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Impact of Global Capitalism on the Environment of Developing Economies: The Case of Nigeria

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Abstract
Globalization may have generated some gains in some countries of the world; it is nevertheless associated with increased insolvency, inequalities, work insecurities, weak institutions and corrosion of established values. Against this backdrop, this paper takes a cursory look at global flow of capital and how it has impacted the Nigerian economy. The paper posits that the system of global governance is not basically consistent with the objective of the domestic economy given that, globalization results in the weakening of state capacity through the dominance of transnational flow of capital and investment. Hence the transnational network of production and services are orchestrated beyond the regulation of policies of domestic countries. Consequently, recommendations on development of the Nigerian economy to keep pace with globalization are highlighted. These include developing local technology; promoting domestic industry and manufacture of goods for exports; the management of domestic affairs devoid of extraneous foreign intrusion, so as to drive the economy to greater pedestals of development.
Keywords: Globalization, capital flow, economy, Nigeria, development.

1. Introduction

The changing order in the present world system resulting from globalization has engendered public debate amongst scholars worldwide. Contentions have arisen from scholars the world over as regards the wide difference amongst nations in terms of natural endowments, divergence in skills acquisition, comparative widening gap of inequity, poverty, socio-economic and political instability etc. Nation-states must on the premise of these divergences co-exist so as to bring about global equilibrium of ideals, knowledge and capacity building for global sustenance. Based on the above premise, the advanced economies such as Europe and America extended their hands of partnership to the third world countries which includes Africa, Asia and Latin American States (Esidene and Hatsat, 2012).

The impact of globalization has spread far and wide that no nation can afford to sit back so as to maintain an acceptable level of growth and development (Peter, 2002). It is worth mentioning that the world has become a global village where advanced information technology has permeated hitherto barrier zones. This new epoch presents new challenges with its attendant global problems. Dani (1999), Salimono (1999) and David (1999), avers that globalization open-up opportunities, On the other hand, Garry (1998) and Awake (2002) expresses doubts about the benefits of globalization.

Advancement in communication technology and liberalization of financial markets has intensified global capital flow. The deregulation of domestic markets, such as opening them to competition, privatization as well as the retreat of the state from economic management are all features of the current global order. However, this process engenders increasing inequality among nations (Rapley, 2004; Onwuka and Eguavoen, 2007). Globalization has mainly been driven by the interests and desires of the industrialized world. Inequality in the global surroundings clearly reveals many seeds of frustration and unrest (Grieco and Holmes, 1999).

In the light of the above, this paper assumes that globalization exhibits a form of inequality and marginalization; its nature, character and purpose does not present favourable benefits for developing countries. This paper therefore examines the effect of global capital flow on the economy of Nigeria, with a view to making useful policy advice on the most beneficial use of the opportunities which globalization presents. This would ensure economic advantage for Nigeria's development.

2. Globalization: A Brief Background

The concept of globalization is part of a historical continuum which began over six centuries ago. Discoveries and development in the technological and scientific field of human endeavor has impacted on the evolution of the concept. The railway, marine transport and air technologies, internet facilities, and e-mail technologies which guarantee efficient movement of goods and services are major examples of these advancements (Held et al., 1999; Hagher, 2002). These developments in Western technologies opened up Africa to the ruinous impact of colonialism. The colonialists established a system of government that distorted the organized procedures, principles and values of the African continent; which resulted in the exploitation of human and material resources in an unquantifiable magnitude (Hagher, 2002).

The end of Second World War brought a trend of globalization christened internationalism that came with the birth of the United Nations (UNO) in 1945. The main objective was to seek a just resolution to the Second World War and to keep world peace through cooperative efforts. The UNO introduced the world to the global village concept. The explosion and spread of global connections started in the second half of the twentieth century. These are manifested (in the telecommunications, electronic mass media, global companies, international organizations (known as "global governance agencies"), trans-border social movements, global finance, global environmental change, global production processes and global markets etc (Egonmwan, 1991; Scholte, 2000; Wallerstein, 2003)

3. Abstract Construct

This section vitally conceptualizes, theorized and analyzes the subject of globalization, dependency and world system.

