

Globalization and Nigerian Economic development

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ABSTRACT

The purpose of the study was to find out the influence of globalisation on the Nigerian economy. The researcher therefore reviewed the existing literature on the implication of globalisation on the economic development of Nigeria. Thus the concepts of globalization and development as well as some components of Nigeria development and the impact of globalisation on the world economy are critically examined. Based on determining implication of globalization on economic development, recommendations on the development of Nigerian economy to keep pace with globalization are highlighted. It is concluded that if necessary measures are not put in place Nigeria may be excluded in this process, and globalization of poverty rather than prosperity will occur.

Introduction

Unlike the millennium, the notion of globalization captures what could be called the essential character of the age. Francis (2001) describes globalization as the great economic event of our era. It is also because; it is now bringing unprecedented opportunities to billions of people throughout the world. The rapid growth of information technology and the increased global integration of trade and capital which have had profound consequence for the world economy are resulting into significant shift in the world economy. This is because, increasingly, major decisions around the world are given by global competitive pressure.

The speed at which the effect globalization is spreading is fast day by day and no nation can afford to be behind if such a nation is to maintain acceptable rate of growth and development (Peter; 2002). It is also observed by Bayo (2000) that the growing impact of two major distinct global trends, which has profound implication on the world economy, are rapid growth of information technology and the increased global trade integration. He notes that these trends are resulting in a significant shift in the world economy. Probably this is why Eduard (2002) notes that the people of the planet of the earth have become one large family. To him, information technology has advanced to a level of rendering distance irrelevant. Further more, he observed that the new epoch offers new challenges and new global problems, such environmental catastrophes, extinction of resources, blood conflict and poverty.

The events in the last decade in the global economy suggest a challenge; the utilization of the opportunity engineered by globalization while at the same time managing the problem and tension it poses, for developing countries particularly Nigeria. While some individuals such as Dani (1999) David (1997) and Salimono (1999) opine that globalization opens opportunities, others such as Awake (2002) and Garry (1998) express fear about globalization. Probably it is fear anticipated by the people of the world that in December 1999, a meeting of the World Trade Organization, held in Seattle, U.S.A was interrupted by riot. The demonstrators feared the effects of globalization on the people and on the planet. Since that time anti-globalization movements have spread across the globe. It is however observed that advocates of globalization hail it as the panacea for the most world problems.

It is in the light of this that this paper concentrates effort on globalization and national development, identify the opportunities for wealth creation provided by globalization as well, as the problems and macro-economic volatility and instability in the income distribution and job security.

The Concept of Globalization.

Globalization is the term used to describe the growing world wide integration of the people and countries. According to Paulo (1998) the process of increasing global integration has accelerated dramatically in the technology. Peter (2002) views globalization as a process of integrating economic decision-making such as consumption, investment and saving all across the world. This means that globalization is a process of creating global market place in which increasingly, all nations are forced to participate.

Among the features that characterize globalization include interconnection of sovereign countries through trade and capital flow; harmonization of the

economic rules that govern the interaction or relationship between these sovereign nations; creating structures to support and facilitate dependence and inter connection; and creation of a global market place (David 1997).

The process of globalization is not restricted to the economic sphere only. The advancement in information technology has resulted in the opening and exposure of the people of the world to more than ever before, different and alternative views and as a consequence influences almost all aspects of human life. This may influence the stand of Salimono (1999) when he maintains that globalization is a process of harmonization of different culture and beliefs of the world in to one. In the like manner, Garry (1998) views globalization as the harmonization of political system and enthronement of the culture of west.

It is observed that decisions taken by countries operating under separate, sovereign and autonomous environment has bearing on others. The emergence of global market is increasingly weakening these autonomous units. Globalization is a multi-dimensional concept with political, socio-economic transnational and business undertones. It is simply the integration of national economics leading to near free movement of goods, services, capital, skill among companies which regards everywhere as their "home" market and serving customer with "globalized" tastes and preferences, using the same or slightly different projects and strategies (Orunmoluyi, 2000). In other words, globalization is a process of increased integration of national economy with the rest of the world to create a more coherent global economy. This can be achieved through the creation of a global market place in which free markets; investment flows, trade and information are integrated.

