NAME: OBIOHA WHITNEY .U.

MATRIC NO: 16/SMS01/018

DEPARTMENT: ECONOMICS

COURSE CODE: ECO 410

**ASSIGNMENT**

1. Globalization is the process of interaction and integration among people, companies, and governments worldwide. Globalization is considered by some as a form of capital expansion which entails the integration of local and national economies into a global, unregulated market economy. Globalization can also be said to be the spread of products, technology, information and jobs across national borders and cultures. It describes an interdependence of nations around the globe fostered through free trade.

CAUSES

What explains this globalization? It is certainly not attributable to conquest, the source of most previous historical episodes where a single economic system has held sway over a vast geographical terrain. The source lies instead in the development of technology. The costs of transport, of travel, and above all the costs of communicating information have fallen dramatically in the post-war period, almost entirely because of the progress of technology. A 3-minute telephone call from NIGERIA to the USA cost ₦1200 in 1985, whereas today it can cost as little as ₦30 per min, despite the fact that consumer prices have multiplied by over eight times in the intervening period. The first computers were lumbering away with piles of punched cards in the early post-war years, and telegrams provided the only rapid means of written communication. There was no fax or internet or e-mail or world-wide web, no PCs or satellites or cell-phones. Today we witness phenomena that no futurist dreamed of half a century ago, such as Indians with medical degrees residing in Bangalore who earn a living by acting as secretaries to American doctors by transcribing their tapes overnight. It is clearly the availability of cheap, rapid and reliable communications that permits such phenomena, just as this is the key to the integration of the international capital market. I presume the same factor is important in nurturing the growth of multinational corporations, since it is this which enables them to exploit their intellectual property efficiently in a variety of locations without losing the ability to maintain control from head office. But in this context I would surmise that other factors are also at work, such as the spread of consumer knowledge about what is available that comes from travel and from advertising, itself encouraged by the communications revolution and its children like CNN. The reduction in transport costs is also a key factor underlying the growth in trade. Of course, it needed a reasonably peaceful world to induce economic agents to exploit the opportunities for globalization presented by technological progress. But the technological basis for the phenomenon of globalization implies that, barring an end to the "Pax Americana" or else extremely vigorous conscious actions to reverse the process, globalization is here to stay.

CONSEQUENCES

Globalization certainly permits an increase in the level of global output. Whether as a result of the old Heckscher-Ohlin theory of the basis of comparative advantage as lying in different factor abundance in different countries, or as a result of the new trade theories that explain trade by increasing returns to scale, trade will increase world output. Likewise, FDI brings the best technology, and other forms of intellectual capital, to countries that would otherwise have to make do without it, or else invest substantial resources in reinventing the wheel for themselves. It may also bring products that would otherwise be unavailable to the countries where the investment occurs, which presumably increases the quality, and therefore the value, of world output. And international capital flows can transfer savings from countries where the marginal product of capital is low to those where it is high, which again increases world output.

Globalization must be expected to influence the distribution of income as well as its level. So far as the distribution of income between countries is concerned, standard theory would lead one to expect that all countries will benefit. Economists have long preached that trade is mutually beneficial, and most of us believe that the experience of widespread growth alongside rapidly growing trade in the post-war period serves to substantiate that. Similarly, most FDI goes where a multinational has intellectual capital that can contribute something to the local economy, and is therefore likely to be mutually beneficial to investor and recipient. And a flow of capital that finances a real investment is again likely to benefit both parties, since the yield on the investment is expected to be higher than the rate of interest the borrower has to pay, while that rate of interest is also likely to be higher than the lender could expect at home since otherwise there would have been no incentive to send it abroad. Loose talk about free trade making the rich countries richer and poor countries poorer finds no support in economic analysis. Nor is there any reason for supposing that the North benefits itself at the expense of the South by imposing import restrictions like non-tariff barriers or agricultural subsidies: standard theory says that, while this does indeed impoverish the South, the public in the North also suffers, and it loses more than the producers gain.

The effects on domestic income distribution are less clear. Standard theory says that trade will tend to hurt unskilled labour in rich countries and to help it in poor ones, since the poor countries will be able to export-labour-intensive goods like garments to rich countries, thus increasing the demand for unskilled labour in the poor countries and decreasing it in the rich ones.

What impact is globalization likely to have on the long-term possibilities of economic growth in developing countries? My vision of the growth process is that it takes off when the elite in a developing country comes to understand the opportunities of applying world-class technologies within their country, and introduces institutional arrangements that permit individual pursuit of self-interest to serve, in general, the social good. Once that happens the country is able to grow at a rapid rate, unless some political accident obstructs the process, until it catches up with best-practice technology, and therefore attains the living standards of the developed countries. Globalization is tending to make the technologies and the knowledge for this process to occur more readily available, and therefore to enable the process to be telescoped in time. (Singapore may be a small country, but there is no previous case in history of any country that did not enjoy massive resource discoveries going from stark poverty to affluence in under 30 years.)