Globalization is the term employed to explain the increasing inter-dependence of people and countries the world over. This inter-dependence influences the political, socio- economic and cultural relations of countries across the globe. Abimbola and Aremo (2002) view globalization as the movement of economic activities across national borders free of barriers. These activities include trade, production, manufacturing, capital, investment etc. Ohuabunwa (1999) assert that Globalization can be construed as an evolution which is methodically restructuring interactive phases among nations by breaking down obstacles in the spheres of culture, commerce, communication and other fields of human activity.

Globalization is the broadening and depending linkages of national economies into an international market for goods and services, principally capital (Ohiorhemuan, 1998; Nayyar, 2006). Tandon (1998) corroborates this assertion when he avers that globalization seeks to remove all national barricades to easy movement of international capital, a process accelerated and facilitated by information technological transformation. This indicates that globalization of the world economy can be seen as the integration of economies throughout the world by trade, financial flows, exchange of information technology and the movement of people. Cohn's (2005) view of globalization as a process which involves the broadening and deepening of inter-dependence among societies and states throughout the world is in tandem with the view expressed by Tandon. Broadening refers to the geographic extension of linkages to cover almost all major societies and states while deepening refers to an increase in the frequency and intensity of interactions. In terms of people's daily activities, globalization may connote that residents of another country are now more likely to consume products of other countries, interact through the telephone, visit and know more about other countries.

The different perspectives of globalization notwithstanding, a common strand runs through most of them, which is, globalization relates to the growing inter-dependence amongst people worldwide. It borders on increasing inter-connectedness and inter-dependencies among the word's sphere of activities, in nations, governments, business, institutions, communities, families and individuals. It promotes the development of a global attitude and consciousness of a 'borderless world' by using information to build partnership and encourage greater financial and economic integration (Obadan, 2008). The concept of globalization has been viewed beyond the economic milieu which only integrates economies worldwide to a multi-faceted phenomenon cutting across the religious, environmental and social dimensions (Daouas, 2001). Conclusively, there are observable indications that the various dimensions of globalization have influence on people, institutions, and economies positively or negatively. Some commentators have construed it as a beneficial process towards development while others regard it with hostility, contending that it heightened inequity and impede social progress. Thus globalization produces benefits and loses, both between and within countries (IMF Staff, 2002; World Bank, 2002).

Dependency perspective represents the body of assumptions by a number of scholars which suggest that the rich nations of the world need a peripheral group of poorer states to sustain their rich status. It views nations of the word as divided into a core of wealthy nations which control a periphery of poor nations whose key function is to provide cheap labour and raw materials, to the core. It held that the benefit of this arrangement accrue to entirely almost the rich nations, which become richer and better developed. On the other hand, the poor nations whose surpluses are continually sapped away to the core do not advance in growth (Chilcote, 1984). The explanation here is that, poor countries exports primary commodities to the rich countries that in turn manufacture products out of these commodities and sell them back to the poorer countries. The "Value Added" by manufacturing a usable product would eventually cost more than the primary products used to create those products. Thus, poorer countries would never be earning enough from their export earnings to pay for their imports.

Dependency perspective therefore, connotes a situation where certain economies of the world are conditioned by the development of another economy to which the former is subject. As a result, the interdependence of two or more economies via world trade assumes the form of dependence when dominant countries can generate dependency only as a reflection of that expansion, which can have a negative consequence on the subject nation's immediate economy. This perspective of dependence is complex, involving economics, media control, politics, banking and finance, education, sports and all facet of human resource development (Sunkel, 1969; Chilcote, 2002). The above analysis therefore imply that since the political, military and economic relations between a dependent economy and the dominant economy are not on equal footings, the formation of the former is fashioned and determined by the requirements of the latter in relations to its own domestic needs. Having established these relationships, the core nations seek to preserve the current situation because of the cheap labour and cheap raw materials they benefit from non-core states. Dependency theory therefore, holds that for developing nations to achieve a relevant growth level, they must break their linkage with developed nations and institute and pursue internal mechanisms for development. One type of policy crafted from this proposition was import substitution industrialization.

