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## EFFECTS OF GLOBALIZATION ON THE NIGERIA ECONOMY

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### ABSTRACT

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Globalization is a world wide movement from local to a universal socio-economic system aimed at unifying the world market into a global village accessible to all, Nigeria as a nation cannot stop it but can only study its features and effects and key into enjoying the dividends of globalization. Theoretically, this paper X-rays the effects of globalization on the Nigerian economy with a thrust overview of its features, positive and negative effects to the country's economy with the hope of proffering ways for sustainable development in Nigeria in the face of globalization. The paper concludes that Nigeria has not benefited enough from the globalisation owing to the undue dependence on crude oil exports, low manufacturing exports and the underdevelopment of the domestic financial markets. Globalization is a tool for development and knowledge but knowledge is power and knowledge is dynamic. The country must keep abreast with changes in knowledge. The main problem is that without the necessary facilities and knowledge, globalization is a mirage in the Nation's economy.

**Keywords:** *Globalisation, Economy, Effect, Development, Feature*

### INTRODUCTION

As globalization engulfs all corners of third world countries, and Nigeria in particular, what are the claims of the exponents of globalization towards the economic development of this country? Has globalization as an international economic force really improved the economy of Nigeria?.In this regard some of the principal challenges of Africa – Nigeria development in globalizing world are related to the development of global village as facilitated by international communication structures and processes, unification of global economy through global market and institutions within the international financial system; continuing subordination of Africa – Nigeria in international political economic relation, arising from unequal exchange and development, high rate of urbanization in Nigeria and social particularism arising from class, ethnicity, gender, racism and religious segregation.

### CONCEPT OF GLOBALIZATION

Conceptually, globalization could be seen as internationalization, which means the intensification of cross – border links between nations, liberalization (a process by which government imposed restrictions and barriers are removed to create an open international economy). Universalization which means spreading of various cultural values and experiences around the different corners of the world (Baylis and Smith 2001). Adejo (2003) also defines globalization as "the integration of economies worldwide through trade, finance flows and widespread adoption of information technologies and inter-networking. Globalisation is an increasing interconnected and inter dependent world in international trade management, administration, communication, investment and finance (Wolfensohn 2001).

It can also be refers to a number of elements as the broadening and depending linkages of national economies into a worldwide market for goods and services and especially, capital due to developments in media technology and communication. Globalization brings with it a growing tendency towards the universal homogenization of ideas, cultures, values and even lifestyles. Globalization connotes the liking of the world to become a single entity through the development of strategies/systems to turn the whole world into one global village. It indicates the modernization of the world through trade, banking, communication and transport etc. The North and South see globalization as the process where by commercial enterprises increase their activities across national boundaries, utilizing the opportunities for the international trade and simultaneously spreading their cultural and societal values. The new communication technologies and media are spreading the existing structures and values which are dominant globally and emphasize the free market economy and a capitalist liberal democracy thus the climate of privatization, deregulation and communication which exist in United States in actively being replicated across the world, Nigeria inclusive, in order to facilitate international commercial ventures. This process is being further augmented by the development of direct broadcasting satellite technology which virtually undermines national boundaries and other barriers to international radio and Television broadcasting organization like British Broadcasting cooperation (BBC), Cable News Network (CNN) which are prominent examples of these services.

Generally, globalization aims at the following:-

- Promotion of hyper growth and unrestricted exploitation of environmental resources to fuel the growth.
- Privatization and modification of public services.
- Global cultural and economic homogenization.
- Integration and conversion of national economies to environmentally and socially harmful export oriented production.
- Corporate deregulation and unrestricted movement of capital across borders.
- Replacement of traditional powers of democratic national, state and local communities by global corporate bureaucracies.

### **Globalisation: A Brief Historical Review**

The globalisation phenomenon is said to have a history dated to the 15<sup>th</sup> century and in particular, from the 17<sup>th</sup> century. Between 1642 and 1914, there was a break up of empires in Europe, which gave birth to the emergence of nation states with separate sovereignties. The relationship between these states were unsatisfactory and led to the two world wars. The end of the second war saw the emergence of two superpowers, the United State of America and the Soviet Union with each of the powers creating spheres of influence with their capitalist and communist ideologies respectively. The cold war that existed between these superpowers divided nation states, groups and individuals into capitalist and communists. Nation states particularly in Africa exploited the cold war situation by playing off the United states and the Soviet Union against one another. The cold war continued until the early 1990s when the Soviet collapsed leading to the revision of communist economic ideology. Thus it was the collapsed of the Soviet Union that provides background for the New World Order and the current globalisation agenda.

New World Order and indeed globalisation as it has been observed earlier is not only economic and political, but socio-cultural in the sense that the pursuit of its goals is a comprehensive endeavour. The manifestation of the present globalisation agenda started with the Gulf War of 1991 as there was no Soviet union to counter the spread of western values and beliefs as spearheaded by the United States of America. Other countries that joined the United States of America to form the industrial capitalist race include Russia, Japan, Belgium, Italy, France and Germany. For the third world countries, Adejoh (2003) has charged that western capitalist penetration was not designed to benefit the third world countries but to disrupt the indigenous order and to guarantee external Prim-mover to take charge of the entire society, although the action began with a popular slogan "developing the underdeveloped countries"

### **FEATURES OF GLOBALIZATION**

- Increased relevance of intercontinental and international bodies and processes like ECOWAS, AU, UN, EU, NEPAD, African peer review mechanism and many other trade, social and political blocs and bodies
- Increased democracy and globalization of the good governance concept
- National boundaries are not too relevant because of regional blocs.
- Technological advancement especially in internet technology, microchips, mobile telephony, cyber products, space time are now compressed. Far away Australia is now a computer mouse click away.
- Crime such as cyber terrorism, computer hacking bank frauds are also faster and globalize for fraud from the comfort of his home a cyber criminal can hack, infiltrate or infect any computer system even countries away.
- Privatization is increasing while government involvement in business ventures is becoming obsolete.
- A free flow of trade across borders. Trade restrictions are becoming outdated.
- Information for business/economic decision is now more accessible through the intranet, internet and extranet.
- Business competition is fierce, for example, First Bank Nigeria is also competing against foreign banks because Nigerians can easily bank abroad.
- Increased technology, productivity and largely unrestricted trade have made many products more accessible and cheaper.
- Through the World Bank, ILO and IMF many countries now have common economic, business and labour policies.