According to Awake (2002) globalization will heighten the level of interconnectedness between and among nations through a systematic integration of autonomous economies into a global system of production and distribution. It should be noted that globalization seek to eliminate trade barriers through unfitted integration and interaction of global capital and labour thereby leading to an unhindered exchange of goods and service across border.

Globalization is a process that affects firms, industries, economies and nations. (Bayo,2000). But the mere fact that a firm operates in a global world does not quality it a global company. In order to measure the global ness of a company, it should have the following attributes as posited by Francis (2000).

1. Possessing a standard product that is marketed uniformly across the world;
2. Sourcing out all assets (not just product) on an optional basis, i.e, from wherever and whoever provided it is competitive;
3. Achieving market access in line with break-even volume of needed infrastructure;
4. The ability to contest the asset as much as products when circumstance requires, i.e. neutralizing the assets and competencies of global competitors; and
5. Providing all functions (or competencies) with global orientation even when they are primarily local in scope.(p 2)

The key elements of globalization involve the inter connection of sovereign nations through trade and capital flows; harmonization of economic rules governing relationship between these nation; creating structures to support and

facilities dependence and interconnection; global configuration and co-ordination of business activities with local responsiveness; and creating a global market place (Salimono, 1999).

Concept of Development.

Development means different thing to different people. This may be the reason for Idode (1989) to describe development a problematic concept. According to him, development has been used in many different ways including political, economics and social. In other words, development is a construct of many applications

In a view expressed by Okobiah (1984), development involves a process of economic, political and social change in a progress direction towards a better social well being for the member of the society. According to Nwana (1998) development involves harnessing of the resources for the realization of their major objectives, solving their major problems. This means that, development from the foregoing consists of activities required in improving the attitudes and potentials of people. Probably, this justifies the view of Boateng (1990), which describes development as the process aimed at improving the living conditions and circumstances of human beings both directly and indirectly. Considering the various views, national development encompasses social, economic, cultural and political development. In other words, the components of national development include social development, economic development, political development and cultural development.

Social development refers to positive social change. According to Adeniyi (1995) social change is the process through which the patterned network rules and institutions are modified in the course of time. In other words it refers to the process of transformation of the ways of life and structures of society over-time. The transformation or modification should lead to new behavior which reflects improvement on the old attitude.

The term economic development refers to the improvement in the general standard of living of the people of the society. Falodun, Omogiator and Ezeaku (1997) observed that economic development is the attainment of ideals of modernization such as the rise in productivity, social and economic equity, improved institution and values. This means that economics development is concerned with the improvement in the quality of life of the people.

Political development refers to the process of evolving an acceptable political behaviour that would facilitate the achievement of the national objective such as a free and democratic society. It is also the attainment of a just and egalitarian society. In other words, there is the development of civilized and refined political culture that corresponds with the objective of the country.

Culture refers to the total way of life of the people. Cultural development involves a process of improving the culture of the society. Since culture is dynamic, it is expected that the culture of the society should reflect the socio-economic requirement of the people from time to time. Adeniyi (1995) noted that improvement in culture of the involves making the culture relevant and inline with the prevailing and future needs, interests, values, and aspiration of the society. This can be noted in the religion and political.

Influence of Gloibalization on the economy of Nigeria.

Bayo (2000) and Salimono (1999) observe that globalization offers developing countries, like Nigeria the opportunities to create wealth through the export-led growth, to expand international trade in goods and services and to gain access to new ideas, technologies and institutional designs. This means that globalization affects all aspects of Nigeria development including her economy. In essence, globalization offers many opportunities to Nigeria and other developing countries as well as other actors in the global economy.

According to Salimono (1999), globalization has reduced barrier existing in international trade. The reduction in those barriers has opened the door for export led growth. For instance, Phillips (1991) notes that Nigerian economy has been mono-cultural since independence and has so much depended on the western countries for its survival. Bayo (2000) and Egbuomwan (1996) observed that in the 60s, Nigeria depended on agriculture for her revenue, which in turn, was used to provide life sustaining goods for the citizen. Then, Nigeria and other less developed economies exported raw-materials in form of cash crop such as Cocoa, Coffee, palm-produce Groundnut etc.

