GLOBALISATION AND THE THIRD WORLD COUNTRIES: NIGERIA'S EXPERIENCE

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Abstract
This paper examines the impact of globalisation on third world countries, with reference to Nigeria. Globalisation has brought about significant changes in Nigeria's economy, politics and culture while it has attracted foreign investment, improved technology transfer and expanded market access, it has also exacerbated income inequality, threatened local industries and increased dependence on foreign capital. This paper argues that Nigeria's experience with globalisation is complex and multifaceted, reflecting both the benefits and draw backs of integration into the global economy. The methodology adopted is the extensive review of data collected mainly from primary and secondary sources. The paper concludes by highlighting the need for Nigeria and other third world countries to develop strategies

to maximize the benefits of globalisation while minimizing its negative impact.

Key words: *Globalisation, Third World Countries, Developing Nations, Nigeria, Economic Development*

Introduction

Over the past several decades the economies of the world have become increasingly linked through expanded international trade in services as well as primary and manufactured goods, through portfolio investment, such as international loan and purchases of stock and through direct foreign investment, especially on the part of large multinational corporations. These linkages have had a marked effect on the developing nations including Nigeria. But developing nations are importing more from each other as well as from developed countries.

Some scholar have argued that globalisation and its liberal agenda of lowering barriers of trade, investment and other international economic exchanges have primarily served the interest of wealthy countries by allowing them to further penetrate and dominate poorer countries.[1] The key elements of globalisation are interconnectivity of sovereign states through trade and capital flow; harmonisation of economic rules governing relationship between states; creation of structures to support and facilitate dependence and interconnections, global configuration and coordination of business activities with local responsibilities and creation of a global market place.[2]

Today there is a single integrated world economy that almost no country can resist joining. At the same time the imperfections and problems of that world economy are evident in periodic crises and recessions and in the sharpening of disparities between the richest and poorest countries.

However, the country's experience with globalisation has been marked by paradoxes: rapid economic growth alongside deepening poverty increased foreign investment alongside declining local industries, and growing connectivity alongside rising inequality. This paper therefore examines Nigeria's experience with globalisation, exploring the opportunities and challenges it has presented, and analyze the implications for the country's economic development, social welfare and political stability.

Conceptual Clarifications

For proper understanding of this work, it is imperative to clarify major concepts used therein.

Globalisation

Globalisation is one of the most frequently used words in the discussion of development, trade and international political economy. It encompasses many trends, including expanded international trade, telecommunications, monetary coordination, multinational corporations, technical and scientific cooperation, cultural exchanges of new types and scales, migration and refugee flows and relations between the world's rich and poor countries. Although globalisation clearly is very important, it is also rather vaguely defined and not well explained by any theory. One popular conception of globalisation is as "the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life...."[3] As the word implies, globalisation is the process of expanding globalism and denotes the increasing integration of economies, communication, culture across national boundaries. As such, globalism is the world's underlying basic network, while globalisation refers to the "dynamic shrinking" of the factors that divided the world economically and socially.[4] The word globalisation is best defined as the expansion of economic activities across political boundaries of nations. Hence, globalisation is a process and this process constitutes the integration and interdependence of economic activities between and among countries of the world.[5]

On their own part, Todaro and Smith sees globalisation as a process by which the economies of the world become increasingly integrated, leading to global economic and global economic policy making, for example through international agencies such as the World Trade Organization (WTO).[6] Globalisation also refers to an emerging "global culture" in which people more often consume similar goods and services across countries and used a common language of business; these facilitates economic integration and are in turn further promoted by it. But in its core economic meaning, globalisation refers to the increased openness to international trade, financial flows and direct foreign investment. Globalisation is the process by which ideas, knowledge, information, goods and services spread around the world. In business, the term is an economic context is used to describe integrated economics marked by free trade, the free flow of capital among countries including labour market to maximize returns and benefits to the common goods.

