

**THE IMPACT OF GLOBALIZATION ON UNDERDEVELOPED ECONOMIES: THE CASE OF NIGERIA IN THE 21ST CENTURY**

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**Abstract.**

This paper is an attempt to examine the effect of globalization on underdeveloped economies with particular focus on Nigeria since the turn of the century. As a result of Globalization the world has witnessed increased interdependence in the last two decades; the main driving forces being technology, policy and competition. Developed nations with more advanced technologies are the major beneficiaries of globalization as against the developing countries. However, a review of the existing literature is undertaken on the implications of globalisation on the economic development of underdeveloped economies with particular attention on Nigeria. Globalization can be domesticated in the country through diversification of exports, technological advancement and expanded development cooperation with other countries in addition to strengthening the state against the dictates of foreign capital. All these accomplished, Nigeria could avail herself the benefits of globalization.

Keywords: Globalization, development, technology, underdeveloped economies.

**Introduction.**

The term Globalization was coined in 1986 in the context of the eight rounds of GATT negotiations – the Uruguay Round, 1990. From that time onward, various scholars in Africa and Europe began to focus attention on it. Globalization implies changing the way production is organized as required by the general dismantling of trade barriers and the free mobility of financial and productive capital. (Elena, 1998) Globalization also reflects the greater openness of national and international economies to greater flows of trade and market integration. (Aja and Emeribe 2000).

Today, Globalization has signified the culminating point of the exploitative metamorphosis of capitalism and inherited the tentacles and structures of neo-colonialism and imperialism like the World Trade Organization (WTO), international financial institutions like the International Monetary Fund (IMF) and World Bank and Multinational Corporations (MNCs). The engineering mechanism of Globalization remains the revolution in science and technology particularly as it affects transportation and electro-communications systems. The net result is the creation of a global village, a single market system, a global factory, a global office, and dangerous polarization between peoples and countries benefitting from the system and those that are merely recipients and reactionaries of the effects. It should be noted that the growth of Globalization has not had an equal effect everywhere. It is not expected to have even impact on countries, regions, economic groups and corporate enterprises in the world economic system. The gain or loss is a function of what roles and strategies every actor has for the single global market region. More still, Globalization has introduced new lines of imperialism. It is no longer the strong seeking to dominate and exploit the weak but the strong economies evolving corporate

strategies of penetration and exploiting one another. In the world scene today, there are the Japanization of America, Japanization of France, and Americanisation of Europe. (Aja 2001). It should however be noted that these developed economies all have strategic bargaining capacity and high-tech capacity to compete effectively among themselves which the underdeveloped economies lack. Globalization therefore, perpetuates and consolidates inequality between the developed and underdeveloped countries.

And since the driving engine of Globalization are high technology and capital, those who have them can compete effectively thereby benefitting rapidly from the system while those who do not will be reduced into dumping ground, enclaves of unproductive consumerism re-enslavement and re-colonization. These are the dual gaps of Globalization in contemporary international political economy where the western capitalist states rapidly get richer by the day and Third World countries rapidly get poorer by the hour. With particular reference to Nigeria, Globalization has created a pattern described by economists as “growth without development”. In the words of Ali Muzrui, Africa and indeed Nigeria has experienced urbanization without industrialization, western tastes without western skills, capitalist greed without capitalist discipline, western consumption patterns without western production techniques, western culture of letters without western culture of numbers. (Aja 2001:149). Again, Nigeria like so many underdeveloped countries of the world is in a deep trap of chronic poverty, instability, backwardness, over reliance on monolithic economy of oil production without procession, teeming population of non literate people, among other socio-economic and political problems.

Unlike the first two decades after independence in 1960 when Nigerian economy witnessed some expansion, the last two decades have witnessed progressive decline in its productivity and service sector. Today the oil sector accounts for over 87% of the foreign exchange earnings, the main operators in the sector being MNCs. The unprecedented growth in the economy which was brought about by the expansion in the production in crude oil has had little or no positive effect on the lives of the citizens. Also the mismanagement of the economy coupled with massive corruption among the ruling elite have paralyzed all major sectors of the economy – namely agriculture, manufacturing and the export sector (CDHR 1990 Annual Report: 138). Furthermore, the nakedness of an African girl on the streets today and the violence of the youths are obviously traceable to the rude intrusion of the Internet and satellite television and other electronic media of the West.

