

A Review of the Effects of Globalization on Nigeria Economic Development

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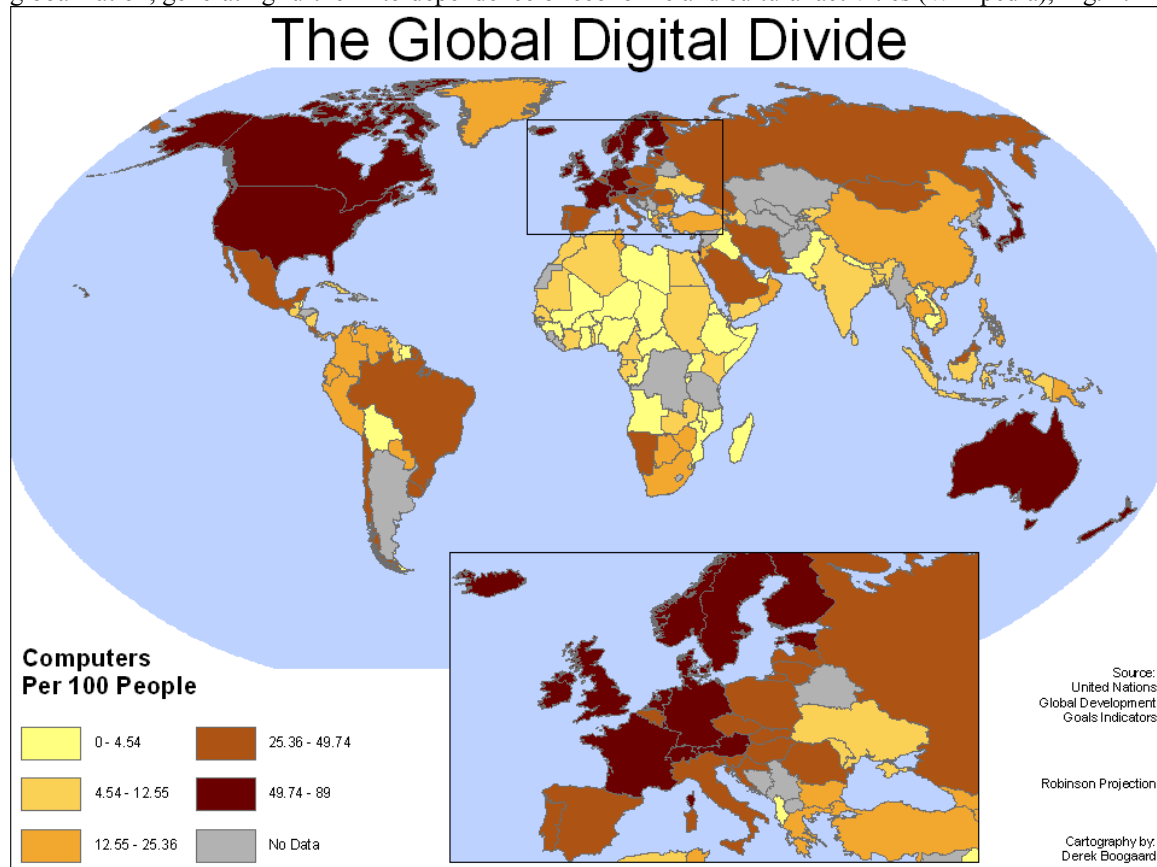
Abstract

This study suggests that Nigeria political leaders develop the political will to break away from depending on the International Capitalist system whose interest is to perpetuate the country's peripheral states. Since independence, Nigeria has unsuccessfully tried various models aimed at achieving sustainable development. Nigerians however still pursue policies aimed at improvement of Nigerians standard of living. One of such policy is globalization which she has pursued vigorously in keeping with the demands of the International Financial Institution of the World Bank and International Monetary Fund (IMF). This work critically examines the effects of globalization on Nigeria's economy especially within the democratic dispensation. The main feature of the current economic situations in the contemporary world system is globalization which is led by a New Age of Information Technology (IT) which is contrary to the history of human kind. Countries have continually intensified various efforts towards engaging in business across country's borders and distributing networks and production on a global scale. Therefore, with these trends of political, economic, social and technological forces, the world is becoming a 'global village'. Based on the above, this study recognizes the existence of a global environment that is deeply embedded in interdependency and the necessity for Nigeria to minimize the negative effects of globalization while exploring its benefits for national development and economic growth.