The discovery of petroleum by Nigeria marked the turning point of Nigeria and by the turn of 1970, agriculture has been pushed to a distant background. Onwioduokit and Ashinze (1996) observed that it was in the 70s when Nigeria witnessed oil boom that brought about major shift from agriculture to petroleum. The bulk of the revenue of Nigeria now comes from petroleum. Since then, Nigeria has depended heavily on crude oil and this has cause instability in the economy due to fluctuation in the price of crude oil in the world market. Oputa (1996) and Salimono (1999) state that since globalization entails trade liberalization, it is therefore imperative that there is free and unrestricted movement of trade, finance and investment across the international border. The advantage here is that globalization allows Nigeria to export and import goods, capital and investment without restriction.

It is probably because of this advantage that Salimono (1999) asserts that for small and medium-size economic with limited internal market, the possibilities of economic growth lie, to a large extent, in production oriented towards international market. To buttress his point, he states, that the experience of the last three decades shows that countries like China, Chile, Ivory coast, Botswana that have managed to grow at very rapid 7%, 8% or more per year, have relied on strong export growth, with export expanding at a faster rate than Gross Domestic Product (GDP). Nigeria can and should borrow a leaf from these countries experience. Globalization promotes the rapid output growth that will increase national income and as a consequence enhance higher standard of living of developing countries including Nigeria.

Globalization, according to Awake (2002) has enriched the world economically, scientifically and culturally. This is because, globalization opens the economies to a wide variety of consumption of goods, new technology and knowledge. Salimono (1999) opines that globalization offers economies with potentials of eradicating poverty. The reason for this belief may not be unconnected with the dramatic increase in prosperity that globalization has brought in its wake especially in South Korea, India and South Africa. To buttress this reason, Awake (2002) notes that family's income has increased three times

more than it did 50 years ago. However, the situation is different in Nigeria where real income is decreasing.

Through the Internet, globalization allows the access to ideas on new things and best practices in all areas of human endeavour. For instance, new design, production technology, new managerial practice etc are made available to people, thereby enabling them to change their old practices. These may lead to acquisition or imitation of foreign products, technologies and cultural practices, which would have been made impossible without globalization. This means that Nigeria now has access to opportunities to acquire new things, ideas and technologies.

Globalization is a process of intensified and broadened interdependence among nations. According to Peter (2002), globalization creates a global market place, which, with the development in communication technology, can be accessed by virtually any one from any location. Thus, it opens up a world of opportunities for business and also links them to the market, which was hitherto unknown to them. In this process, there is a decrease in the possibility of wars among nations. Awake (2002) noted that interaction among people has the potential for improving global solidarity. It notes that some human rights organizations have been able to tap the resources of the people to promote their effectiveness. For instance, in 1997 an international treaty banning land mines was achieved through mobilization of the people of the world through the Internet.

Despite these positive effects many people still fear that globalization poses tension and dilemma to countries integrated into the economy. The greatest concern about globalization expressed by Awake (2002) is the ever-increasing gap between the haves and the have-nots. It is observed that while the global wealth has increased, it has become concentrated in the hands of the few privileged individuals and few countries. According to Awake (2002) the net worth of the 200 richest people on earth now exceeds the combined income of 40% of the people who live on the planet 2-4 billion of people. It continues further that while wages continue to rise in wealthy countries, 80 impoverished countries have actually seen a decline in average income over the past ten years. Nigeria is among these eighty countries.

The distribution of global wealth has never been fair. But economic globalization has widened the gap between the rich and poor nations. However, some developing countries, as observed by Salimono (1999), have benefited from their integration into the global economy. For example, India and Asia as a whole have seen improvement. He noted that, only 15% of the East Asian population lives on \$1 a day compared with 27% ten years earlier. However, the story is different in Africa and particularly Nigeria where income has actually decreased. Community allows nearly 3 billion people—almost half of all humanity—to subsist \$2 or less per day in a world of unprecedented wealth. Such gross unfairness—in the global neighbourhood clearly shows many seeds of unrest and frustration.

In an interdependent world economy, any adverse global shock affects other countries. For example, the oil glut of 1982 and 1998 according to Salimono (1999) is more rapidly propagated. The propagation mechanism at work can be a decline in the import volume and change in the real price of commodities (oil). Nigeria depends heavily on crude oil as the main source of income or foreign

exchange earning. Her revenue is always hit hard by these shocks (Doguwa and Englana, 2002).