A critical look at the state of Nigerian economy today in the face of globalization shows that the economic sovereignty has been mortgaged by the ruling class to the external enemies represented by International Monetary Fund, the World Bank, the World Trade Organization and Multinational Corporations.

### **An Overview of Trends in Globalization**

The world is fast becoming a global village, a metaphor that is often invoked to depict global interdependence and the increasing interaction among and the integration of economic activities of human societies around the world (Ajayi, 2001). In concrete terms, globalization is the intensification of cross-border trade and increased financial and foreign direct investment flows among nations, promoted by rapid advances in and liberalization of communication and information technology (Islam, 1999; Aninat, 2002). Thus, globalization conjures the picture of a borderless world with greater economic integration that enhances the living standards of people across the globe. Even then, globalization is not a novelty in the development process. On the contrary, the late 19th century was a period of dramatic integration of the world economy as evidenced by the rapid expansion in world trade, the founding of the Latin Monetary Union in 1865 and the emergence of the gold standard in 1878 (Onwuka, 1998; O'Rourke and Williamson, 1999). Although the retreat into managed trade by the major trading countries between the first and second world wars dampened the outlook of global economic intercourse, the post-1945 multilateralism has virtually permeated all corners of the globe.

Since 1990, increased 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). Other benefits of globalization, which include exposure to new ideas and products, greater specialization and expanded opportunities for mergers and acquisitions, leading to growth in size and power of corporations, their increased competitiveness and efficiency in the

utilization of productive resources and major improvements in social development and human welfare are very well documented. The Multi-national Corporations (MNCs) or Transnational Corporations (TNCs) with their intensive integration of production, distribution and services globally provide the impetus for this process. Between 1990 and 2001, for instance, their stock of outward foreign direct investments (FDI) increased from 1.7 trillion dollars to 6.6 trillion dollars and in 2001 alone their sales of 19 trillion dollars were more than twice as high as world exports that year (UNCTAD, 2002a). No doubt, 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. And 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. 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 competitiveness as well as complements to domestic development resources in recipient countries (UNCTAD, 2001b). However, United Nations Conference on Trade and Development (2015) report shows that globalization policies are much more favourable to North America, Europe and some part of Asia compared to African countries whose economic, political and social growth has been stunted by some of these policies, hence their failure in benefiting from globalization.

While responsibility for global economic reform is ceded to the IMF and World Bank, the policies of these agents of globalization, controlled by the highly industrialized countries, have failed to narrow the gap between the richest 20 per cent of humanity and the poorest 20 per cent, which doubled between 1950 and 2000 (O' Rourke, 2002). Free trade and market forces, canvassed by globalization, are not closing this gap. Instead, they have contributed to widening it because after the Tokyo and Uruguay Rounds of trade liberalization in the 1980s and 1990s, the developing countries have ended up with 3 per cent more trade deficits and 2 per cent less economic growth in 2000 in comparison with the 1970s (Erb-Leoncarallo, 2000). The economic internationalization process while not removing national sovereignty subordinates domestic economies to global market conditions (Kwanashie, 1998). The transmission of shocks this entails can alter the prospects of growth particularly in uncompetitive economies. In this respect, the economic fortunes of developing countries are hostage to the forces of globalization. The East Asian financial crisis of 1997/1998 testifies to this assertion as the contagion which followed, affected the growth of many of them (UNCTAD, 1999; Bresciani et al., 2002). As we acknowledge the peculiar economic circumstances of developing countries, we also share the view canvassed by Onimode (2003) that the desirable policies for them even in the context of globalization are those that promote self reliance. This becomes imperative after the fact that globalization increases their dependence on foreign capital and the attendant exploitation impedes their growth, aggravates their poverty and intensifies their marginalization in the global economy. The message from these concerns is that globalization is more than the free interplay of market forces since economic questions cannot be divorced from social issues. That being the case, the foundation of globalization has to be strengthened with broadly shared values and practices that would also reflect the needs of developing regions, so that all countries could benefit from the globalization process.