The anti-globalist on the other hand, view globalisation as an instrument of imperialism, threatening and destructive, which further expands the inequality between the global North and South countries while eroding the national sovereignty, violence, dislocation and inequality.

Third World Countries

The term third world arose during the cold war to define countries that remained non-aligned with neither North Atlantic Treaty Organization (NATO) nor the Warsaw pact. The demographer anthropologist, and historian Alfred Saucy in an article published in the French Magazine in August 14 1952 coined the term third world referring to countries that were playing a small role in international trade and business.

The term third world" refers to a group of countries with certain common features. According to some writers, the developed capitalist countries constitute the First world. The socialist countries are called the second world. The underdeveloped countries in Africa, Asia, and Latin America that were subjected to colonial domination are called the third world. Though the phrase "third world" is now considered offensive. The modern definition of "third world" is used to classify countries that are poor or developing countries that are part of "third world" are generally characterized by (i) high rate of poverty (ii) economic and/or political instability (iii) high mortality rate (iv) poor infrastructure (v) low costs of living etc.

Since the dissolution of the Soviet Union in 1991 and the end of the cold war, the term "Third World" has decreased in use. It is being replaced with terms such as developing countries, least developed countries or the global south.

Theoretical Framework

Many theories have been given by different scholars as justifications of North-South relations that exist in the global world today. This paper therefore examined the David Harvey's Neoliberalism theory as one of theories suitable to this work.

In recent "Critical' literature, by prominent Marxist and geographer David Harvey stands out as being one of the few who tries, in his work *A Brief History of Neoliberalism* to give the concept a wide-ranging definition which in part harks back to the analyses submitted by Cros, Naworth and VerEeck.[7] In their view, his definition does shed a ray of light on the issue of what kind of phenomenon neoliberalism is. "Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can be best advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee for example the quality and integrity of money. It must also set up those military defence, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets.

Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created by the state actors if necessary. But beyond these tasks, the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough information to second guess market signals (prices) and because powerful, interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefits.[8]

Globalisation Operations in Nigeria

Globalisation in Nigeria operates on some of the following features: deregulation, privatisation and liberalisation.

Deregulation

According to Oxford Dictionary of Accounting 6th Edition, deregulation is the removal of controls imposed by government on the operations of market. It is also the process of elimination or reduction of regulatory control that the state has over some sectors of the economy. Deregulation is thus, the process of removing or reducing state regulations, typically in the economic sphere. It is the repel of government regulation on the economy. It became common in advanced industrial economics in the 1970s and 1980s, as a result of new trends in economic thinking about the inefficiencies of government regulation, and the risk that regulatory agencies would be controlled by the regulated industries to its benefits and thereby limit consumers and the wider economy.

The deregulation of the Nigerian economy came with the adoption of the Structural Adjustment Programme (SAP) in 1986 by the

World Bank and the International Monetary Fund (IMF) as an instrument of achieving the overall capitalist exportation of Nigeria economy. The programme had the following features (i) a market based exchange rate (ii) liberalized trade (iii) remark of import bans (iv) a new tariff schedule, and new policies to increase export growth.[9]

Highlights of deregulation as embodied in SAP are as follows:[10]

- adoption of tight fiscal and monetary policies to reduce inflation and rationalized public expenditure, including public investment programme;
- dismantling exchange controls and the adoption of a market determined exchange rate policies.
- liberalization trade, rationalization of custom and exercise duties and abolition of price control;
- adoption of financial sector reforms; and
- Privatisation and commercialization of public enterprises and the abolition of marketing boards.

Privatisation

Privatisation can mean different things to people depending on the context in which it is used. It can mean moving something from the public sphere to the private sphere but it may also be used to describe, something that was always private, but heavily regulated, which becomes less regulated through the process of deregulation.