The World System perspective arose in reaction to some of the criticisms of dependency theory, in which the division of the periphery and centre was further divided into a trimodal system consisting of the core, semi-periphery and the peripheral. Under this arrangement, the semi-periphery is located between the core and periphery; the core exploits the semi-periphery and the periphery while the semi-periphery exploits the periphery. The most well known version of the world systems theory was developed by Immanuel Wallerstein, a U.S. Sociologists, historical social scientist and world-systems analyst in the 1970s and 1980s. World System analysis asserts that the world system (and not nation states) should be the primary (but not exclusive) unit of social analysis. World systems refers to a structure of international division of labour, which classifies the world into core countries (developed), semi-periphery countries (countries improving their position) and the periphery countries (under-developed) (Wallerstein, 2005; Lechner, 2001).

There exists a basic and institutionally stabilized division of labour between the core and periphery. While the core has a high level of technological development and manufactures complex products, the function of the periphery is to provide raw materials, agricultural crops and cheap labour for the expanding agents of the core. Economic exchange between core and periphery takes place on disparate terms; the periphery is constrained to sell its products at low prices but has to purchase the core's manufactured goods at comparatively high price. With these developments, nation-states lose power and influence or even sovereignty because they are constrained (by forces and economic interest) to tailor their policies to the needs of mobile capital, with consequences for the viability of social democracy or the welfare state which are deficient to fit in with the needs of business interests (Gray, 1996; Strange, 1996; Cerny and Evans, 2004; Crouch, 2004).

The forces that control the globalization process are capitalist with an agenda of promoting economic liberalization and enthroning capitalism as a global ideology (Babawale, 2007).This global perspective construed as being basically economic oriented, have both political and cultural implications (Held et al, 1999). Culturally, it is said to lead to the decline of national cultures and more homogenised global cultures where national distinctions become less noticeable as people consume culture from around the world rather than exclusively from their own nation (Tomlinson, 1999; Mackay, 2000; Sklair, 2002; Nederveen, 2004). This is further promoted by global electronic communications, such as the internet, globalised TV broadcasts, migration and tourism (Scholte, 2005). Politically, states are also seen to be superseded by international organisations like the UN and IMF, social movements which are global or even a global civil society (Gill, 2000; Keane, 2003). Thus, economically, politically and culturally, it can be seen that transnational, global forces are taking over from nations as the main sources of economy, sovereignty and identity (Beck, 2006; Urry, 2000). Liberal policies and integration into the global economy may have benefited some regions of the world, for instance, China, India and other parts of Asia. In these places though, protectionism and state intervention may have accounted for part of the success story. But Africa for example, have fallen prey to greater inequality and poverty and are increasingly less likely to stand any chance in the competitive and unrestricted global economy which some has advocated as the solution to their problems (Rodrik, 2000; Wolf and Wade, 2002; Kaplinsky, 2005). The global nature of institutions such as finance, environmental problems such as drugs and crime and advancement in international communications and transport lead to more global political forms. National economic, political and cultural forces are altered and have to share their sovereignty with other entities of global governance and international law, as well as with mobile capital, multi-national corporations and global social movements. Globalization may have a discriminating effect depending on type (economic, cultural or political) or location where it is experienced. However, global inequality is seen as having moved from a simple core-periphery shape to a further three tier structure including a middle group (as already stated above) referred to as the semi-periphery, positioned between the core and periphery that acts as a periphery to the core and a core to the periphery; which may have no clear geographical demarcations because, for instance, the marginalised may live in the same cities as the elites (Hoogvelt, 2001; Bauman 1998; Halsall, 1997). The dependency and world system theories typified the methods of domination and exploitation of the Nigerian economic resources by the advanced economies via the instrumentality of globalization (global financing, aids, lopsided trade etc.).

4. Globalization: Benefits and Risks

Globalization has reduced barrier existing in international trade and has thus opened the door for export led growth (Salimono, 1999). Since globalization entails trade liberalization, it is therefore imperative that there is free and unrestricted movement of trade, capital and investment across the international border (Oputa, 1996; Salimono, 1999). The advantage here is that globalization enables Nigeria to export and import goods, capital and investments without restriction. Based on this premise Salimono (1999) opines that for small and medium sized economy with limited internal market, the potentialities of economic growth rely to a large extent, on production oriented towards international market. He gave examples of countries like China, Chile, Ivory Coast and Bostwana whose economy over the last three decades have managed to grow at very rapid rate of 7% to 8% or more, expanding at a faster rate than Gross Domestic Product (GDP).

Globalization thus, promotes the rapid output growth capable of increasing national income and enhanced standard of living of developing countries.