#### **Conceptual Framework and Literature Review.**

The phenomenon of globalization is multi-dimensional and multifaceted and due to this, globalization does not lend itself to easy conceptualization; and like other concepts in social sciences, it is not amenable to a single, simple and straight definition. However, viewed from a general perspective the notion of globalization is broad and diverse. It is a process that encompasses political, economic, social and cultural dimensions that have been variously explained in different terms and contexts. Given this, globalization is connoted by scholars of different persuasions as internationalization, universalization, liberalization, westernization etc. Thus, the concept of 'global village' which has acquired household popularity is often invoked to capture the growing interdependence, the increasing interaction among states, and the integration of economic activities of human societies around the globe. In concrete terms, globalization is the intensification of cross-border trade, cross-border mergers, as well as increased

financial and foreign direct investment flows among nations; promoted by rapid advances in and liberalization of communication technology.

In the words of Ibrahim (2002:3) globalization is not a single unified phenomenon but rather “a syndrome of processes and activities, which embody a set of ideas and a policy framework organized around the global division of labour and power”. In a similar vein Aina (1996) forcefully submits that:

... any meaningful and relevant understanding of globalization... in Africa must go beyond the myths and ideologies of globalization... to the confrontation with the diverse but actual processes, how they unfold, their relationships with themselves and other social and economic relations and dynamics. Such an understanding must also recognize not only the complex but varied history of the processes being studied but it must reject a monolithic or homogenized understanding such as that found in the currently neo-liberal confrontation of the subject. ( Abubakar, 2001: 16).

There is therefore no unanimity of opinion on what constitutes globalization; neither is there a consensus concerning the extent of its advancement as a concept. In general, the phenomenon has been conceived from two contrasting paradigms namely globalization as interdependence and globalization as imperialism. Scholars of globalization as interdependence are of liberal persuasion. They see the concept as a framework of complex and growing interdependence among nations. The global socio-political and economic integration is viewed in the context of inter dependencies which has restructured the world into a new and all inclusive social pattern. They associate globalization with economic liberalization as a policy option for the development of the south through a process of free trade, investment and capital flows between countries.

Scholars of globalization as interdependence have consistently maintained that globalization is the rational end point of human development, and that it is capable of impacting positively on the life of state actors that integrate their economies. Fukuyama (1992) for instance, in his treatise 'The end of history and the last man' perceives globalization as universalization of western values. He proposed the celebration of a globalized world and the unabashed victory of political and economic liberalism that is evidenced in the triumph of western ideas and values and in the exhaustion of viable systematic alternatives to western liberalism. Rugumamu (1999:3) opines that globalization is not merely a buzzword; rather it is “a new paradigm in international economic relations which apparently signals the triumph of capitalism on a truly global scale following the end of the cold war, the collapse of the Soviet system and the dissolution of planned economies, particularly in Eastern Europe”. Scholte (2000) identifies globalization as deterritorialization or as spread of supra-territoriality. He opines that the phenomenon constitutes a transformation in the spatial organization of social relations and transactions. Proponents of globalization as inter-dependency therefore see a better world if nation states would realize and utilize to the maximum the opportunities presented by inter-dependency resulting from globalization. Their belief is hinged on the premise that interdependency has opened up the world, reduced the abuse of human rights, and eradicated, to a large extent, social and economic injustices by national governments.

