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**ECO 410: GLOBALIZATION ASSIGNMENT**

QUESTION 1A

WHAT IS GLOBALIZATION?

Globalization in a lay man’s term is growth/increase/spread to a worldwide scale.

Globalization simply put is the interaction of people, goods and services through markets, technological development and governments of different nations. According to the Dictionary of Economics (Bannock et al., 2003), the term; globalization, is defined as the ‘geographical shifts in domestic activity around the world and away from the nation states.’ It can also be referred to the interdependence of economies, through the increase in cross-border movement of goods, service, technology and capital (Joshi, 2009). Examples of such integrations can be seen in the growing presence of many multinational companies as they expand into new regions (i.e. Shell,Nestle, McDonalds,……….) and the outsourcing of manufacturing and services.

Globalization has existed since time immemorial, but was not given much attention hence, the lack of proper documentation. Every literature that has been put together on globalization is based on the depth of studies and findings of the researchers. Some date it as far back as the 13th century but it has gained much attention in recent times. According to modern history, there are four (4) phases of globalization as follows;

1. The first phase: 16th century
2. The second phase: Late 18th century
3. The third phase: 20th century
4. The fourth/modern phase: 21st century till date

Truly global trade kicked off in the Age of Discovery. It was in this era, from the end of the 15th century onwards, that European explorers connected East and West – and accidentally discovered the Americas. Aided by the discoveries of the so-called “Scientific Revolution” in the fields of astronomy, mechanics, physics and shipping, the Portuguese, Spanish and later the Dutch and the English first “discovered”, then subjugated, and finally integrated new lands in their economies.

The Age of Discovery rocked the world. The most (in)famous “discovery” is that of America by Columbus, which all but ended pre-Colombian civilizations. But the most consequential exploration was the circumnavigation by Magellan: it opened the door to the Spice islands, cutting out Arab and Italian middlemen. While trade once again remained small compared to total GDP, it certainly altered people’s lives. Potatoes, tomatoes, coffee and chocolate were introduced in Europe, and the price of spices fell steeply.

Yet economists today still don’t truly regard this era as one of true globalization. Trade certainly started to become global, and it had even been the main reason for starting the Age of Discovery. But the resulting global economy was still very much siloed and lopsided. The European empires set up global supply chains, but mostly with those colonies they owned. Moreover, their colonial model was chiefly one of exploitation, including the shameful legacy of the slave trade. The empires thus created both a mercantilist and a colonial economy, but not a truly globalized one.

The Industrial Revolution in Britain propelled the first wave of globalization

FIRST WAVE OF GLOBALIZATION (19th CENTURY-1914)

This started to change with the first wave of globalization, which roughly occurred over the century ending in 1914. By the end of the 18th century, Great Britain had started to dominate the world both geographically, through the establishment of the British Empire, and technologically, with innovations like the steam engine, the industrial weaving machine and more. It was the era of the First Industrial Revolution.

The “British” Industrial Revolution made for a fantastic twin engine of global trade. On the one hand, steamships and trains could transport goods over thousands of miles, both within countries and across countries. On the other hand, its industrialization allowed Britain to make products that were in demand all over the world, like iron, textiles and manufactured goods. “With its advanced industrial technologies,” the BBC recently wrote, looking back to the era, “Britain was able to attack a huge and rapidly expanding international market.”

The resulting globalization was obvious in the numbers. For about a century, trade grew on average 3% per year. That growth rate propelled exports from a share of 6% of global GDP in the early 19th century, to 14% on the eve of World War I. As John Maynard Keynes, the economist, observed: “The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole Earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep.”

And, Keynes also noted, a similar situation was also true in the world of investing. Those with the means in New York, Paris, London or Berlin could also invest in internationally active joint stock companies. One of those, the French Compagnie de Suez, constructed the Suez Canal, connecting the Mediterranean with the Indian Ocean and opened yet another artery of world trade. Others built railways in India, or managed mines in African colonies. Foreign direct investment, too, was globalizing.

