Ukomadu david E

16/sms01/032

Eco 410

 Globalization is a multifaceted phenomenon which encompasses economic, social, political, technological and cultural dimensions. The basis of today’s technological advancements like supersonic jet planes and computer are based on earlier inventions like steam engine, cotton ginning, typewriter, telephone and electrical appliances. These inventions are further based on some previous inventions like the invention of wheel, domestication of wild animals & plants and finally migration of African ancestors at the dawn of human invention. Some scholars have deliberately limited the scope of globalization to the last four decades in order to understand the contemporary features of globalization. Others are trying to find the linkages of globalization in the ground breaking developments of 19th century. Even some others are looking back into the beginning of industrialism and capitalism for understanding globalization. Finally, few scholars reject the concept of confining globalization in few decades, rather according to them globalization is a process which has been unfolding for millennia. **Above mentioned history of globalization indicates that it is an ongoing process.** Intensity of globalization changes in the times of boom and recession. Many scholars are talking about the future of globalization. Some are worried about the impact of terrorism on globalization process. Some others have keen interest in the study of recent financial crisis. Economic globalization is one of the most powerful forces to have shaped the post-war world. In particular, international trade in goods and services has become increasingly important over the last 50 years, and international financial flows over the last 30 years. This documents quantitatively the process of globalization with respect to trade and finance. It then briefly goes beyond the causes of international economic integration to consider its effects, concluding that globalization is overall a good thing, not just with respect to economic growth but also when non-economic goals are taken into account. The Two major drivers of economic globalization are reduced costs to transportation and communication in the private sector, and reduced policy barriers to trade and investment on the part of the public sector. Technological progress and innovation have long been driving the costs of transportation and communication steadily lower. In the post-war period we have seen major further cost-saving advances.

 Countries have built economic partnerships to facilitate these movements over many centuries. But the term gained popularity after the Cold War in the early 1990s, as these cooperative arrangements shaped modern everyday life. Globalization can be traced as far back as the 18th century which dates back to the prominent era of mercantilism. Since ancient times, humans have sought distant places to settle, produce, and exchange goods enabled by improvements in technology and transportation. But not until the 19th century did global integration take off. Following centuries of European colonization and trade activity, that first “wave” of globalization was propelled by steamships, railroads, the telegraph, and other breakthroughs, and also by increasing economic cooperation among countries. The globalization trend eventually waned and crashed in the catastrophe of World War I, followed by post-war protectionism, the Great Depression, and World War II. After World War II in the mid-1940s, the United States led efforts to revive international trade and investment under negotiated ground rules, starting a second wave of globalization, which remains ongoing, though buffeted by periodic downturns and mounting political scrutiny. As a result of globalization, cross-cultural communication is more prominent than ever before, providing challenges for internal communicators who have to reach a variety of different audiences in different locations within their organization. This means that you can have a global workforce - the type that is based in different countries, in different time zones, with different cultural sensibilities, with different legislation and regulatory impositions all striving towards a common goal for your business despite these obstacles.

And while globalization isn’t a new phenomenon, its impact has been more pronounced in recent years. It is disrupting the way that industries all over the world operate, coupled with rapid advances in technology, putting the modern workplace into a constant state of flux, rapidly changing and developing and becoming increasingly difficult to define.

**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.

 **CORE INDICATORS**

 Globalisation as emerged as a result of rapid integration of national economies into global economic framework. These drivers are

**a**. Migration; Human migration is the movement of people from one place to another with the intentions of settling, permanently or temporarily at a new location (geographic region). People may migrate as individuals, in family units or in [large groups](https://en.wikipedia.org/wiki/Mass_migration). The movement is often over long distances and from one country to another, but [internal migration](https://en.wikipedia.org/wiki/Internal_migration) is also possible; indeed, this is the dominant form globally. The movement is often over long distances and from one country to another, but [internal migration](https://en.wikipedia.org/wiki/Internal_migration) is also possible; indeed, this is the dominant form globally. 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 many regions, which facilitated interest and awareness in migration.

b. Transportation and communication; Transport and communication are a way for us humans to overcome the barrier of physical distance. Communication is the passing of information or data from one source to another. Transport usually involves means of transport such as roadways, railways, air travel etc.

Transportation boosts trade in goods and contributes to the global economy as a cluster of service sectors. It includes carriage by air, by railway and trucks, and by sea.

Global communication and transportation is directly affected by the process of globalization, and helps to increase business opportunities, remove cultural barriers and develop a global village. Both globalization and global communication have changed the environmental, cultural, political and economic elements of the world.

**c**. Electronic transfer; electronic funds transfer (EFT) is the transfer of money from one bank account to another, either within a single financial institution or across multiple institutions, via computer-based systems, without the direct intervention of bank staff. Electronic banking contribute the globalization is essential in that it brings new technology which help improve banking services and infrastructure hence reduce fraudulent activities, new risk management techniques and increased confidence in the banking sector.

**d**. computer dataflow; globalization is not heading into reverse. Rather, it is entering a new phase defined by soaring flows of data and information. Using digital platforms and tools, they can sell in fast-growing markets while keeping virtual teams connected in real time. This is a moment for companies to rethink their organizational structures, products, assets, and competitors. It is projected to increase as flows of information, searches, communication, video, transactions, and intracompany traffic continue to surge. In addition to transmitting valuable streams of information and ideas in their own right, data flows enable the movement of goods, services, finance, and people. Virtually every type of cross-border transaction now has a digital component. Trade was once largely confined to advanced economies and their large multinational companies. Today, a more digital form of globalization has opened the door to developing countries, to small companies and start-ups, and to billions of individuals. Small and midsize enterprises worldwide have turned themselves into exporters by joining ecommerce marketplaces such as Alibaba, Amazon, eBay, Flipkart, and Rakuten. Approximately the global goods trade is conducted via international e-commerce. Today, even the smallest firms can compete with the largest multinationals. Individuals are using global digital platforms to learn, find work, showcase their talent, and build personal networks. Some people have international connections on social media, and take part in cross-border e-commerce. Digital platforms for both traditional employment and freelance assignments are beginning to create a more global labor market.