Advocates of globalization as imperialism on the other hand are mainly of the radical persuasion and political economy genre. While the interdependence school of thought on globalization claims that interdependence is the reality of globalization and that it constitutes a positive development in world affairs, scholars who view globalization as imperialism insist that the phenomenon as it is today represents nothing but capitalism and imperialism. Ali Mazrui calls it “the new global imperialism”. Scholars that allude to the same position have proclaimed that globalization is a transformatory capitalist project, which can only serve to impoverish the underdeveloped nations on the fringe of the world capitalism. Claude Ake, for instance, sees globalization as a capitalist project that is structured to perpetuate the underdevelopment of Africa and other Third World countries. He construed globalization in terms of profit maximization, and perceptively referred to it as the march of capital across the world, in search of profits; a process that is facilitated by the expansion of multinational corporations, and driven by the technical advances in communication. In his words:

Globalization is about growing structural differentiation and functional integration in world economy; it is about growing interdependence across the globes, it is about the nation-state coming from under pressure from the surge of transnational phenomenon; about the emergence of a

global mass culture driven by mass advertising and technical advances in mass communication (Ake, 1995).

Alluding to Ake's contention, Madunagu (1999:53) sees globalization as the rapid expansion of capitalism. He believes that:

The rapid expansion, through giant multinational companies, of capitalism to several areas of the world, including areas where it had hitherto been resisted or put in check side by side with this expansion, is the phenomenal development of computer technology, telecommunication and transportation. The latter serve as the main vehicle of the former. Globalization is globalization of capitalism, not the globalization of a "neutral" economic system or globalization of post-capitalism as the imperial intellectuals and their slaves in the underdeveloped countries would have us believe.

Nabudere (2000) similarly submits that globalization is a capitalist economic project that is propelled by two contradictory movements – first, the tendency of economic globalization to create uniformities in the entire world; and second, the tendency of marginalization and fragmentation, which the phenomenon connotes. He summed up that these two processes make it possible for globalization to spread out its risk and losses throughout the global arena.

Thus, can it be contended that globalization appropriates development for one part of the world and underdevelopment for another. How has this been actualized? And what should be done in order to confront the challenges posed? There is no doubt that globalization has impacted differently on the two parts of the global system. While it strengthens the already developed advanced western countries, it marginalizes the peripheral economy of the Third World countries. Ninsin (2005) elegantly captures the scenario in his description of globalization as "the engine by which the economies of the world's weaker nations are being opened up and subjected to the hegemony of the developed capitalist economies". Oriakhi (2001:24) alludes to the same position when he states that "globalization superimposes the values of the North on the South by accelerating the successful penetration of capitalism and other bourgeois ethos into the nooks and corners of Asia, Latin America and Africa and the erstwhile non-capitalist states of Eastern Europe". In a seminal work, Esko Toyo insists that globalization is an alternative imperialist policy deliberately designed to maintain their structure of impoverishment on their satellite states (Toyo, 2000).

The two paradigms - globalization as interdependence and globalization as imperialism-generally reflect the deep ideological and political predilections of the different scholars. What is of more concern and relevance however is that globalization, from which ever perspective it is construed, has its merits and shortcomings; and as Bill Clinton, former US president, contends, it is "a fact and not a policy option" (Quoted by Lipalile, 2001: 295). Cuban President, Fidel Castro's position is equally germane. Globalization, to him, portends a law of history and the consequence of the development of the productive forces, or in simple terms, the development of science and technology (Ibid). Hence, in spite of its adverse effects, it is in the interest of a nation to harness whatever the benefits of globalization for upward national mobility.

### **Forces of Globalization**

According to Akinboye (2008) three main powerful forces that propel globalization in contemporary global environment can be discerned, namely, technological revolution, economic liberalization and democratic system of governance. (Usman, 1999:45-63; Kwanashie, 1999: 15-27).

One fundamental instrument that propels globalization today is the increasing transformation in technology, especially computer technology, and the evolution of low cost, global communications system which constitute major challenges that will dominate and fundamentally shape developments in the 21st century, particularly in the economic and financial sectors. (Usman, 1999:48). The revolution in computer technology, has led to the advancement of information technology, which has in turn enhanced the level of information transmission and business transactions across the global system. Indeed, the revolutionary changes that have occurred in computer technology since the latter part of the 20th century have brought about tremendous improvements in all facets of human endeavour.