The term may also be used descriptively for something that has always been private but could be public in other jurisdictions.[11]

Privatisation in its simplest term is the transfer of ownership from the government or public sector to the private sector.[12] Privatisation is the process and programme of diverting government ownership in state-owned enterprises to the private sector and the investing public.[13]

Privatisation is also sometimes used as a synonym for deregulation when heavily regulated private company industry becomes less regulated. Government functions and services may be privatized (which may also be known as franchising), in this care , private entities are tasked with the implementation of government programs or performance of government services that had previously been the preview of state-run agencies, typical example are the telecommunication power, water supply, electricity supply, petroleum sector etc.[14]

Privatisation in Nigeria

Privatisation in Nigeria was formally introduced by the privatisation and commercialization decree of 1988 as part of the Structural Adjustment Programme (SAP) of the Ibrahim Babangida administration. As McGrew argued; SAP was a new liberal development strategy advised by international institutions to incorporate national economies in the global market.

> *The vision of a "global market civilization" has been reinforced by the policies of the major institutions global economics government namely up to the mid of*

> *1990s. Underlying the Structural Adjustment Programme has been a new liberal development strategy – referred to as the washing on consensus which prioritize the opening up of national economies to global market forces and the requirement to limit government intervention in the management of the economy.*[15]

One of the main objectives of SAP was thus to pursue deregulation and privatisation leading to the removal of subsidies, reduction in wage bills and the retrenchment in the public sector, ostensible to trim the state down to size.[16]

Liberalisation

The most powerful espoused philosophy of Structural Adjustment Programme (SAP) is the doctrine of economic liberalisation or *laissez-faire* capitalism.[17] It spread rapidly in 1970s and 1980s to the third world largely because of the efforts of the IMF and the World Bank. Liberalization is a process whereby a state lifts restriction on some private individual activities. Liberalisation occurs when something which is used to be banned is no longer banned, or when government regulations are relaxed. Economic liberalization refers to the restriction or elimination of government regulations on private business and trade.[18] Similarly, Chandhary, observed that economic liberalization is the lessening of government regulations and restriction in an economy in exchange for greater participation by private entitles; the doctrine is associated with classical liberalism. Therefore liberalization is the removal of controls in order to encourage economic development.[19]

The doctrine of liberalization contends that economic welfare will be improved if all the controls that government imposes on economic and business activities are removed. Specifically, it requires the state dismantle existing regulatory structures in financial market, trade goods market and in labour markets. The central arguments is that factors of production, goods and services are optimally priced and allocated when their prices are freely determined in a competitive market. It is further argued that in the absence of free pricing, there would be inefficiency in resource allocation, which would worsen as the authorities try to administer measure to cope with dwindling foreign exchange earnings and other conditions, the equilibrium of the free markets system will correspond to a *pareto-optimum*. Flowing from the liberalization doctrine are, thus policy recommendations such as deregulation of economic activities, free trade or liberalized trade regime, free market pricing in commodity and factor market, and decontrol of the resource allocation process.[20]

Summary and Conclusion

There is no doubt that the expansion of world trade, investment and currency exchange has profoundly affected countries and their citizens. Economic interdependence has inexorably intentioned personal, national and international prosperity. Domestic economics, employment, inflation and overall growth are heavily dependent on foreign markets, impacts of resources, currency exchange rates, capital flows and other international economic factors. Economic globalisation is a reality.

The process of globalisation has also brought the issue of development much more to center stage than it was in the past. Globalisation has had advantages and disadvantages for all countries but there is wide spread agreement that countries with the greatest wealth have benefited the most and those with the least wealth have gained the least and in some cases, have been harmed. That has brought increasing resistance to globalisation in the south and from those sympathetic to its stand.[21]

Rourk, on his own said that globalisation and the cooperation it entails are also beginning to have significant impact on the way we organize our world politically, globalisation and sovereignty are not mutually exclusive, but cooperation requires that countries surrender some of their sovereign rights to make unilateral policy and accept international rules for instance, the authority of the World Trade Organization (WTO) to find a country's trade practices legal and illegal services. Some see this diminution of sovereignty as acceptable, even as a positive development others appalled by it.[22]

End Notes

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