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**Contributions and Criticisms**

***An Examination of Globalization, Terrorism, and Technology***

***and their Effects on Kenya’s Economy***

*Introduction*

Kenya is a nation that has been independent for over fifty years; however, its freedom is only partial. Its economy, like other Third World countries, is in effect at the mercy of developed nations. The national economy is affected by international economies, which has a ripple effect on local economies, specifically informal sectors of the economy. The purpose of this essay is to examine three aspects of this interwoven relationship and analyze how globalization, terrorism, and technology affect all Kenya’s economy.

*Globalization*

Kenya was colonized by the British until 1963, yet since independence it has become economically enslaved by many countries. Globalization has brought about neocolonialism for much of the developing world. Foreign aid usually comes with strings attached that shape local policy; thus, nations that receive aid become mere pawns in a game played by its benefactors, threatened with loss of funding for disobedience.

For example, in February 2014 Uganda passed a controversial anti-gay law. In response, US President Barack Obama challenged the Ugandan President, saying it would “complicate relations between the two countries” (Kwesiga and Asege, 2014). Soon after the US cut $7.5m in aid that was going to HIV patients, orphans, and vulnerable people. In June, the US declared it was withdrawing another $2.3m. Canada, Netherlands, and Denmark followed suit saying they were “reviewing their relations with Uganda” (Ibid. 2014). This is one example of foreign countries using aid as a bargaining chip to influence developing nations’ public policies.

It appears that Kenya is trying to shift its economic partnerships away from traditional nations like the US and Britain and is looking to the Far East. Kenya recently accepted a loan of approximately $3.2 billion from China for the construction of a Standard Gauge Railway (Star, 2014). This loan is more than one-fifth of Kenya’s annual budget and adds to a previous loan of about $1.7 billion. It is likely that China could be modeling the neocolonial strategies of Western nations by indebting Kenya. As it is, the two nations’ trade relations greatly favor China, according to one source, by a margin of around $3 billion USD (Ibid. 2014).

Foreign affairs not only affect national economies, their effects trickle down even to the poorest of the poor. Much research has been done analyzing the effects of globalization, which have been mostly negative for Third World countries (Wangari et al, 291; Carr and Chen, 2001:1). These negative effects include, but are not limited to, disfranchising the poor, especially women, and expanding the informal sector, which comprises society’s poorest people.

In the words of Carr and Chen (2001) “globalization puts pressure on low-skilled workers and petty producers by weakening their bargaining power and subjecting them to increasing competition” (2-3). It has, in effect, privileged companies with more capital and ability to access foreign markets while disenfranchising low-skilled manual laborers. The current trend is for investors to seek more “informal employment arrangements” (Ibid.). More people are being employed in such arrangements, which means more people are in positions where they are not guaranteed minimum wages, benefits, or even assured of work (2001:3).

The majority of worldwide workers in the informal economy are women. Furthermore, the average income in the informal economy is lower than that of the formal sector of the economy. Thus, the process of globalization is enforcing the disenfranchising of women (Ibid.).

In order to cut costs, First World countries will outsource labor to women who work in unsafe and unhealthy conditions for meager earnings (Wangari et al, 292). Women who are casual laborers and domestic workers are subject to the fragility of marketing seasons. They may be employed in embroidering garments for a European market, for example, for a season, but when the fad is over they will all be laid off while a group in another part of the world “benefits” from the next seasonal product. As Wangari et al relate in an example of Bangladeshi garment workshops, “None of [the women] suspects that she is a cog in the wheel of international job off-shoring transfer, and that she is partly doing the work which, a few years ago, women performed 9000 kilometers away in Upper Lusatia to earn their daily bread” (292). When such seasonal workers are laid off, they usually are absorbed by the informal sector of the economy. Thus, the fluctuating markets overseas contribute to the informal economy’s growth, which tend to be occupied by the poorest, most of whom are women, and are unstable (Ibid. 300; Carr and Chen, 2001:7,9). Foreign economies enslave not only developing nations, but the poor in their informal economies.

On the one hand, globalization has given small businesses unprecedented access to global markets which leads to more economic opportunities. On the other hand, many small businesses are going out of business because they cannot compete with the low-cost imported goods (2001:8). One example is Kenyan women producing sisal bags losing out to women from Southeast Asia who create an imitation product for cheaper (Ibid.).

What are some solutions to curbing the negative effects of globalization? Mander (2014) boldly states, “...the shift in a more local direction is mandatory. It is the only strategy that makes sustainability possible” (15). Localization of an economy may in fact be the only protection against global competition that exacerbates the plight of the poor.