Globalization offer economies with the potentials of eradicating poverty. This assertion is premised on the dramatic increase in prosperity which came with the advent of globalization particularly in countries as South Korea, India and South Africa (Salimono, 1999).

Globalization has enriched the world economically, scientifically and culturally (Awake, 2002), and has opened the economies to a wider range of consumption of goods and new expanding technologies. Through the internet, globalization promotes access to ideas on new technologies and best practices in all areas of human engagement. For instance, new designs, production technology, new managerial practices, etc. are made available to people, thereby enabling them to modify their old practices and culture where necessary.

Peter (2002) asserts that globalization creates global market place, an avenue through which development in communication technology can be accessed by virtually any one from any location. It thus grants access to a world of business opportunities and linkages to markets hitherto obscured. According to Akinboye (2008), globalization has engendered a tremendous innovatory transformation of our globe as a result of changes that have taken place in ICT, the interconnectivity emanating from globalization is such that what affects one country can be seen and felt across the world, or can even affect or influence many other countries that are thousands of miles away.

Other benefits of globalization according to Onwuka and Eguavoen (2007) include exposure to new ideas and products, greater specialization and expanded opportunities for mergers and acquisitions resulting to growth in size and power of corporations; including their increased competitiveness and efficiency in the utilization of product resources and major improvements in social development and human welfare.

Indubitably, increased trade and investment flows help countries to develop more quickly as trade generates income and the flows enable them to increase their stock of productive capital without compromising their level of consumption. When such flows are in the form of FDI, they often improve access to international best practices in terms of managerial, marketing and technical know-how, skill acquisition and institutional deepening (Onwuka and Eguavoen, 2007). Moreover, the intangible assets of TNC such as knowledge, technology, management know-how and market access serve not only as essential link between national economies, but also as a catalyst for investment and enterprise competiveness as well as complements to domestic development resources in recipient countries (UNCTAD, 2001b).

However lofty these benefits may appear, there is the apprehension that globalization poses strain and dilemma to countries integrated into the economy. Awake (2002) expressed perhaps the greatest concern over the increasing gap between the haves and the have-nots. It is observed that while the global wealth has increased, it has been concentrated in the hands of few privilege individuals and few economies. Hence, the net worth of the two hundred richest people on earth now exceeds the combined income of 40% of the people who live on the planet. Moreover, while wages continue to rise in wealthy countries, over eighty (80) impoverished countries continue to witness a decline in average income. Nigeria is said to be among these eighty countries.

The effect of globalization is the fear of uncertainty and volatility on capital configuration and productivity growth with its negative consequences on economic development (CBN, 2000). Deni (1999) avers that globalization is associated with instability of output and employment and therefore, could create industrial conflicts and bring tension to the structure of the society, when job security is disrupted.

5. Global Economic Analysis: Nigeria in Perspective

Globalization refers to the fact that we all increasingly live in one world, so that individuals, groups and economies become interdependent. Globalization is often portrayed solely as an economic phenomenon. Much is made of the responsibility of transnational corporations, whose massive operations extend across national borders, influencing global production processes, and international distribution of labour (Ajayi, 2001). Others point to the electronic integration of global financial markets and the enormous volume of global capital flows. Still, others focus on the unprecedented scope of world trade, involving a much broader range of goods and services than before (Giddens, 2006). Although economic forces are an integral part of globalization, it would be out of place to suggest that they alone produce it. Globalization is created by the coming together of political, social, cultural and economic factors; facilitated by the development of information and communication technologies that have heightened the speed and scope of interaction among people the world over (Volcker, 2000;Mittelman, 2006).

According to Ohiorhenuan (1998), globalization is the broadening and deepening linkages of national economies into a worldwide market for goods and services especially capital. Along this line, Tandon (1998) posited that globalization seeks to remove all national barriers to the free movement of international capital and this process is accelerated and facilitated by the supersonic transformation in information technology. Thus it presupposes the 'making or remaking' of the world, by creating a basic change in the ways in which major actors think and operate across the globe (Diagne and Ossebi, 1996; Biersterker, 1998). It therefore connotes the rapid expansion through giant multinational companies of capitalism and their blood sapping principles of Globalization, Commercialization, Privatization, undemocratic and property-based democratization to several areas of the world including where it had hitherto been resisted or put in check (Madunagu, 1999).