Today, the use of computers has increasingly become quite commonplace in pure scientific research, social science and especially in managerial decisions. The significance of the strong force of technology can best be illustrated by reference to the financial system. Globalization and information technology have thrown up formidable challenges for national economies, especially the financial system, by reducing the world further into a global village, and as well by providing enormous information through a wide range of inter-connectivity. The interconnectivity (network) of computers or internet, has given rise to the development of Internet, which constitutes the largest network and largest reservoir of all types of information in the global system (Usman,1999). Information technology has equally provided tremendous opportunity for the exploitation of economies of scale, making for rapid growth and conferring comparative advantage to those that have access to it. Consequently, it is increasingly promoting the internationalization of productivity and markets, which is crucial to the globalization process (Ibid).

Another fundamental force in contemporary globalization process is economic liberalization, which has been embraced by virtually all countries and major international institutions within the global system. Economic liberalization refers to the process of achieving unobstructed economic activities. It seeks to remove all obstacles to trade, production and investment; emphasizes freedom of economic activities and dominance of private enterprises; and aims ultimately at the divorce of the state from the economy (Onyekpe, 2001:52). At the global level, economic liberalization attempts to make all economies fully open for free inter-penetration and inter-state access.

Issues relating to the forces of economic liberalization are generally more complicated and not as obvious as in technology. In pursuit of economic liberalization, the global system is polarized into various groups. In one group are the industrialized (G8) countries that work intimately with the world financial (IMF, World Bank) and Trade (WTO) institutions, and pursue a broad and ambitious agenda that attempt to build international capitalism on the foundations of open world trade and capital flows, privatization, balanced budget, freeing up of exchange controls and similar deregulation and liberalization measures (Usman, 1999:52).

In another group are the 'Asian- Tigers' who have, through economic liberalization process, achieved unprecedented growth in their fragile economies. The countries, in addition to economic liberalization, have used other policy instruments to expand Foreign Direct Investment (FDI) and attain higher economic growth. These include developing a strong production base; opening up of new investment areas; as well as designing and implementing sound macro-economic policies. They have also created a conducive climate and stable political and economic environment to attract foreign investments. These policy measures have enhanced the expansion of FDI in the countries, and led to their rapid growth and development. Other groups of countries that have achieved momentous feat as a result of economic liberalization include the transition economies of the Eastern Europe as well as the Latin American countries. Also included are the African States most of which have suffered tremendously from extreme poverty and lack of policy focus. Thus, it is obvious that economic liberalization is now a common feature among nation states.

It can therefore be rightly concluded that no country in contemporary world can really be an island unto itself, either due to its vibrant economic strength e.g. United States or because it decides to close its doors to the outside world like China successfully did in the past. The critical message of globalization in this context is that in the existing moment of integration of global markets, Nigeria and other developing nations have little choice but to try and join the globalization train despite of their disadvantaged position in the process.

The third major force of globalization in contemporary world is the general acceptance of democratic forms of governance. In modern political system, democracy is the preferred system of governance. This is in view of its relationship to good governance with its inherent features including rule of law, democratic participation, probity, integrity, and transparency. It is also preferred because it posits and insists that power springs from, and therefore belongs to the people and that those who exercise power should use it in the interest of the people, or at least, the majority of the people (Yusuf, 1994: 113). In addition, democracy demands unequivocally that while the majority should rule and even in most cases, have its way, the minority must be able to have its say, and its say must be listened to while

its rights must be respected and protected. Preference for democracy also springs from the fact that it demands that people should be availed equal opportunities to participate in the administrative and decision making machinery of the state; and that there should exist a free, fair and independent judiciary; equality of all before the law; supremacy of the law; and fundamental human rights for the people (Yusuf, 1994).

While there has previously been virulent anti-democratic tendencies and suppression of democratic rights of the people, the pendulum is today swinging in favour of democracy and democratic governance. Democracy, although varied in form, has in contemporary global system, become widely accepted as the form of governance that advances the interests and aspirations of the majority of the people. This is underscored by the failure of various authoritarian regimes including the erstwhile military and civilian dictatorships in many parts of the world, as well as the collapse of the communist system that provided for usurpation of power by a small clique of bureaucrats over everyone else in the society (Usman, Op. cit: 54). The manner of rejecting and isolating non-democratic regimes globally also attests to the changing fortune of democracy as a formidable force and most acceptable system of governance in the global system.