While Britain was the country that benefited most from this globalization, as it had the most capital and technology, others did too, by exporting other goods. The invention of the refrigerated cargo ship or “reefer ship” in the 1870s, for example, allowed for countries like Argentina and Uruguay, to enter their golden age. They started to mass export meat, from cattle grown on their vast lands. Other countries, too, started to specialize their production in those fields in which they were most competitive.

But the first wave of globalization and industrialization also coincided with darker events, too. By the end of the 19th century, the Khan Academy notes, “most [globalizing and industrialized] European nations grabbed for a piece of Africa, and by 1900 the only independent country left on the continent was Ethiopia”. In a similarly negative vein, large countries like India, China, Mexico or Japan, which were previously powers to reckon with, were not either not able or not allowed to adapt to the industrial and global trends. Either the Western powers put restraints on their independent development, or they were otherwise outcompeted because of their lack of access to capital or technology. Finally, many workers in the industrialized nations also did not benefit from globalization, their work commoditized by industrial machinery, or their output undercut by foreign imports.

THE WORLD WARS

It was a situation that was bound to end in a major crisis, and it did. In 1914, the outbreak of World War I brought an end to just about everything the burgeoning high society of the West had gotten so used to, including globalization. The ravage was complete. Millions of soldiers died in battle, millions of civilians died as collateral damage, war replaced trade, destruction replaced construction, and countries closed their borders yet again.

In the years between the world wars, the financial markets, which were still connected in a global web, caused a further breakdown of the global economy and its links. The Great Depression in the US led to the end of the boom in South America, and a run on the banks in many other parts of the world. Another world war followed in 1939-1945. By the end of World War II, trade as a percentage of world GDP had fallen to 5% – a level not seen in more than a hundred years.

SECOND AND THIRD WAVE OF GLOBALIZATION

The story of globalization, however, was not over. The end of the World War II marked a new beginning for the global economy. Under the leadership of a new hegemon, the United States of America, and aided by the technologies of the Second Industrial Revolution, like the car and the plane, global trade started to rise once again. At first, this happened in two separate tracks, as the Iron Curtain divided the world into two spheres of influence. But as of 1989, when the Iron Curtain fell, globalization became a truly global phenomenon.

In the early decades after World War II, institutions like the European Union, and other free trade vehicles championed by the US were responsible for much of the increase in international trade. In the Soviet Union, there was a similar increase in trade, albeit through centralized planning rather than the free market. The effect was profound. Worldwide, trade once again rose to 1914 levels: in 1989, export once again counted for 14% of global GDP. It was paired with a steep rise in middle-class incomes in the West.

Then, when the wall dividing East and West fell in Germany, and the Soviet Union collapsed, globalization became an all-conquering force. The newly created World Trade Organization (WTO) encouraged nations all over the world to enter into free-trade agreements, and most of them did, including many newly independent ones. In 2001, even China, which for the better part of the 20th century had been a secluded, agrarian economy, became a member of the WTO, and started to manufacture for the world. In this “new” world, the US set the tone and led the way, but many others benefited in their slipstream.

At the same time, a new technology from the Third Industrial Revolution, the internet, connected people all over the world in an even more direct way. The orders Keynes could place by phone in 1914 could now be placed over the internet. Instead of having them delivered in a few weeks, they would arrive at one’s doorstep in a few days. What was more, the internet also allowed for a further global integration of value chains. You could do R&D in one country, sourcing in others, production in yet another, and distribution all over the world.

The result has been a globalization on steroids. In the 2000s, global exports reached a milestone, as they rose to about a quarter of global GDP. Trade, the sum of imports and exports, consequentially grew to about half of world GDP. In some countries, like Singapore, Belgium, or others, trade is worth much more than 100% of GDP. A majority of global population has benefited from this: more people than ever before belong to the global middle class, and hundred of millions achieved that status by participating in the global economy.