MERITS/ADVANTAGES

1) Globalization would also reduce labour exploitation issues; When borders become less restrictive around the world, people tend to move to locations where their best opportunities exist. Under the current structure of our planet, impoverished nations with a lower standard of living offer wages that the developed world would find abysmal. Someone in Bangladesh making clothes for 10 hours per day earns less in a month than some workers in the U.S. earn before lunch. By focusing on globalization, we could reduce child labour issues. Human trafficking concerns would be limited because of more border freedom. People could live, work, or go where they please with fewer restrictions, making it easier to chase their dreams.

2) Globalization would help the developing world progress faster. Most of the world today is not developed. Outside of about 40 countries which have gone through their own version of the Industrial Revolution, the rest of the population still struggles as a primarily agricultural society. By reducing border restrictions, creating common payment formats, and opening product access by reducing export barriers, more people could improve their way of life. Higher incomes often lead to lower maternal and infant mortality rates too, which means we’d be saving lives with this effort.

3) There is cultural intermingling and each country is learning more about other cultures.

4) Competition between countries is supposed to drive prices down. In many cases this is not working because countries manipulate their currency to get a price advantage.

DEMERITS/DISADVANTAGES

1) There is also the chance that globalization would only help the wealthy; The people who have the power today are the ones who will drive the emphasis for globalization to become a reality. They are the individuals who will create policies, legislation, and frameworks that will bring the world closer together. There is one trait that most people who are in power share with each other: they wish to maintain it at any cost. The natural mechanisms of globalization are to rise the living standards of the poor by redistributing some of the wealth earned by the rich. That process could be manipulated by those in charge to benefit only their nations or communities instead. This issue could even make it more challenging to find meaningful employment.

2) Globalization can lead to financial problems. In the 1970s and 80s countries like Mexico, Thailand, Indonesia or Brazil got a lot of money from investors who hoped they could build up new businesses there. These new companies often didn’t work, so they had to close down and investors pulled out their money.

3) Human, animal and plant diseases can spread more quickly through globalization.

4) It could create adverse impacts for the global environment; The cultures that have already gone through the industrial revolution have created the issues with greenhouse gas emissions that 90+% of scientists around the world believe are a significant contributor to the processes of global warming. As our levels of trade increase globally, the amount of pollution we generate grows as well. With over 150 countries potentially needing an upgrade to their infrastructure, the environment would be set to take a significant hit to its health because of globalization.

The core indicators and drivers of globalization are as follows

* Computer data flow
* Electronic transfer
* Migration
* Troop movements
* Satellite communication
* Transportation
* International focus on the UN
* Communication
* Population
* Policy barriers

B. How do the drivers affect my home country ;

* Computer data flow : More specifically, the flow of digital information between countries, companies and citizens is increasingly recognized as a critical driver of economic growth and innovation, particularly in the age of the knowledge economy. The free flow of data across borders generates a wide range of positive economic impacts. It helps to create job opportunities for the citizens of the country . With the free flow of computer data citizens of Nigeria will be aware of job opportunities in the country which will be done through the internet where companies will put their job vacancies up on their sites or various job search engines and this will be able to improve the standard of living of people in Nigeria as they will now be able to earn a living which will be able to provide for their basic needs. Beyond the economic impact of free-flowing data, its effect on innovation is unequivocal. It allows the sharing of ideas and information, the dissemination of knowledge, and the collaboration of individuals, businesses and governments with one another, regardless of geographic boundaries. As highlighted by the World Economic Forum’s latest Global Information Technology Report, new types of innovation, such as changes to business models, look set to become an important part of the innovation story. And it is precisely the ability to transfer data across borders that is optimizing business operations and allowing companies to reimagine their approach. The free of flow of data has helped Nigerian business and operations to match that of top leading business in more developed counties.
* Migration: Globalization is a major driving force of international labour migration. Globalization has helped with the increase in mobility of labour across borders with my home county in the case of technology and capital. Globalization has made migration much easier through better communications, dissemination of information through mass media and improved transport, among others. It is the increasing trade and investment flows in my home county. Globalization forces have reinforced the movement of skilled workers who move with FDI flows and multinational investments. Professional managers, highly skilled persons and technicians are welcomed in my home county to attract foreign investments.
* Satellite communication: The communications satellite, an essential instrument of globalization, was first developed during the late 1950s and early 1960s. The popular media theorist Marshall McLuhan articulated his concept of the "global village" during the 1960s partly in response to the potential he perceived in this new technology. Satellites, in conjunction with telephone technology and, especially, broadcasting, created possibilities for global communications, education, and propaganda. It has helped my country in the following ways
1. Connecting remote assets: Business operations that extend to geographically remote environments depend on satellites to provide the critical communication means to conduct remote facility monitoring and real-time asset management at unmanned sites and offshore platforms.
2. Facilitating mobile banking and retail: Satellite can serve as the communications backbone that keeps wireless ATMs and mobile point-of-sales applications running smoothly across a broad geographical span. This has helped to improve a lot of businesses and improved the living of people in my home county.
3. Speed: The future landscape of the IoT involves the exchange of data between interconnected objects to facilitate quicker decision making and enhance business processes. As such, the emergence of IoT is therefore driving up the demand for high broadband speeds to support bandwidth-intensive applications in real time. Users need to invest in mobile satellite equipment designed to deliver industry-leading broadband speeds with ease.
* Transportation: This has improved from the olden days when people used to move around by feet and donkey but now people are able to move around with cars , ships and other means of communication and this has helped to improve the standard of living of people and also help to grow business as they can get expatriate from outside the county to improve their business.
* Population : The size of the population of a country is important for factor endowment differences between countries. If a certain economy has a large number of workers but only a small stock of physical capital, the country is labor-abundant and capital-poor. Such a country has an international competitive advantage in manufacturing labour-intensive products. Concerning international division of labour, it will specialize on the production and export of labour-intensive products.
* Policy barriers : It is this framework which decides whether cross-border activities are facilitated, made more difficult or even completely forbidden. Policy barriers to trade and investment on the part of the public sector also drives globalization.
1. Aswe know the global market and village has become a contagious spectacle in the recent years due to the implications of global policies and its environmental effects on the global market but the main question here is that is this relevantly true in the Nigerian case ? Let us critically analyze the policies of globalization and its environmental effects before justifying our answer with relevant examples.