Since 1990, increase economic cooperation has lifted the ratio of the growth of world export volume to the growth of gross world product to a range of 2.5 – 3 from an average of below 2 in the 1970s and 1980s (United Nations, 2001). The transnational Corporation (TNC) with their intensive integration of production, distribution and services globally provide impetus for the increase in competition and efficiency in the deployment of product resources and key advancement in social development and human wellbeing process. Between 1990 and 2001, for example, the stock of outward foreign direct investment (FDI) of the TNC increased from 1.7 trillion dollars to 6.6 trillion dollars and in 2001 only, the sales of 19 trillion dollars were more than twice as high as world exports (UNCITAD, 2002a). According to UNCTAD (2012), Transnational Corporations (TNCs) foreign affiliates in 2011 employed an estimated 69 million workers, who generated $28 trillion in sales and $7 trillion in value added, some 9 per cent up from 2010. It noted that, TNCs are holding record levels of cash, which so far have not translated into sustained growth in investment. The current cash projection may fuel a future surge in FDI. FDI remains one of the most significant forms of cross-border capital flow into developing countries. In 2012, for example, FDI inflow into developing countries amounted to over US$790 billion, surpassing by a wide margin the size of inward remittance (US$406 billion) and official development aid (US$126 billion) from traditional OECD (Organization for Economic Co-operation and Development) donors. FDI flows into Sub-Saharan Africa have grown nearly six-fold over the past decade. The flows increased from about US$6.3 billion in 2000 to US$35 billion in 2012. While this is still just 2.5 percent of total global flows, it represents an unprecedented size of investment capital in most African countries, much larger than remittances or official aid (World Bank Report, 2014).

Technology, policy and competition are the forces driving globalization. Furthermore, improved transportation, such as the introduction of containerization in land-and-sea shipping has reduced both handling requirements and shipment time by more than two thirds. The second is policy liberalization, where most governments have removed restrictions to trade and controls services, thereby allowing market forces to determine economic engagements. The third force, which is heightened competition, induces firms to explore new ways of increasing efficiency, including shifting some of their activities abroad to cut costs (UNCTAD, 2002a; Geda and Abebe, 2007).

The developed countries use their competitive advantage to increase their share of world trade and finance, thereby benefit largely from globalization (Khor, 2000; UNCTAD, 2003a). Conversely, developing countries are losing out as they experience a deterioration of existing imbalances and distortions in the global economy (Collier and Dollar, 2001). This observation corroborates Zuma's (2003) assertions that the uneven distribution of political, economic and military power has meant that globalization created immense opportunities of wealth for some while retarding the advancement of others. Thus producing two contrasting global villages, in which one is prosperous, rich and democratic for a few who live in it and the other, in which the majority are poor, estranged and marginalized without the capacity to determine their own wellbeing. For example, in 2011, exports and imports for Africa totalled $582 billion and $569 billion respectively while exports and imports among developing economies totaled $18,211 billion and $7,321billion respectively (UNCTAD, 2013). These figures imply that Africa is expending almost all of its exports earnings on imports having as against its counterparts from the developing and developed countries who posted very encouraging favourable balance of payments. Africa according to UNCTAD (2013), remains a marginal player in world trade, accounting for only 2.8 per cent of world exports (in current United States dollars) and 2.5 per cent of world imports in the decade from 2000 to 2010. The shares of both Africa and sub-Saharan Africa in world exports and imports have fallen significantly over the period from 1970 to 2011. This downward trend can be observed in almost all regions in Africa and almost all African regional economic communities.

Nigeria entered the global market at a competitive disadvantage, having largely a mono-product economy, weak currency, dwindling indigenous industrial base, corruption-plagued political and economic milieu etc. Hence, the Nigerian economic climate is one that is deeply reliant on the West via the globalization agencies (IMF, World Bank, Multinational Corporations, World Trade Organization, etc). The economy of Nigeria, have long been hobbled by military dictatorship, political instability, weak leadership, corruption and poor macroeconomic management. Nigeria's former rulers failed to diversify the economy (UNCTAD, 2002a). The economy has overdependence on the capital-intensive oil sector, which provides less than 25% of GDP, despite providing 95% of foreign exchange earnings and about 65% of government revenues. The largely subsistence agricultural sector has not kept up with rapid population growth in Nigeria, once a large net exporter of food, now imports some of its food products. In 2006, Nigeria successfully convinced the Paris Club to let it buy back the bulk of its debts owed to the Paris Club for cash payment of approximately $12 billion (USD) (Wikipedia, 2010).

