DIKE MADONNA NWABUOGO

17/SMS01/047

GLOBALIZATION

ECO 410 (ASSIGNMENT)

**QUESTIONS:**

1: Attempt an analysis of the concept of globalization. What are the core indicators and drivers?

2: How do these drivers or indicators affect the Nigerian Economic growth and development.

3: The global village has become a contagious one due to implications of policy and its environment effects as it affects the global markets. In your own view, is this true of the Nigerian case. Justify with clear examples.

**ANSWERS:**

1. Globalization is manifested in the growth of world trade as a proportion of output (the ratio of world imports to gross world product, GWP, has grown from some 7% in 1938 to about 10% in 1970 to over 18% in 1996). It is reflected in the explosion of foreign direct investment (FDI): FDI in developing countries has increased from $2.2 billion in 1970 to $154 billion in 1997. It has resulted also in national capital markets becoming increasingly integrated, to the point where some $1.3 trillion per day crosses the foreign exchange markets of the world, of which less than 2% is directly attributable to trade transactions.

While they cannot be measured with the same ease, some other features of globalization are perhaps even more interesting. An increasing share of consumption consists of goods that are available from the same companies almost anywhere in the world. The technology that is used to produce these goods is increasingly standardized and invariant to the location of production. Above all, ideas have increasingly become the common property of the whole of humanity.

This was brought home to me vividly by a conference that I attended four years ago, where we discussed the evolution of economic thought around the world during the half-century since World War Two (Coats 1997). We debated whether the increasing degree of convergence in economic thinking and technique, and the disappearance of national schools of economic thought, could more aptly be described as the internationalization, the homogenization, or the Americanization of economics. My own bottom line was that economics had indeed been largely internationalized, that it had been substantially homogenized, but only to a limited extent Americanized, for non-American economists continue to make central contributions to economic thought, as the Nobel Committee recognized by its award to Amartya Sen a few weeks before this conference took place. In the same vein, one of the more telling criticisms of my phrase "the Washington Consensus" was that the (substantial though certainly incomplete) consensus on economic policy extends far beyond Washington.

However, there are areas where globalization is incomplete, even in the economic sphere. In particular, migration is very far from being free. Highly skilled professionals have a relatively high degree of mobility, but those without skills often face obstacles in migrating to higher-wage countries. Despite the difficulties, substantial proportions of the labor forces of some countries are in fact working abroad: for example, around 10% of the Sri Lankan labor force is now abroad.

Moreover, globalization is much less of a reality in other fields than it is in the economic one. Culture still displays strong national, and even regional and local, variations. While English is clearly in the process of emerging to be a common world language, at least as a second language, minority languages are making something of a comeback, at least in developed countries. Sport is still very different around the world: The Americans have still not learnt to play cricket, and most of the rest of us have still not learned to understand what they see in baseball. Although the nation state is far less dominant than it used to be, with significant powers being devolved both downwards to regional and local authorities and upwards to international and in Europe to supranational institutions (and although "interfering in the internal affairs of another state" is less frowned on than formerly), politics is still organized primarily on the basis of nation-states.

**HISTORY OF GLOBALIZATION**

Globalization emerged before a few decades. The scholars and researchers is post-second world war and on the minimum post-cold war. Effective database on globalization in the fields of social sciences, humanities, political science, media, cultural studies, communication, film studies and international relations can be found out from 1970s or 1980s onward (Pie terse, 2012) and this era has been considered as most relevant as well as have accelerated global flows and effects

**Pre-historic period (10000 BC – 3500 BC)**

In the start of this human history, interaction among thousands of hunter all over the world was limited to geographical limitations and was coincidental. But the extent of social interaction changed dramatically when food cultivation was focused. Although, the process of globalization started but its magnitude was limited. Evidence showed centrally administered warfare, agriculture, bureaucracy and religion as key agents of social interaction which ultimately resulted in growing societies in different regions of the world.

**Pre-modern period (3500 BC – 1500 C)**

There was a dramatic change in globalization in this period because of invention of wheel (3000 BC) in South Asia and writing in central China, Egypt and Mesopotamia Invention of wheel encouraged huge infrastructural innovations like permanent roads (for example silk road) and animal-drawn cart that helped in transportation of goods as well as human resources to distant places. Major technological innovations of that time includes tapping of natural gas, hydraulic engine, paper printing, sophisticated metal working techniques and silk fabric. Irrigation system comprised of canals; not only encouraged productivity but also provided best transportation system. Furthermore, values of coinage encouraged the market and trade expansion.