### **Globalization and Nigeria's Economic Development**

Globalization is a very uneven process with unequal distribution of its benefits and losses. This imbalance leads to polarization between the developed countries that gain, and the developing countries that lose out (Obadan, 2001). In this regard, the place of Nigeria in the globalization agenda is examined. Nigeria is economically weak due to inadequate domestic economic capacity and social infrastructure needed to boost the country's productivity, growth and competitiveness. Secondly, the economy is made weaker by mono-cultural dependency and unfavourable terms of trade in its export trade as well as excruciating debt and debt service burdens. And thirdly, before 1986, economic regimes were regulated and the country pursued expansionary fiscal and monetary policies in its development efforts (Obadan, 1998). These problems were exacerbated by political instability and corruption. As a result, investment choices were distorted, which eroded the confidence especially of foreign investors. Following the globalization trend, Nigeria has been liberalizing its economy. But the real sectors have had to function under conditions of unstable macro-economic management, inadequate technology and credit facilities. These have proved to be an obstacle to strengthening the productive base, especially of agriculture and industry, in order to make them export-oriented. Thus, in spite of the openness of the economy, external trade performance has not been encouraging as oil exports dominate Nigeria's foreign trade, accounting for more than 80 per cent of exports during the years under consideration. Food, agricultural raw materials and manufactures accounted for only 1 per cent of total export in 1990, but this fell to 0 per cent in 2000. In between that period, the country never exported ores and metals (World Bank, 2002). As a monocultural exporter, over 80 per cent of Nigeria's exports is made up of crude petroleum. But instability in the world oil market sometimes negatively affects oil exports, leading in such circumstances to declines in foreign exchange earnings. This partly explains the country's recourse to external funding in order to meet its development challenges. But external borrowing exposes Nigeria to indebtedness, which reached 29.8 billion dollars in 2002. The servicing of this debt depleted the national treasury by 1.2 billion dollars out of 10.7 billion dollars foreign exchange earned that year (Central Bank of Nigeria, 2002). By the end of 2004 Nigeria's external debt stood at approximately 36 billion dollars. However in October 2005 Nigeria and the Paris Club announced a final agreement for debt relief worth 18 billion dollars and an overall reduction of Nigeria's debt stock by 30 billion dollars. The deal was completed on April 21, 2006, when Nigeria made its final payment and its books were cleared of any Paris Club debts. (Todd, Centre for Global Development, CGD, 2010). However by December, 2017, Nigeria's external debts had again risen to 18.91 billion dollars (DMO, 2017). Financial market liberalization, also exposes the country to volatility and shocks. Yet, access to credits is granted to the country under strict conditionalities. Moreover, the shortfalls in servicing Nigeria's debt have led Export Credit Guarantee Agencies (ECGA) to suspend insurance cover for export of goods, services and investment to the country. Nigerian importers are also required to provide 100 per cent cover for all their order. As such, they are placed at competitive disadvantage to those who have

access to ECGA covers and import credit facilities (Debt Management Office, 2001). This situation exacerbates the pains of the external debt and hampers the inflow of foreign resources needed for the stimulation of investment and growth. FDI inflows to Nigeria amounted to 588 million dollars in 1990. This rose to 1,079 million dollars in 1995, but declined to 930 million dollars in 2000 (UNCTAD, 2002b). Worldwide FDI in 2001 were 823.8 billion dollars and Nigeria attracted only 1.1 billion dollars or 0.13 per cent of that amount. Although global FDI declined to 651.2 billion dollars in 2002, Nigeria increased her share to 0.19 per cent of such investments as she attracted 1.3 billion dollars of FDI that year (UNCTAD, 2003b). Nigeria's Foreign Direct Investment (FDI) stood at 959.5 million dollars in Dec 2017 representing 0.9% of global FDI inflows. The data reached an all-time high of 3.1 billion dollars in Dec 2012 and a record low of 501.8 million dollars in Dec 2015. (CBN, 2017). However, that share is meager and it is explained by the peripheral position of the country in the financial and profit calculations of industrialized nations and the country's marginalized status within the orbit of modern capitalism.