Keywords: Globalization, Economic Development, Nigeria

Introduction

Globalization (or **globalisation**) is the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture. Advances in transportation and telecommunications infrastructure, including the rise of the telegraph and its development the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities (Wikipedia), Fig. 1.



Source: wikipedia.org/wiki/globalization.

Globalization refers to the increasing integration among nations which has accelerated sharply over the past half a century, driven largely by the remarkable expansion in international trade and extra ordinary advances in information and communication technologies (Ojeka, 2004:14). Globalization is the term used to describe the growing worldwide interdependence of people and countries. This process has grown tremendously in the past decade largely because of huge innovation in technology (Adejo, 2003). During this democratic dispensation, globalization has been made possible because divisive blocs of the cold war have virtually disappeared. Trade barriers have been gradually eliminated and travel has become cheaper and easier.

The features of globalization include interconnection of sovereign countries through trade and capital flow; harmonization of the economics rules that govern the interaction of relationship between these sovereign nations, creating structures to support and facilitate dependence and inter connection; and creation of a global market place (David 1997)

Although globalization has helped increase growth and wealth in recent years, it has not done so for all the countries. Despite the positive results of globalization, many people still fear that the harmful effects outweigh its benefits.

Development refers to the capacity of National economy, whose initial economic conditions have been more or less static to generate and sustain an annual increase in the Gross National Product (GNP) at rates of 5 – 7 percent or more.

The term **Economy** refers to an organization of money and other resources for the well-being and development of man.

Economic Development refers to the improvement in the general standard of the people in the society.

The benefits of globalization have not been evenly distributed. Disparities between the rich and poor countries as well as within many countries have increased. Today, more than half of the world's 6.6 billion people still live below the poverty line. The persistent abject poverty and other related problems including those posed by the volatility of International capital flows have been a matter of serious concern.

Aim and Objectives of Study

The aim of this study is to examine the extent to which globalization can usher in development to an economically underdeveloped and dependent Nigeria and to explore ways in which Nigeria could benefit from its participation in the global economy, with following specific objectives:

- i. To understand the concept and dynamics of globalizations.
- ii. To examine the various instruments and institution of globalization.
- iii. To explore ways in which Nigeria could benefit from its participation in the global economy.

Research Methodology

This study uses the descriptive and historical method of analysis in drawing information. This means that it made use of secondary sources of information from text books, research journals, articles and information from websites.

Positive Effects of Globalization on Nigerian Economy

The positive effects of globalization to the Nigerian economy include:

- 1) Increased specialization and efficiency
- 2) Better quality of products at reduced price
- 3) Economics of scale in production
- 4) Competitiveness and increased output
- 5) Technological improvement and increased managerial capabilities.
- 6) Trade and investment which can boost efforts at restructuring an economy to make it more competitive and better.
- 7) Communication and mass media which have the traditional function of multiplying mobility and facilitating exchange of information about goods and services.
- 8) Exhibition, trade fair and media advertising which has helped in marketing of goods services. This has enhanced e-commerce.
- 9) The modern banking system through electronic banking (e-banking) and automated teller machines.
- 10) E-mail, text messages which have replaced posting of letters, online registration of Examination e.g. WAEC, NECO etc and the development of DSTV which have enabled Nigerian to watch programmes e.g. football matches from far away countries.

However it is important to mention that globalization calls for innovative, dynamic and committed management.