Thus, we have seen how globalization has affected both national economies and the informal sector. We have also seen the relationship between a globalizing world and the expansion of informal economies as well as the worsening of conditions for the poor. Many who benefit from globalization have engaged in neocolonialism and dictated local policies of developing nations.

*Terrorism*

Now we will turn to the topic of terrorism and its effect on Kenya’s economy. Most terrorist attacks are an assault against or response to a particular ideology or alliance, or an action resulting from such. As mentioned above, foreign aid to developing nations usually indicates an alliance or a commitment to a stance from the patron nation. As Gikunda states, “Very often, foreign aid is tied to various political and economic conditions” (6). Kenya has been subject to a plethora of terrorist attacks, many of which are linked with US interests (8). The largest recent example was in September 2013 where 67 people were tragically killed in an attack at the Westgate Mall, a popular tourist attraction (2014:1).

Such attacks have negatively affected Kenya’s economy, specifically the tourism industry. As of May 2013, the Kenya Tourism Board indicated that tourism makes up 12% of the country’s GDP and is the second largest income generator after agriculture (2013:2).

Kenya’s tourism was greatly affected in the aftermath of several bombings by the Somali-based terrorist group Al-Shabaab. Britain issued an immediate evacuation for its citizens from Kenya, and the US, Australia, and France issued travel warnings in response to the attacks (2014:2). Just one month after the travel warnings were issued, it was reported that twenty-five hotels in the popular tourist destination of Mombasa were close and over 5,000 hotel staff have been laid off (3). Thus, Kenya’s tourism industry is suffering because of terrorism linked with, among other things, international affiliations.

*Technology*

Not all international relations are negative, however. Linkage to developed nations has helped bring about technological innovations that have benefited the lives of Kenyans and specifically those in urban poor areas.

One of the most significant advancements is the introduction of M-PESA, a mobile banking system that allows anyone with a cell phone to instantly send and receive money at an inexpensive rate. M-PESA has assisted the average urban poor person by simplifying the transaction process, increasing the speed and rate of transactions (thus improving the local economy), providing financial security, and strengthening cultural relations.

M-PESA gives people living in informal settlements and employed in the informal economy access to a form of banking that was previously unavailable. There are few banks in the Kibera slum, so people have to travel a distance for to access a bank. Also, many people were averse of putting their money in banks because of corruption in the banking system (Morawczynski, 2008). M-PESA provides a way for people to store their money without worrying about theft from local thugs or big banks.

The introduction of M-PESA in 2007 improved the local business environment in Kibera. A 2010 study of the community level economic effects of M-PESA in Kibera “identified M-PESA positively with financial capital accumulation since residents linked it to business expansion and a better business environment” (Plyer et al. 2010:3). It also brought about increased employment opportunities, which came in the form of M-PESA kiosks where clients would withdraw their e-money stored on their phones for hard cash (Ibid.). This study identified four economic contributions: “local economic expansion, security, capital accumulation and business environment” (Ibid. 4).

Lastly, M-PESA helped increase the ease and rate of transaction between those from urban and rural areas. Urbanites maintain a connection to their rural residence and consider it home, regardless of where one is born or how long one has lived in the city. Some call this relationship a “dual system,” where financial support is remitted between those in urban and rural areas in order to survive. Research suggests that an estimate 30% of households in Kenya “depend on remittances for their survival” (2008:110).

Due to various factors, which are outside the scope of this essay, families are separated in search of employment. Men migrate to the city to work while wives and children remain in the village. It has been estimated that nearly one-third of households operate as such (2008). Because of such circumstances, cash and kind are frequently remitted between rural and urban areas. One study in Nairobi shows that urbanites send an average of 21% of their income to relatives in rural areas (2008).

M-PESA has been a beneficial resource to residents in the Kibera slum because it assists in the transference of money between urban and rural areas, thus assisting friends and relatives while also fostering the familial connection between the two areas (2008).

*Conclusion*

This essay has argued that Kenya’s national and informal economies are greatly affected by international economies. Globalization and the influx of foreign aid have led to abuses by developed nations and neocolonialism. Global market and investment trends have expanded the informal economies in developing nations, tremendously impacting the world’s poor. We have seen how international relations can bring about retaliation from terrorist groups, which in turn negatively affect a nation’s economy. Lastly, we have seen the positive effects of international relations with the introduction of new technology that can enhance an informal economy and improve the livelihood of its residents.

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