In discussing globalization vis-à-vis Nigeria's development, two issues deserve consideration. The first relates to the Washington Consensus. The Washington Consensus is a set of 10 economic policy prescriptions considered to constitute the "standard" reform package promoted for crisis-wracked developing countries by Washington, D.C.-based institutions such as the International Monetary Fund (IMF), World Bank and United States Department of the Treasury. The term was first used in 1989 by English economist John Williamson. The prescriptions encompassed policies in such areas as macroeconomic stabilization, economic opening with respect to both trade and investment, and the expansion of market forces within the domestic economy. The second, concerns the wisdom of opening the economy to international monopoly capitalism. In addressing these issues, we observe that the IMF/World Bank and their Western collaborators are satisfied with the peripheral role of Nigeria as an exporter of raw materials, especially crude petroleum, to and importer of manufactured goods from the West. In this connection, Stewart (2002) maintains that the capitalist need to sustain the import capacity of peripheral economies in order to facilitate continued production and maximize profits at the center explains why in the periphery countries, raw material exports are encouraged. In that event foreign exchange receipts are low, this makes external loan contraction inevitable for social and economic development. Nigeria is no exception to this rule. But then, contracted debts due for repayment, which the country cannot actually pay, are only being reprogrammed, not written off because their continued servicing helps to maintain financial stability at the center. But 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 regard, the diversification of domestic production is imperative. The unsustainable debt, which weighs the country down economically also needs to be tackled with faster and deeper debt relief by developed nations, while expanded development cooperation with them would strengthen the productive base of the Nigerian economy. The international financial architecture also requires to be broadened and deepened through global solidarity that would see increased inflows of foreign investments into the country. This accomplished, globalization would contribute to enhancing the living standards of Nigerians as the country joins the league of nations enjoying the benefits of that process.

### **Summary and Conclusion**

Nigeria's development impotence cannot be solely attributed to colonialism, neo-colonialism and imperialism as often perceptively advanced by scholars of radical persuasion; but also to its own weak domestic economic structure. There is therefore the necessity for the country to diversify its economic base in order to confront the challenges of contemporary globalization process and remain relevant in the scheme of world events. The economies of South East Asian Countries especially the Asian Tigers namely Taiwan, Hong Kong, Singapore and South Korea as well as Thailand, Malaysia and Vietnam are successful stories of how diversification has enhanced their economic developments. The success recorded by this Newly Industrialized Countries (NIC) can be duplicated by Nigeria in its current efforts toward economic transformation.

For instance, as a means of liberalizing its economy, revitalizing its financial sector and generating foreign exchange earnings, Thailand placed top priority on exports. Its economy was liberalized thus encouraging foreign investors. The country's manufacturing sector has emerged as a formidable engine of development in the kingdom with traditional exports in the agricultural sector performing quite successfully. In 1996, Thailand exported about US\$9 billion worth of goods to the European Union alone, and by 1997, the country's exports had become highly competitively priced for foreign buyers (Akinbobola, 1999:65).

Similarly, in the manufacturing sector, there has been a phenomenal increase in the exports categories. A dramatic development has been the automotive industry in which several big automobile makers have set up production lines in Thailand, thus making the country to become a regional leader in the production and exportation of automotive. In 1996, automotive exports to the European Union alone amounted to US\$205 million signifying an increase of 38% over the preceding year (The Economist, cited by Akinbobola: 66).

It is interesting to note however that in spite of Thailand's advent of high technology, the country has remained deeply committed to its agricultural base and has indeed emerged as one of the world's leaders in agro business. In general, Thailand has confronted the challenge of globalization by liberalizing its economy, embracing internationalization of capital and opening new markets across the length and breadth of the world. Hence, Thai's products (manufacturing and agricultural) are found all over American, European, Asian and African countries (Ibid). Nigeria can tremendously benefit from Thailand's experience. The Nigerian economy must be completely diversified rather than remaining mono-cultured.