Negative Effects of Globalization on Nigeria Economy

- 1) Globalization has caused in most cases, developing countries like Nigeria to live at the mercy of the super powers of the developed countries in terms of military economic manipulations, and even Health as in the case of Ebola treatment drugs.
- 2) The concept discredits indigenous cultures, values, knowledge and experience.
- 3) It undermines national economic and political independence and creates to some extent international disparities.
- 4) The trade regime in advanced economics most times generally discriminate against the goods that poor countries produce e.g. food, textile and clothing.
- 5) Nigerians underdevelopment and impoverishment is the direct aftermath of the European colonization, global capitalist exploitation and ruthless extraction of resources.
- 6) In Nigeria, life expectancy is about 51 years and is increasingly being reduced with low calorie intakes, poverty, uncertainty, hardship, robbery, tribe wars etc. (Claudia, Diana 2012)
- 7) Nigeria as a component part of the world, experience global warming resulting from emission of gases from exhausts, chimneys which depletes the diatomic molecule – ozone
- 8) Policies of deregulation, privatization and commercialization packaged by the International Monetary Fund, the World Bank and the world Trade Organization, do not take into account, the economics peculiarities of Nigeria. This effect automatically weakens a country’s sovereignty.
- 9) Globalization does not seem to be giving us much in terms of technological transfer, industrialization and economic development in general.
- 10) The mass importation of electronic communication and military gadgets without commensurate exportation of Nigerian goods as compensation has left Nigeria in unfavourable terms of trade and deficit balance.
- 11) The Boko Haram Insurgent Group – this is a domestic terrorist group that is propelled by a clearly – defined strategic outlook with the ambition to Islamize the Nigeria States. The group is inspired by other terrorist groups as a result of the negative effect of globalization. (Christian et al 2013)
- 12) Loss of biodiversity: - A profound reduction of genetic diversity in Agriculture is another effect of globalization. Agricultural products directly affect the economic status of the country. The impact of globalization has had a bad influence on our wild varieties of food plants.
- 13) It also causes interferences on personal and National privacy.

The critics of globalization believe that free International trade in goods and financial assets does more harm than good. They view it as a vehicle for enriching corporate elite, to the detriment of poor people and the environment. On the other hand, the supporters of free international trade think that globalization holds the key for increasing the wealth of world’s people, see Fig. 2.

(change in expected growth duration, percent)

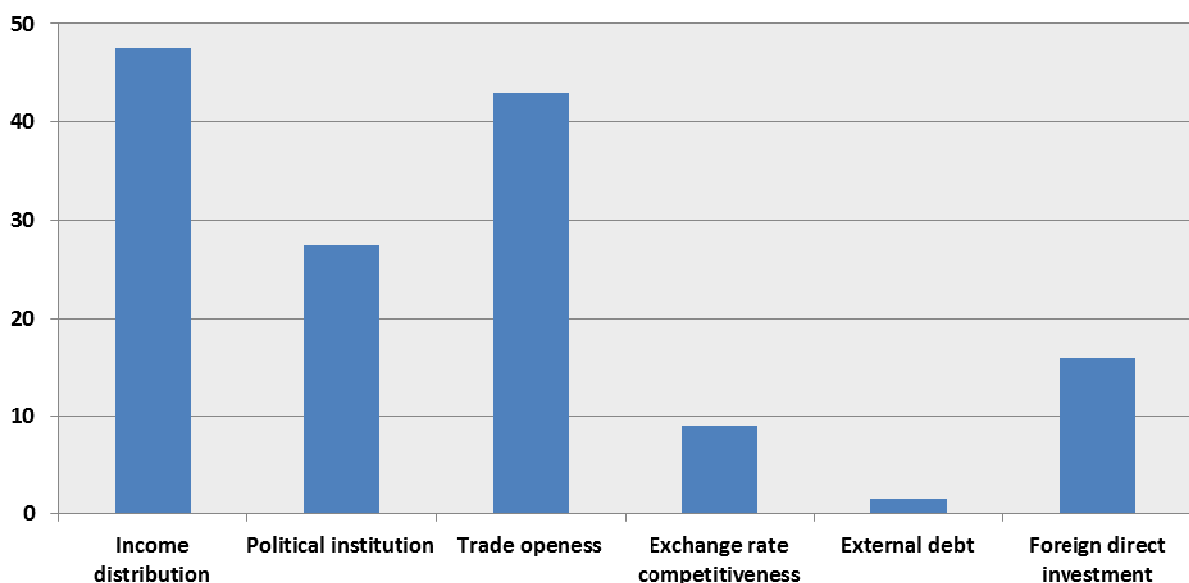


Fig. 2: Change in Expected Wealth Growth (Wikipedia.org/wiki/globalizatio).