Three key institutions helped shape the current era of globalization: the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO). All three institutions trace their origins to the end of the Second World War (1939 - 1945) when the United States and Great Britain decided to set up new institutions and rule for the global economy (UNCTAD, 2003a).

The IMF makes loans available so that countries can maintain the value of their currencies and repay foreign debt. Countries accumulate foreign debt when they buy more from the rest of the world than they sell abroad. They then need to borrow money to pay the differences, which is known as balancing their payments. After banks and other institutions will no longer lend them money, they turn to the IMF to help them balance their payments position with the rest of the world. The IMF initially focused on Europe, but by the 1970s, it changed its focus to the less-developed economies. By the early 1980s, a large number of developing countries were having trouble financing their foreign debts (Stigbitz, 2003).

The IMF and the World Bank usually impose certain conditions for loans and require what are called structural adjustment programs (SAP) from borrowers. These programs amount to detailed instructions on what countries have to do to bring their economies under control. The Programmes are based on a strategy called neo-liberalism, also known as the Washington consensus because both the IMF and the World Bank are headquartered in Washington D.C. The strategy is geared towards promoting free markets, including privatization (the selling off of government enterprise); deregulation (removing rules that restrict companies); and trade liberalization (opening local markets to foreign goods by removing barriers to export and imports). Finally, the strategy also calls for shrinking of the role of government, reducing taxes, and cutting back on publicly provided services (Tabb, 2009).

Komolafe (2002) pointed out that the policy on open, liberal economy, privatization of public utilities and devaluation of the local currency prescribed for Nigeria by the IMF has been identified as harmful to the country's economic development. Former Director of Budget and Planning, Federal Ministry of Finance, Chief Onwah Kuyo observed that the continuous and massive naira devaluation, excessive mopping up of liquidity by the Central Bank, liberalization of imports by which all manner of goods are imported, without regulation, privatization of all major government corporations except those bought by Nigerians, and other measures which stem from policy prescription of the IMF, will not move the nation forward. He urged the Federal Government to critically evaluate the advice of IMF, accept those found consistent with Nigeria's restructuring proggramme and ignore those that are negative.

Perkings (2004) explains the negative role of "economic hit men" (EHMs) in the globalization process. EHMs are highly paid professional who cheat countries around the globe out of trillions of dollars. They funnel money from the World Bank, the U.S Agency for International Development (USAID), and other foreign organizations into the coffers of huge corporations and the pockets of few wealthy families who control the planets natural resources. Their tools included fraudulent financial reports, rigged elections, payoffs, extortion, sex and murder. They play a game as old as empire, but one that has taken on new and terrifying dimensions during this time of globalization". Perkins stated further that American consulting firms would be deputed to countries on statistical and economic assignments. These firms would depute their EHMs trained executives (Just a few of them who are trained in liaison with NSA and other US government agencies) to conduct economic and statistical analysis and project growth based on cooked numbers. These numbers would be based on reasons for extending large loans to the countries. Developmental works like power projects, electrification etc, would then be contracted to American Companies most notably Bechtel, Halliburton etc. These projects would ensure that the loans granted would be immediately ploughed back into American companies. As times goes by the growth projections (sometimes as high as 20%) would not be achieved in a sustained fashion and the countries would bear high interest burden for the loan repayments (sometimes as high as 50% of national budgets).

Nwoye (2005) noted that given the fact that the initial impetus for privatization in Africa come from creditor's institutions, especially the IMF and the World Bank, as part of the push for structural adjustment, many believed that there must be a hidden agenda in the form of economic exploitation. It is principally the conditionality attached to privatization vis-à-viz debt relief and financial assistance that provoked resentment from the public view, especially labour, which viewed privatization as creditors' initiative. As in some of the other African countries, resentment is intensified because a good number of the larger enterprises being privatized are bought over by foreign interests. There is the argument that even if privatization contributes to improved efficiency and financial performance, it has a negative effect on the distribution of wealth perhaps, arising from corruption. Corruption is the single most destructive factor responsible for the pitiable state of affairs in many developing countries. It distorts the economy through waste and misallocation of resources and creates need for external assistance. This is not to say that privatization in all its ramifications is harmful even as Nwoye noted that if privatization is carried out with sincerity of purpose, almost every group will come out ahead as a result of divestiture. Workers will be shareholders, consumers will be better off because of better services. New graduates and the unemployed will get jobs because of expansion. Government will be relieved of the burden of subsidies, investors will gain investment opportunities. Ultimately, the public (both foreign and nationals) will be free to pursue any private economic interest, the question here is, how serious and genuine are the intensions of the government towards the issue of privatization in Nigeria?

