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## **Introduction: Globalization–Poverty Channels and Case Studies from Sub-Saharan Africa**

Machiko Nissanke and Erik Thorbecke

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## **Gains from Trade: Implications for Labour Market Adjustment and Poverty Reduction in Africa**

Augustin Kwasi Fosu and Andrew Mold

*Abstract:* This paper reassesses the gains from trade for sub-Saharan Africa, and draws their implications for labour market adjustment and poverty reduction. It reviews previous studies on multilateral liberalization, focusing on the findings from Computable General Equilibrium (CGE) models with relevance to African economies. The implications of these findings for poverty reduction are discussed. Our own CGE exercise supports the hypothesis that African countries cannot expect substantial gains from further multilateral liberalization. Moreover, given the sharp contraction of import-competing sectors in response to trade liberalization in many African economies, coupled with insufficient compensation through labour market adjustments in other sectors, this study suggests that the ultimate impact on poverty reduction is likely to be small or even negative.

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## **The Effect of the Liberalization of Investment Policies on Employment and Investment of Multinational Corporations in Africa**

Elizabeth Asiedu and Kwabena Gyimah-Brempong

*Abstract:* There has been a remarkable shift in the attitudes towards globalization. Specifically, the discussion among academics and policymakers has shifted from *whether* globalization should be encouraged to how countries can position themselves to benefit from globalization. This paper focuses on one aspect of globalization — the liberalization of investment policies — and analyzes its impact on employment and investments by multinational corporations in Africa. We use data for 33 countries over the period 1984–2003 and we employ a dynamic panel estimator for our analysis. There are two major findings. First, liberalization has a significant and positive effect on investment. Second, liberalization does not have a direct impact on multinational employment — the effect is indirect: liberalization stimulates

multinational investments which in turn increases multinational employment. By increasing investment and employment from multinational firms, these liberalization programs contribute to poverty alleviation.

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## **Gender Dimensions to the Incidence of Tariff Liberalization**

Reza C. Daniels

*Abstract:* This paper evaluates a topic in the globalization and poverty debate that is often difficult to measure, namely the transmission of price changes associated with tariff liberalization to households. Furthermore, it raises the question of whether there are discernible differences between male- and female-headed households that affect this consumption-trade link. It is a partial analysis as a consequence, but one that demonstrates the importance of such a focus for continued research and policy development surrounding the impacts of globalization. Specifically, the paper evaluates how tariff changes impacted male- and female-headed households in South Africa over the discrete periods 1995, 2000, and 2004. The analysis of consumption trends by sex of household head shows statistically significant differences which confirm that resources are managed differently between the sexes, and these are transmitted through to the tariff incidence analysis. On the whole, it was found that: (1) male-headed households almost always bear a greater share of the tariff incidence compared to female-headed; (2) both male- and female-headed households — across all expenditure quantiles other than the most wealthy — bear a greater share of the tariff burden compared to their share of total expenditure; and (3) changes to the incidence over 1995, 2000, and 2004 between the sexes mimicked the trends for the population as a whole, but showed crucial differences at the bottom end of the expenditure distribution. This suggests that the sex of the household head matters, and must be considered in addition to other household identifying factors (e.g. socio-economic status) when evaluating the impacts of tariff liberalization.

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## **Market Participation and Rural Poverty in Ghana in the Era of Globalization**

Abena D. Oduro and Isaac Osei-Akoto

*Abstract:* This paper investigates the factors that influence market participation in rural economies. This is based on the premise that

participation in the market is an important channel through which the global economy impacts on the rural areas and can have a positive impact on poverty reduction through increased incomes. A case study approach is adopted using four rural communities in three ecological zones of Ghana.

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### **Distributional Impact of Globalization-induced Migration: Evidence from a Nigerian Village**

Steve Onyeiwu, Raluca Iorgulescu Polimeni and John M. Polimeni

*Abstract:* One of the contentious issues about the globalization process is the mechanism by which globalization affects poverty and inequality. This paper explores one of the various strands of the globalization–inequality–poverty nexus. Using microlevel survey data from over 300 poor households in the small village of Umuluwe (about 30 miles west of the regional capital of Owerri) in south-east Nigeria, the paper investigates whether individuals who migrate from the village to take advantage of the urban-biased globalization process do better than non-migrant villagers. The paper concludes that, while the migrant villagers tend to earn slightly higher incomes than the non-migrant villagers, the poverty profiles of both categories of households are essentially the same. In other words, and contrary to conventional wisdom, globalization has not succeeded in alleviating poverty amongst the poor villagers who explicitly took advantage of the process. The paper argues that, by changing relative prices in the urban areas, structural adjustment appears to have eliminated any advantage that globalization may have bequeathed to the migrant villagers.

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### **Changing Land Tenure Arrangements and Access to Primary Assets under Globalization: A Case Study of Two Villages in Anglophone Cameroon**

Francis Menjo Baye

*Abstract:* This paper illustrates how, in relation to globalization, formal and informal land institutions are prone to generate conflict over land rights and examines the implications of such conflicts on security levels of access to primary assets for the poor in two villages in Cameroon — Vekovi and Ekona. The land laws in Cameroon are an outcome of its colonial heritage and exist alongside the communal tenure system. As the issue of land awareness comes

to the fore, engendered partly by population pressure, relative price changes and the commoditization of land, conflicts develop: farmer–grazer conflicts in Vekovi, and farmer–farmer and indigenous people–state conflicts in Ekona. The rent-seeking attitude of administrative and judicial authorities, who use inconsistencies in the dual tenure system, reduces the possibility of negotiating lasting solutions to land-related conflicts in these villages. The social cost of this behaviour is not limited only to mutual distrust but also includes the opportunity costs of both time and financial resources mobilized by the parties in conflict to follow-up legal procedures. The informal land tenure system generally operates in opposition to the national land laws in our case study villages, an atmosphere that generates or exacerbates conflict situations that create insecurity and restrict productivity-enhancing investments. Land markets are more buoyant in Ekona, which is relatively more cosmopolitan and with farm-to-market roads that are fairly developed, than in Vekovi, which experiences net out-migration and is poorly accessible. As a more homogenous society with strong traditional conventions, land transfer in Vekovi remains biased in favour of males, while Ekona enjoys gender neutrality in access to land. Conflict adjudication in the case study villages would be more legitimate if both formal and informal interpretations inform the land dispute settlement mechanisms.