**Early modern period (1500-1750)**

The term modernity and enlightenment have been associated with eighteenth century project of liberating thoughts. The remarkable advancement during these two centuries accelerated globalization. European benefited a lot from Islamic and Chinese innovations. European entrepreneurs laid the foundation of capitalist world system and resulted in the emergence of joint stock companies. Expansionistic desire of Europeans instigated them to seek for profitable sea routes, which encouraged the innovations like revised maritime technologies, postal system and advance navigation system.

**Modern period (1750-1970)**

Idea of globalization became at the stage of rapid growth in this period. Due to political and economic influences, significant level of networking and integration was visible in social, cultural and technological sectors. Level of world trade dramatically increased due to multinational banks, global pricing systems, railway system, mechanized ships and air transport. Furthermore, social interaction increased because of telegraph system that provides basis for telephones, mobile, internet and many other related inventions.

**Contemporary system (1970 onward)**

A dramatic expansion and acceleration of globalization is another quantum leap in its history. Now, the world is socially interconnected through mobile, social media, internet and electronic media, as well as, MNCs played their role in cultural integration. Global integration increased drastically due to technological advancement in this era.

**THE CORE INDICATORS/ DRIVERS OF GLOBALIZATION**

The main driving forces of globalization are:

-technology

-policy

-competition which subordinates domestic economies to global market conditions and practices

1. **EFFECT OF GLOBALIZATION DRIVERS ON ECONOMIC GROWTH AND DEVELOPMENT IN NIGERIA**

It is observed that globalization offers developing countries like Nigeria the opportunities to create wealth through the export-led growth, to expand international trade in goods and services and to gain access to new ideas, technologies and institutional designed. This means that globalization affects all aspects of Nigeria development including her economy. In essence, globalization offers many opportunities to Nigeria and other developing countries as well as other actors in the global economy.

Globalization has reduced barrier existing in international trade. The reduction in those barriers has opened the door for export led growth. For instance, Phillips (1991) notes that Nigerian economy has been mono-cultural since independence and has so much depended on the western countries for its survival.

In the 60s, Nigeria depended on agriculture for her revenue, which in turn, was used to provide life sustaining goods for the citizen. Then, Nigeria and other less developed economies exported raw-materials in form of cash crop such as Cocoa, Coffee, palm-produce Groundnut etc. The discovery of petroleum by Nigeria marked the turning point of Nigeria and by the turn of 1970, agriculture has been pushed to a distant background.

Also, in the 70s Nigeria witnessed oil boom which brought about major shift from agriculture to petroleum. The bulk of the revenue of Nigeria now comes from petroleum. Since then, Nigeria has depended heavily on crude oil and this has cause instability in the economy due to fluctuation in the price of crude oil in the world market.

Since globalization entails trade liberalization, it is therefore imperative that there is free and unrestricted movement of trade, finance and investment across the international border. The advantage here is that globalization allows Nigeria to export and import goods, capital and investment without restriction.

Globalization, has enriched the world economically, scientifically and culturally. This is because, globalization opens the economies to a wide variety of consumption of goods, new technology and knowledge.

Globalization offers economies with potentials of eradicating poverty. The reason for this belief may not be unconnected with the dramatic increase in prosperity that globalization has brought in its wake especially in South Korea, India and South Africa.

Through globalization, family’s income has increased three times 7 more than it did 50years ago. However, the situation is different in Nigeria where real income is decreasing. Through the Internet, globalization allows the access to ideas on new things and best practices in all areas of human endeavor. For instance, new design, production technology, new managerial practice etc. are made available you people, thereby enabling them to change their old practices. These may lead to acquisition or imitation of foreign products, technologies and cultural practices, which would have been made impossible without globalization. This means that Nigeria now has access to opportunities to acquire new things, ideas and technologies. Globalization is a process of intensified and broadened interdependence among nations.

Globalization creates global market place, which, with 5the development in communication technology, can be accessed by virtually any one from any location. Thus, opens up a world of opportunities for business and also link them to market, which was hitherto unknown to them. In this process, there is decrease the possibility of wars among nations.