efficiency and job creation. For many cities in developing countries they will be left out of the globalisation process as they are not in comparative positions when compared with the developed countries. This might be a plug in the process of comparative development of the less developed regions. This new international division of labour characterised by export-processing manufacturing may bypass many cities in less developed world to the extent that the economic structure of such nations will include the gradual depletion of industrial and production land uses. These nations will turn into merely consuming nations, thus creating dangerous socio-economic crisis in the immediate future.

Also, these regions lack basic conducive environment for globalisation to thrive. Apart from their spatial locations, their geographical significance is uncertain coupled with non-existence of strong, and reliable state apparatus. They also lack competitive technology and human resource infrastructure. For Lagos, as in the case of many cities in developing regions the pre-conditions for global competition are not in existence. Such condition include the capacity to develop "niche product" which require flexibility in the production process. This can only be acquired through appropriate organisational framework and human resource.

Due to instability, unreliable policy framework, poor state of infrastructure and security in many developing countries, a situation of which Lagos is not an exception globalisation processes have

been stalled, with corresponding severe consequences for urban economies and environment. In terms of industrial investments and land use, Rakodi (1997) noted that large foreign enterprises have continuously shunned Africa, thus turning Africa to be the only large and populous continent without a true newly industrializing country. It is perhaps only the city of Johannesburg that is presently aiming at attaining "world city" status in this decade (Rogerson, 1994). Towards this, the city has evolved strategies which include building up the financial and producer service sector, attracting the offices of international organisations and developing a cultural strategy to image the city better to foreign investors.

The formal economic sector in many developing countries is gradually on the decline due to the impediments to growth generated by globalisation. This is a prominent feature in Lagos as the informal sector has invaded the city economic fabric. In many countries in sub-Saharan Africa, regular urban wage employment opportunities constitute between 5-10 per cent (ILO, 1992). Recent studies shows a decline from this range with Central African Republic (33.6%) and Gambia (27%). Also the formal wage employment in the public sector of these countries have been on the increase with massive retrenchments accompanied by the declining absorptive capacity of the formal private sector. Abiodun (1997) noted that at least 70 per cent of the unemployed in Lagos are aged between 15-29, while in Kenya according to House (1993), the mostly affected age group for unemployment comprises those aged 20-29, who represent 65 per cent of all those reported as unemployed.

Table 1 shows the trend of public sector retrenchment in selected African countries in the 1980s to 1990s. Generally the consequences of stalled generated by globalisation on the formal economies of African cities have been devastating.

The socio-economic and spatial consequences of retrenchment is increasingly growing of the informal sector. This sector is characterised by small-scale, mostly family-operated or individual activities. This is a common phenomena in cities of the developing countries. In Africa Rondinelli and Kasarda (1993), documented that this sector provide jobs for about 63 percent of total work force in urban Africa. ILO (1992) estimates that in the 1990s about 93 per cent of Africa urban labour force will be in the informal

Table 1: Public-Sector retrenchment in selected African countries (1980s-1990s)

Country	Period	Numbers retrenched	% of Total public servants
Nigeria	1984-1988	156550	20
Kenya	1992-1997	149000	30
Zimbabwe	1990-1995	123000	25
Ethiopia	1992-1995	80000	15
Tanzania	1992-1995	80000	30
Uganda	1991-1994	80000	26
Ghana	1987-1991	49873	15
Cameroon	1985-1992	47639	20
Guinea	1986-1991	40000	20
Cote d'Ivoire	1986-1990	15000	15
Togo	1983-1985	5000	10
Gambia	1985-1986	na	17

Source: ILO (1992)

sector. Also this sector appear as survivalist and enterprises types. The survivalist are in form of people unable to secure regular wage employment or access to economic sector of their choice. The enterprises group appears as small businesses employing between one to four paid employees, they are predominantly in the trade related activities.