The Effect of Globalization on Nigeria Economic Development

Some of the effects of globalization on the Economic Development of Nigeria include: -

- 1) Economic Stagnation: - The experience of post-independent Africa generally demonstrates quite clearly that like other developing countries, it is not catching with the advanced economies. As long as Nigeria continues to open up her economy in competition with all the other advanced countries in the 'global market' economic stagnation will be experienced. This situation will continue to worsen because of Nigeria's weak economic capacity.
- 2) According to Kabir Haruna (2012), the determination of petroleum prices by market forces had done Nigeria more harm than good, besides it is absurd to deregulate (as cited by globalization) a scarce commodity. This has made the independent marketers constitute a cartel that dictates terms in market. And like the government, the marketers had created artificial scarcity periodically to influence prices. The Nigeria economy is weak and dependent. The issue of deregulation and market forces has much to do with efficiency. It is vital to be handled by the private enterprise.
- 3) On the sustainable industrial agriculture, globalization is reducing the incomes of the third world country like Nigeria through a combination of devaluation of currencies, increase in cost of production and a collapse in commodity prices.
- 4) In the area of trade, the share of primary commodities in the world exports of items such as food and raw materials have declined relatively in recent time for the developing countries such as Nigeria. Importing foreign goods, without having its own demanded and purchased by other countries in reciprocal manner, leaves the country at a disadvantage.
- 5) Adoption of liberalization in trade and investment as a way of integrating into the global economy is another effect of globalization on the Nigeria's economy. This situation opens the country's economy to competition with other stronger economic in the world. As a result, it increases the exploitative tendencies of the stronger countries.
- 6) Hardship on the Majority of the Population: - With regard to withdrawal of subsidies in the economy and drastic reduction of social service spending, hardship has come over the majority of the population who are workers, peasant farmers, market woman, students etc. such measure on the part of government has brought about a sharp increase in the prices of electricity, water, transport services, health services etc. by extension, it also generates massive unemployment and a drastic fall in real wages.
- 7) Insecurity: - The effect of globalization with regards to security as in the case of Boko Haram brings about uncertainty and fear. Industries and professionals are unable to function properly. Nigeria as a developing country has not evolved a mechanism that can absorb the shocks generated by the effects of globalization.
- 8) Urban-rural Migration: - Regarding the movement of people from the poorer zones to the richer zones, it is noted that there is an increase in the number of workers who migrate to the developed countries in search of better paid job opportunities, and as a result many, in the Third World blame the poor home economic situation on adverse effects of brain-drain incidence in developing countries.

Conclusion and Recommendation

It obviously remains a challenge to every developing country to gear up and develop the capacity to confront the reality of globalization. This way, Nigeria can participate on its own terms as a subject rather than as the object or victim of globalization.

Also, in order for Nigeria to benefit from globalization, effort should be made to develop human capital and decode the multimedia super-corridor for relevant information. Good governance, transparency and accountability are desirable for a strong and competitive economy.

Recommendation for Sustainable Development in Nigeria in the Face of Globalization

- The new democracy must go beyond party politics to include civil society grassroots initiatives.
- Subsidiary or decentralization through globalization i.e. local ownership and control of resources.
- Ecological sustainability i.e. exploiting natural resources for present generation without damaging the environment thereby preserving resources for future generation.
- Diversity of global system needs to be respected and preserved in its cultural and economic forms.
- Common heritage resources and services like water, land, air, forest etc need to be protected from modification and unbridled privatization.
- Jobs, livelihood and employment are rights which must be protected and guaranteed in sustainable society.
- Food security and safety means that, communities and nations are stable and secure when they produce their own food. Therefore agriculture has to be place on top priority list. This sector is capable of

providing job opportunities to over 70% of the Nigerian population.

- For better economic development, Nigeria has to participate in the decision making processes of the global institutions whose policies are imposed on her rather than only acting as a facilitator.

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