In this increasingly digital era of globalization, large companies can manage their international operations in a leaner, more efficient ways. Using digital platforms and tools, they can sell in fast-growing markets while keeping virtual teams connected in real time. This is a moment for companies to rethink their organizational structures, products, assets, and competitors. Global flows of all types support growth by raising productivity, and data flows are amplifying this effect by broadening participation and creating more efficient market.

**e**. troops movement; troops movement globalization is the process which embodies the growing extensity and intensity of military relations among the political units of the world system. This may be as a result of geopolitical order, great power rivalry, conflict and security relations.

**f**. satellite communication; A communications satellite is an artificial satellite that relays and amplifies radio telecommunications signals via a transponder; it creates a communication channel between a source transmitter and a receiver at different locations on Earth. **Satellite communication,** in [telecommunications](https://www.britannica.com/technology/telecommunication), the use of artificial [satellites](https://www.britannica.com/science/satellite) to provide communication links between various points on [Earth](https://www.britannica.com/place/Earth). Satellite communications play a vital role in the global telecommunications system. Artificial satellites orbiting Earth relay [analog](https://www.merriam-webster.com/dictionary/analog) and digital signals carrying voice, video, and data to and from one or many locations worldwide

**g**. international focus on the UN; The United Nations is an international organization founded in 1945 and committed to maintaining international peace and security; developing friendly relations among nations; promoting social progress, better living standards and human rights. globalization, roughly defined as the global integration of economies and societies,affects many aspects of young peoples' lives. Many countries have seen improvements in their welfare and educational systems as a consequence of globalization. It provides solutions to conflicts and formulates policies on international affairs but not makes laws. It plays a role in finding solutions that preserve the benefits of globalization while protecting those who suffer or have been left out. The UN should play a more important role.

1b. How the drivers affect the Nigerian growth and development?

The effects of globalization to the Nigerian economy include:

1) Increased specialization and efficiency: 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.

2) Better quality of products at reduced price// Globalization promotes the rapid output growth that will increase national income and as a consequence enhance higher standard of living of developing country like Nigeria.

 3) Economics of scale in production: Globalization creates global market places, which, with the development in communication technology, can be accessed by any person from any location. This opens up a world of opportunities for business and also links them to market.

4) Competitiveness and increased output:Globalization has reduced the barrier existing in international trade. The reduction in those barriers has opened the door for export led growth.

5) Technological improvement and increased managerial capabilities: Through the ICT, globalization allows the access to ideas on new things and best practices in all area of human endeavour. New designs, production technology, new managerial practices, etc. are made available to people, thereby helping them to change their old practices. These may lead to acquisition or imitation of foreign products, technologies and cultural practices

Others may include:

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 institutions.

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

**.** Globalization encourages research, since through the Internet; one can access websites of different authors, organizations, and companies in different countries of the world.

2) **The global village has become a contagious one, due to implications of policy and its environmental effects at affects the global markets. in your own view, is this true of the Nigerian case. Justify with clear examples.**

As we 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 analyse the policies of globalisation and its environmental effects before justifying our answer with relevant examples.

EFFECTS OF GLOBALISATION ON GLOBAL MARKETS AND INTERNATIONAL TRADE

Interconnectedness

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.

Companies could use smart contracts in which they can define their business rules. These smart contracts can be used when trading with other companies, creating an environment of trust. ModulTrade provides such a platform where companies can trade safely using smart contracts acting as an escrow, including all business criteria.

Globalization is central to understanding the Nigeria story, but it’s not a product of the 1970s or of Big Oil. The history of globalization and its local meanings run much deeper, and in some profound way are very much wrapped up — specifically for the Niger Delta — with a popular consciousness of the longue durée of the region’s in­corporation into a world market. There’s a photograph in the book that I just completed with the photographer Ed Kashi. It’s an aerial shot of a place called Bonny Island, located on the coast in southeastern Nigeria in the heart of the oil-producing Niger Delta. The photograph shows one of the largest liquefied natural gas plants in the world — leading-edge gas-to-fluids technology — and right next to it is the most unimaginable poverty — villages with no running water, no power, no functioning schools, no roads, or any infrastructure to speak of. It’s an extra­ordinary juxtaposition — the vast potential of 21st-century oil cheek by jowl with an almost pre-modern deprivation and poverty. Nigeria has been part of global markets for 500 years, a history captured in Bonny Island itself. The photograph shows huge oil tankers plying the Cawthorne Channel, which links Bonny to the Atlantic Ocean. A century ago those tankers would have been steamships coming for palm oil, which was critical for lubricants and soaps in an emerging industrial economy. From the mid-19th century throughout the colonial period, the Niger Delta was the heart of the global palm oil industry. And 200 years before that, we would have seen slave ships in the Cawthorne Channel. Bonny was one of the main arterial points for the assemblage of slave labor prior to the horrors of the Mid­dle Passage. There’s a type of terrifying historical continuity in this history of Nigeria’s central involvement with world markets, as a supplier of, initially, slaves, then other commodities, and now a particular type of hydrocarbon, all of which have been central to the emergence of modernity itself.