Furthermore, highly integrated financial market tends to transmit global, regional national or local shock much more rapidly than in past decades when financial markets were less integrated. It has been observed by CBN (2002) that portfolio shift affect the exchange and interest rates including other economic activities. As a consequence, the volumes of financial intermediation and currency transactions are enormous nowadays. The shocks are greatly amplified in more or less synchronized fashion with destabilizing effects on Nigeria economy. This financial volatility was largely unknown in the 1950s, 1960s early 1970s when multilateral lending aids and foreign direct investment dominated global capital investment (CBN, 2000).

The effect of globalization is the fear of uncertainty and volatility on capital formation and productivity growth with its negative consequence on economic growth. CBN (2000) viewed the instability on the economy as tax on growth and prosperity. It should be noted that this problem of uncertainty is not from within but external generated. Nigeria as a developing country has not evolved a mechanism that can absorb the shocks generated by the effects of globalization. The types of domestic policy response put in place by the government have increased the negative impact of these shocks in Nigeria and the people are worse off. The income of the people of Nigeria is low and they are living below poverty line.

The social effect of globalization is another fear entertained by Dani (1997), when he states that since globalization is associated with instability of output and employment, the effects among other things job security. Majority of the people in Nigeria derived their income from labour in Nigeria any thing that affects their job is socially disrupted and thus bring tension to the fabric of the society. This may create industrial conflicts.

Furthermore, it is observed that the unskilled and the uneducated workers as well as the marginalised agrarian population benefit less than the people with sophisticated skills and high level of education. As noted by David (1997), the highly educated people and people with sophisticated skills are better and more equipped to meet challenges of the competitive world.

One other area of globalization is that it tends to transmit the cultural pattern of developed countries to the rest of the world. For instance, Nigeria Youth have been culturally colonized. This is because they now imitate the European's consumption patterns, modes of transport, method of communication including their music, without regard for the local culture. Though, it is noticed that this problem does not affect Nigerians only. It is a worldwide phenomenon. This trend would, eventually, lead to homogenization of economic values, thereby eliminating or reducing Nigerian economy to nothing.

Conclusion and Recommendations

This paper deals with the concept of globalization and development, the opportunities opened by globalization to Nigeria and identifies the problem and tension posed. The merit of globalization for Nigeria lies in the capacity for wealth creation through export-led growth and the benefit of expanded international trade of goods, services, and access to new products and designed in the global markets.

However, it has been observed that globalization, despite the opportunities provided, is associated with serious problem that has to be managed in appropriate ways using appropriate fiscal policies.

Globalization gives rise to macro-economy instability that had characterized Nigeria government. This problem shows that Nigerian economic development may remain only a dream and difficult to actualise. A highly globalise and integrated financial market spread rapidly across counties financial shocks and loss of confidence that affect exchange rate, interest rate, assets prices with the resultant effect on output and employment and ultimately adverse social effects.

It is therefore, suggested by Annan (2000), that if globalization is to succeed, it must improve the life of every inhabitant of global neighbourhood without excluding Nigerians. Furthermore, for globalization to succeed it must also deliver right no less than riches and provides social justice and equity no less than economic prosperity and enhanced communication. This is why Yakubu (1999) observes that much as we are enthused about then technological and economic wonder of globalization, we must not as Nigerians, forget that vast areas of our continent still remain excluded and invisible. In spite of globalization for example, Africa is the only continent, according to Yakubu (1999), in which poverty has increased since the 1970s, and in which government use up 70% of their GNP to service debts.

Economic globalization should not be driven by desire to make money. This is because profit motive rarely takes into account the poor and the disadvantage or the long term need of the planet. The global economy should be regulated and should not be dominated by corporations that recognize money as their only value. It should be noted that unregulated global economy is inherently unstable. Also an unregulated economy dominated by corporation having the desire to make profit will only increase poverty.

Finally, collective action is needed to safeguard global ethic that will regulate globalization. Nigerian government should see globalization as a challenge and should find means to counter the deleterious effects of globalization.

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