Despite the gloomy nature of the benefit derivable from globalisation by cities in developing countries it is important to note that these cities with Lagos as an example has benefited enormously from this process. Among the notable gains of the city are:

- Emergency of new employment opportunities.
- Inflow of capital
- Improve telecommunications
- Improved city-scape
- Improved transport infrastructure
- Rapid changes in economic structure
- Cultural integration
- Generation of revenue to government
- Improved local capacity.

Recently with the liberalization of many aspects of Nigeria economy such as in the mass media (radio and television) in particular, the telecommunication sector particularly the telephone, inflow of computer networks such as internet services etc.; all these have opened up new employment opportunities in Nigerian cities in particular as most of these services have their operational bases in the cities where there is pool of consumers and skilled labour force. This is very prominent in Lagos. These activities takes place in space and specific locations, thus they have contributed in opening up of hitherto undeveloped areas in the city. Inflow of capital

into the country to support the establishment of these services have been majorly from foreign investors as they possess the technology and high valued currency which can easily be converted into the local currency with good values. This has greatly revigorate the domestic economy of town and cities in Nigeria particularly in Lagos.

The city landscape has been significantly transformed by the installation, erection and conversion of existing buildings to fit into the new use of these global enterprises. This is more pronounced in the telecommunication sectors where giant billboards are now corporate status symbols in the cityscape. This has generated bandwagon effects into other sectors sense of outdoor advertisement. This serves dual roles of income generation and improved cityscape.

There has been improvement in the transportation sector. This is presently more pronounced in the air transportation sector where the private sector consist of both local entrepreneur and foreign investors. This has improved greatly the nature of air traveling in the country.

A rapid transformation of the national economy has been experienced. Unfortunately this has been to the detriment of the industrial sector as the economy is shifting towards the services sector and importation of industrial goods. Cultural transformation is also on the increase as the opening-up of the economic system allows exposure to cultures of other regions of the world particularly those of the home origins of transitional enterprises of Europeans, Americans and Asian origins.

Tremendous financial gains have been experienced by all levels of government in Nigeria generally especially in the areas of licencing, while state and local governments have also generated enormous revenues from the establishment of new enterprises brought into the countries and various cities due to globalisation trend.

The need to reap the benefit of these new service industries brought by globalisation has been a source of challenge to Nigerians, who at various levels braced-up to improve their capacities to fit into the requirements of this transformation.

RECOMMENDATIONS AND CONCLUSION

Unfortunately most developing countries of

the world have been in the world trade system on unfavourable terms in which they are dependent on developed countries. Though attempts were made in the 1960s to achieve autonomous economic and political status by means of state-centred and interventionist strategies they have achieve very little. With this unsuccessful attempts, developing countries are always vulnerable to the policy dictates of the developed world and international agencies especially the International Monetary Fund (IMF) and the World Bank.

The practical effects of globalisation phenomena embraces a wide range of issues at socio-economic, geographical and political levels. This paper has examined the diverse rhythms and characteristics of effects of globalisation on the future of cities in developing countries, with emphasis on Lagos, Nigeria. Since globalisation involve the process of building a world market with the aim of integrating national economies into the world market and the transition from a high volume economy into a high value economy, it will therefore require high level of political commitment, good governance and policy stability. Nations in developing regions will have to refocus themselves by development of appropriate manpower through high yield capacity building process. This will have the dual advantage of technological development which is critical in the world where biotechnology has made nonsense of the traditional raw material export advantage position of developing countries.

It is also necessary for developing country especially in Africa to incorporate her NEPAD in an advantageous position in the globalisation process. This might require the development of the hybrid version peculiar to Africa. There should be value added to export and increase in the level of domestic savings through which appreciable capital base can be derived in a world where there is internationalization of fund. The issue of corruption should be addressed and the provision of investment friendly infrastructural facilities should be of prime concern of developing countries. Effort should be made towards achieving acceptable investment security and security to life and property.

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