### **POSITIVE EFFECTS OF GLOBALIZATION ON NIGERIAN ECONOMY**

Globalisation increased specialisation and efficiency, better quality products at reduced price, economies of scale in production, competitiveness and increased output, technological improvement and increased managerial capabilities. Trade and investment can aid efforts at restructuring an economy to make it more competitive and better able to contribute to the globalisation process. Communication and mass media have the traditional function of multiplying mobility and facilitating exchange of information about goods and services. Exhibition, trade fair and media advertising, for example, help in the marketing of goods and services and provide a multiplicity of choices to consumers even if they also trigger unhealthy commercialization.

According to Noah Samara, founder of world space-Africa satellite broadcasting system. "If you look behind wealth of nations, you find information and if you look behind poverty of nations, you find lack of information". For sustainable development civil society and intellectual production information is truly the need for every need. Integrating global economic and communication systems are shrinking space and time and making the global village a global shopping mall. Apart from general improvements in global communication through radio and satellite television, innovative telephone through satellite and cell phones, access to the internet in many cases, is enhancing what is generally referred to as e-commerce or e-trade. The world has become a true market place of commodities and ideas.

The modern banking system through electronic banking (e-banking) and automated teller machines facilitates fast and easy movement of cash (24/7) and even cashless operations. The development of communication gadgets for instance, cell phones, and notes pad etc had made communication easier and effective over long distances within a short period of time. Swiftly e-mail, text messages, and other social networks have replaced posting of letters which has reduced travelling and its attendant costs and risks. Registration of exams, checking of results for example, WAEC and NECO are done one line. The development of DSTV enables Nigerians to watch programmes in far away countries – sports Loyalists to Man-U, Arsenal, Chelsea etc. can attest to this: Manpower training and development can be more easily done by a variety of information technology tools using live or video trainers, from any place in the world. Globalization calls for innovative, dynamic and committed management.

### **Negative Effects of Globalization on Nigerian Economy**

Globalization has imperialistic tendencies where by the developing countries like Nigeria live at the mercy of super powers in terms of military and economic manipulations. This implies that the Western world developed the concept of globalization to tie the aprons of the developing countries to themselves. This is true as the concept discredit indigenous cultures, values, knowledge and experience. It undermines national economic and political independence and creates worse international disparities. A major barrier to the progress of the poorer developing countries remain the trade regime in advanced economies which generally discriminate against the goods that poor countries produce in particular, food, textile and clothing. African – Nigerians underdevelopment and century impoverishment is the direct precipitate of European colonization, global capitalist exploitation and ruthless extraction of resources especially in the name of debt servicing by international finance houses – IMF and World Bank.

In Nigeria the average life expectancy is a mean of 51 years and this is increasingly being reduced with low caloric intakes, poverty, uncertainty, hardship, tribe wars, armed robbery, boko haram, flood and other violent crimes, drug abuse, prostitution and other avoidable ills. It is indicated that half of the world refugees fleeing from wars, famine, drought and repressive leaders are from developing countries where Nigeria is directly or indirectly involved. These are the aftermaths of European and American manipulation and geopolitics in the region including longstanding support for VIPs – Nigeria as a component part of the world experiences global warming resulting from emission of gases from exhausts, chimneys which depletes the diatomic molecule – Ozone subjecting man and

other living things to the scorch of the sun. Policies of deregulation, privatization and commercialization, which have been packaged by the International Monetary Fund, the World Bank and the World Trade Organization, do not take into account the socio-economic peculiarities of Nigeria, and therefore can not lead to industrialization. The process of privatization, for example, was marred by corruption, insincerity and politicking by the political class. Foreign participation cannot lead to industrialization. Rodney (1972) suggested that all forms of development must start within a country and not from outside. Globalization does not seem to be giving us much even in terms of technological transfer, industrialization and economic development in general. 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 of payment making her a debtor nation (Dumping of goods as part of economic liberalization).

## **CONCLUSION**

In conclusion, despite the rosy picture that has been painted of a globalizing world of converging economies and the growth of internet communication technology (ICT) Nigeria remains at best on the periphery. In economic and trade terms Nigeria economies can hardly compete international due to infrastructural, technological and managerial inadequacy. There is also the logic of international market which has largely been historically shaped and virtually consolidated between the haves and the have not. This situation will not change as long as the land lacks electricity and other basic infrastructures. From communication perspective, there is a correlation between wealth, information and awareness. Western domination of the media, long established has been reinforced in the era of globalization. Africa – Nigeria needs to have a view in the global media. Globalization was supposed to present opportunities to less well off countries such as those in Africa – Nigeria inclusive, but rather than openings are being made for more media organization a few multinational companies have become more dominant in the media business. They have spread their wings to almost every corner of the world. Globalization is yet to develop the economy of Nigeria. The economy is still underdeveloped, as evidence by high levels of unemployment and poverty. Improvements information in technology, trade and communication systems occurring in the superstructure do not amount to real development. In order for Nigeria to benefit from globalisation, effort should be made to develop human capital and decode the multimedia super-corridor for relevant information. Thus information technology should progress in line with the global trend. Above all 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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