It is now recognized that the process of globalization entails significant risks and enormous economic and social cost. Openness to global markets can expose domestic financial markets to greater volatility which could be more severe in countries with weak financial systems and economic policies lacking credibility (Feridum, *et al,* 2006). In this vein, large reversals in short term capital flows have led to severe financial crises and sharp increase in unemployment and poverty in the short run.

The United Nations Human Development Report (HDR, 2001) indicates that while GDP per person in industrialized countries rose from $6, 500 in 1960 to $750 in 1998, the least developed countries remained at $750. So, the rich – poor gap increased by $10, 250 per person during that period. According to the report, while in the decade and a half before 1980, developing countries experienced a higher rate of income growth than developed countries, since 1980, this pattern has reversed. In Africa, South of the Sahara, 25% of the people, corresponding to 340 million people live in less than $1.00 (dollar) a day. With increased globalization, Africa's share of world trade in general and raw materials in particular has been declining during the last twenty years. Africa's average share of world exports dropped from 5.3% (1960 - 69) to 1.5% (1999). In 1970, the $1/day poverty rate (22.2%) was very similar to that of Asia (22.4%). By 1998, however, the African rate almost doubled to 40.5% whereas the Asian's has almost disappeared (1.7%). In the same context, the number of poor people increased by 17.5 million over the entire period (22.8 million in the 1970s, 51.7 million in the 1980s and 101 million in the 1990s). One of the largest increases (56 million) was recorded in Nigeria because of its large population. It is estimated that about 70% or 80 million Nigerians live on less than $1 per day (Sala-i-Martin, 2002).

Feridun (2006) further stated that the UNDP Human Development Index (HDI) ranked Nigeria as 142nd with an HDI of 0.400 among the 174 countries listed in 1997. By 1998, the country dropped to 146th position and fell among the 40 poorest countries. The incidence of poverty has been high and on the increase since 1980. Data from the Federal Office of Statistics (FOS) on poverty profile in Nigeria showed that the incidence of poverty rose from 28.1% in 1980 to 43.6% in 1985, but dropped slightly to 42.7% in 1992 from where it rose sharply to 65.6% in 1996 and steadily rose to 70.2% in 2003. In 2007, Nigeria's Human Development index (HDI) was ranked by the United Nations as 157th out of 177 countries (Azeez, 2010). Also **in 2013, the Nigerian's** Human Development Index (HDI) was ranked low at 153 out of 186 countries that were ranked. However, countries like Angola, Burundi, the Democratic Republic of the Congo, Ethiopia, Liberia, Mali, Mozambique, Niger, Rwanda, Sierra Leone and Tanzania where listed among the African countries that made the greatest strides in HDI improvement since 2000. Life expectancy in Nigeria is placed at 52 years old while other health indicators reveal that only 1.9 per cent of the nation's budget is expended on health. 68.0 per cent of Nigerians are stated to be living below $1.25 daily while adult illiteracy rate for adult (both sexes) is 61.3 per cent. According to Udo (2013), the report came amidst reported growth in the Nigerian economy, with the country recording a GDP growth rate of 6.99 per cent in the fourth quarter of 2012. The country's economy has been described as robust and resilient. The acclaimed growth in the Nigerian economy conflicting with low HDI by the UNDP has however, failed to impact on the lives of the citizenry which posses a big question mark on the authenticity of Nigeria's economic ratings.