Furthermore, there is the need to ensure a free competitive economy. Taiwan represents one of those Asian nations that have transited from government guidance to a free competitive economy, and thus liberalizing its economy for foreign investors. Today, there exists in Taiwan, foreign investments in construction, power generation, oil refining, real estate, telecommunications and gas stations. In concrete terms, foreign investment has been quite staggering. For instance, United States accumulated investment in Taiwan amount to US\$7 billion representing about 30% of total approved foreign investment in the country. Taiwan has huge foreign investments in South East Asian countries and all over the globe. The country also has a large chunk of human resources ready to be utilized by foreign firms. All these have been made possible because of the country's dynamic efforts towards a free competitive economic structure.

The challenges posed by globalization for Nigeria are multifarious. These are considered in the same manner that we articulated the forces that propel it. First, for the country to be fully integrated into the world economy and in order to harness the benefits of such integration, it must embark on serious technological revolution. As Shamsudden Usman pungently remarks, "the pervasiveness of technology is such that a country ignores it at its own peril" (Usman, Op cit: 56). In order to ensure technological revolution, the country's technological base must be developed. Science and technology should be made a formidable part of the key strategic area of its developmental effort. The need to fundamentally transform the nation's educational, health, agriculture and industrial development has therefore become an imperative demand.

Due attention must equally be focused on information technology and telecommunication. In contemporary global economy, information technology and the ability to use it are very critical. While computers and other electronic gadgets are already in place and do not need to be re-invented, there is the need to ensure that the enabling environment for their uses is provided. Hence, adequate basic infrastructures such as power supply and telecommunications must exist regularly and uninterruptedly. Similarly, industrialization, including manufacturing and fabrication should be re-invigorated, while agriculture should be re-positioned with mechanized farming fully embraced to enhance agricultural productivity.

The second challenge relates to economic liberalization. The liberalization policy of the 'Asian Tigers' tremendously enhanced their development. This entails liberalizing the economy, internationalizing of capital, opening new markets and attracting new investments. This poses a great challenge to Nigeria. We agree with Usman that the Nigerian economy must not only be diversified, but

also built on sound economic policies including those that will necessarily ensure increased domestic savings; continued reform of the domestic financial sector; opening up to foreign capital inflows, while simultaneously protecting the country from the huge destabilizing effects of short-term, speculative capital inflows; and together with other developing countries, continue to champion the necessity for the reform of the global financial system that ensures shared prosperity and a greater inducement to the development of the weaker countries (Ibid:58). In addition, the country should maintain a healthy investment climate that can be cashed on by foreign investors. It should also pursue efficient and effective economic management of the country's resources so as to raise the people's standard of living and overall economic development of the nation. It must be stressed however that in its bid to liberalize the economy, the unbridled activities of the Multinational Corporations in the country should be closely monitored and controlled so that the country will not be reaped off by foreign capital. The fact that globalization entails 'opening up' does not signify that the economy should be completely left uncontrolled.

Democracy constitutes the third challenge that globalization poses for Nigeria. Democracy has become an acceptable form of governance in the world system. Indeed, no authoritarian or dictatorial regime is fashionable any longer in the global environment. As observed by the UNDP National Human Development Report (2000/2001)

The end of the cold war provided a historic opportunity for a world-wide liberal democratic revolution. In view of the western industrialized market economies, the collapse of authoritarianism and socialist central planning has revalidated the claim of liberal democracy, the doctrine of individual freedom and popular democracy, as an ideology of potentially universal validity”.

Nigeria regained its civil rule in 1999 after about fifteen years of uninterrupted military dictatorship. The persuasive lack of democratic system of governance for several years had significantly deteriorated the developmental pace of the country. Following the restoration of civilian government therefore, there is the need for democracy to be fully entrenched and sustained. As stressed in the National Human Development Report, “there must be a strong and vibrant civil society, good governance, effective dynamic relationship between people and the government and entrusting the management of the state in the hands of men and women of high technical competence and integrity” (Ibid, p. 42). The country must be truly committed to, and demonstrate the capacity for good governance as a bedrock for a durable democracy.

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