 EFFECTS OF GLOBALIZATION ON GLOBAL MARKETS AND INTERNATIONAL TRADE

Globalization has resulted in greater interconnectedness among markets around the world and increased communication and awareness of business opportunities in the far corners of the globe. More investors can access new investment opportunities and study new markets at a greater distance than before. Potential risks and profit opportunities are within easier reach thanks to improved communications technology.Products and services previously available within one country are made available to new markets outside the country due to globalization. In addition, countries with positive relations between them are able to increasingly unify their economies through increased investment and trade.

Maintaining Competitiveness

Globalization has had the effect of increased competition. Companies are broadening their target area, expanding from local areas and home countries to the rest of the world. Suddenly, some companies are fighting strong competition from outside their home country. This forced them to source materials and outsource labor from other countries. This story of ‘sourcing and outsourcing’ turned many companies into global ones, actively seeking for production locations and partners for new ventures. Globalization has facilitated this and made the transition to global markets easier.

Technology and Efficiency

More advanced systems are needed to facilitate global trade. Globalization pushed us to create better systems to track international trade. ERP systems are one of the solutions provided to support global trade.

 Enterprise resource planning (ERP) is a process by which a company (often a manufacturer) manages and integrates the important parts of its business. An ERP management information system integrates areas such as planning, purchasing, inventory, sales, marketing, finance and human resources.

This technological innovation in global trade has enabled a more efficient environment. Technology empowers efficiency in global trade and reduces cost and time. In addition, production processes became more efficient due to globalization as companies want to maintain their competitive advantage.However, we still find a gap between globalization and blockchain. Blockchain could help companies become even more ‘global’. It helps companies to save time and money, storing data tamper-proof and improving communication.

The global policies have had an impact on the environment and on the global village over the years. This article is designated to overview how contagious the policies have been and the effect of the global policies, taking Nigeria as a case study.

For us to know the effect of the global policies, we have to understand the concept of global policies. Global policies are implementations made to make trade easier, faster and smoother. It is believed that trade is the engine of growth in every economy. so as to achieve growth and development in the economy, one must engage in trade. Global policies have been put in place to achieve the perks of economic growth and development. The commonly and prominent form of global policies that is implemented around the word is trade liberalization.

Trade liberalization, according to Investopedia “Trade liberalization is the removal or reduction of restrictions or barriers on the free exchange of goods between nations. These barriers include tariffs, such as duties and surcharges, and nontariff barriers, such as licensing rules and quotas. Economists often view the easing or eradication of these restrictions as steps to promote free trade”. The global policies have a magnitude influence on the Nigeria economy, as at today Nigeria is a member of the trade union known as organization of the petroleum of oil exporting countries(OPEC). The purpose of OPEC is to coordinate and unify the petroleum policies of its Member Countries and ensure the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital for those investing in the petroleum industry." OPEC determine the oil quota, the prices and unifies the petroleum policies. As at today oil accounts for 70% of Nigeria’s Gross domestic product(GDP) it also contributes approximately 80 percent of the Federal Government’s revenue and 90 percent of Nigeria’s export earnings

These statistics helps us understand that globalization has had a real impact on the Nigerian economy, as the economy depends on the exportation of oil to survive. Nigeria is a member of trade union which implements policies such as trade liberalization among its members. As a result of the union policies, Nigeria can trade their oil at a given price which stand at $65 per barrel as at today. It is with no doubt that just as global policies have effect on the global markets, Nigeria is not an exception as statistics has made us know that the exportation of oil which is greatly influenced by policies) of the trade union that she belongs to is the major source of revenue for the country