The question to be answered is whether the rising incidence of poverty in Nigeria since the 1980s is a direct consequence of globalization or whether there are internal factors within Nigeria responsible for this trend. One of such internal factors is the high rate of corruption. However, our focus here is on global capital which to some extent influences corruption on a large scale in Nigeria. Feridun, *et al* (2006) argues that foreign investment can be beneficial for the economy in the long run as a proper analysis of the phenomenon of globalization can still be realized. What is apparent however, is the existence of losers and gainers in the process. While foreign investment has the capacity to enrich a minority of countries or people who direct the process, a host of others would be left behind, be further marginalized or even become more insolvent. Eguavoen (2007) observed that, Nigeria has not benefited from globalization due to mono-cultural export, inability to attract increased foreign investment and huge indebtedness. But globalization can be domesticated in the country through diversification of exports, debt reduction and expanded development cooperation with other countries. The Nigerian state also needs to be strengthened as a bulwark against the dictates of foreign capital.

Globalization can be of immense benefit to Nigeria and so could help the country's development. The enabling framework would include measures to ensure the entry of Nigeria's non-oil exports into the core markets without discrimination. In this respect, the diversification of domestic production would be required while the expanded development cooperation with the developed world would help strengthen the country's economic productive base (Okoh, 2004; Ezike and Ogege, 2012).

The trend of globalization has been sustained by rapid liberalization of trade and capital flows between countries. This benefit come fully from the integration process, Nigeria must therefore, be competitive in terms of the quality of resources available for exchange for those of other countries micro-economic and structural policies. These elements are important because it has been established that globalization is aided by factors of endowment, the quality of domestic policies in terms of international competitiveness and the extent to which markets are allowed to determine the allocation of resources (Avarenren, 2001; Allege and Ogun, 2004).

6. Conclusion and Recommendations

Globalization vis-a-vis global capital and its working dynamics have been examined critically in this paper. The effect of global capital on the Nigerian economy was also explored. It notes that, in spite of the good message propagated by globalization; it has not yielded very positive result on our economy even though there are other forces impeding significant economic growth. The activities of multi-national corporations cannot also be over looked as evidence of the devastating effects, it could have on our environment are all glaring. The disposition of the world financial institutions, the IMF and World Bank was also x-rayed. The mode of operation of the two Bretton Woods institutions have not contributed enough to Nigeria's economic growth, especially the structural adjustment programmes introduced by the IMF and adopted by the Federal Government headed by General Babangida which was harmful to the country's economic well being.

Macdonald (2001) is of the view that Africa is yet to enjoy the benefit of globalization, but in the long run, globalization will provide African states with the opportunities to boost economic growth in the region through the expansion of markets for African exports, the stimulation of domestic investment and an increase in foreign capital flow. Robust economic growth would boost income, alleviate poverty and enable Africa to provide its citizens with more and better job opportunities, improved health care and education. However, globalizations benefits have been unevenly distributed with many of its burden falling hardest on those who can least protect themselves.

In view of the advantages and disadvantages of globalization and by extension global capital to the Nigerian economy through massive information flow, technology transfer, capacity building, cultural integration, etc; it can equally be argued that the demerits far outweighs the merits. Dependent states should therefore, attempt to pursue policies of self-reliance which should control interactions with the world economy and only endorse interactions on terms that promise to improve the social and economic welfare of the larger citizenry. In line with the dependency perspective, Nigeria can afford to "delink" from the shackles of imperialist domination, develop its local technology, manage its own affairs and drive the economy to greater pedestals of development. Nigeria should thus, embark upon a strategic integration with the world market and should determine the level at which to liberalize its economy, the type of cooperation and competition to stimulate and develop between its local firms and foreign firms, including, the determination of particular sectors of the economy that need some protection for required growth of the state. In this regard, Nigeria should embark upon the promotion of domestic industry and to manufacture goods for exports rather than simply exporting raw materials, limits the importation of luxury and manufactured goods that can be produced within the country to reduce loss of capital and resources; and should take drastic steps to keep foreign companies and individuals from owning or operating property that draws on the resources of the country. Nigeria should collaborate with Regional bodies such as the African Union (AU) and ECOWAS to evolve strategy for economic cooperation and integration that would engender socioeconomic development that is domestic oriented.

Above all, the Nigerian people according to Ake (1996) would have to adequately respond to their own developmental needs by rebuilding their national image, fighting corruption and by instituting their own cultural preferences. This would only be possible through a sincere, committed, sociological, cultural, economic and political realignment that is truly Nigerian (African) in nature, intent and purpose.

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