MODERN DAY GLOBALIZATION

That brings us to today, when a new wave of globalization is once again upon us. In a world increasingly dominated by two global powers, the US and China, the new frontier of globalization is the cyber world. The digital economy, in its infancy during the third wave of globalization, is now becoming a force to reckon with through e-commerce, digital services, 3D printing. It is further enabled by artificial intelligence, but threatened by cross-border hacking and cyberattacks.

At the same time, a negative globalization is expanding too, through the global effect of climate change. Pollution in one part of the world leads to extreme weather events in another. And the cutting of forests in the few “green lungs” the world has left, like the Amazon rainforest, has a further devastating effect on not just the world’s biodiversity, but its capacity to cope with hazardous greenhouse gas emissions.

But as this new wave of globalization is reaching our shores, many of the world’s people are turning their backs on it. In the West particularly, many middle-class workers are fed up with a political and economic system that resulted in economic inequality, social instability, and – in some countries – mass immigration, even if it also led to economic growth and cheaper products. Protectionism, trade wars and immigration stops are once again the order of the day in many countries.

As a percentage of GDP, global exports have stalled and even started to go in reverse slightly. As a political ideology, “globalism”, or the idea that one should take a global perspective, is on the wane. And internationally, the power that propelled the world to its highest level of globalization ever, the United States, is backing away from its role as policeman and trade champion of the world.

It was in this world that Chinese president Xi Jinping addressed the topic globalization in a speech in Davos in January 2017. “Some blame economic globalization for the chaos in the world,” he said. “It has now become the Pandora’s box in the eyes of many.” But, he continued, “we came to the conclusion that integration into the global economy is a historical trend. [It] is the big ocean that you cannot escape from.” He went on the propose a more inclusive globalization, and to rally nations to join in China’s new project for international trade, “Belt and road.

CORE INDICATORS AND DRIVERS OF GLOBALIZATION

The drivers of globalization are;

1. Transportation and communications
2. Troops movement
3. Satellite communication
4. International focus on the United Nations (UN)
5. Migration
6. Electronic transfers
7. Computer data flow

The indicators of a globalized economy are;

1. Inflation rate
2. Employment rate
3. Welfare
4. Gross Domestic Product(GDP)

QUESTION 1B

1. Electronic transfers: This has in recent times, helped to reduce the stress of buyers and sellers through online transactions, whereby with or without the parties knowing themselves personally, if there is a level of trust established. Funds, goods and services are exchanged seamlessly in the blink of an eye. Examples are online stores like Jumia, Konga, Jiji, et cetera social media business, and logistics services like DHL, Fedex, Danaike et cetera, also online cash transactions with commissions on different banking applications which has made life easier for people through the ease of doing business in a safe, secure and hitch free environment. This has a positive relationship with the economic growth and development at it is seen to have increased welfare, employment rates of individuals in the country, thereby increasing our GDP.
2. Transportation and communications: Transportation being the movement of people and goods from one point to another can be done through land, water or air. This has brought about an increase in the revenue and Foreign Direct Investment (FDI) of Nigeria and an improvement in the standard of living of people through the improvements in activities of the maritime industry, aerospace/aviation industry and the railway and road transportation agencies. Transportation agency plays the main role in imports and exports through the aid of proper communications between parties of where goods are demanded and where they can be supplied from hence, multiplying mobility and facilitating exchange of information about goods and services.
3. Satellite communication: This is a very essential part of the state’s economic growth and development as communication satellite would boost access to broadband and the advances in broadband access technologies would drive demand for additional capacity on network backbones. This will support emerging applications such as tele-presence, which requires substantial bandwidth.

Also, The fundamental goal of Nigeria’s space programme is geared towards sustainable development and security including disaster and environmental monitoring, scientific research and development, human capacity development and security intelligence. NASRDA boasts of making far-reaching and productive use of the satellites, from precision farming to tele-medicine, tele-education, national mapping, and surveillance in the troubled North-Eastern region of Nigeria.

The space agency has donated more than 4000 satellite images estimated to be worth 3 billion Naira (about USD 8.3 million) to Nigerian universities and research institutions using NigeriaSat-1 alone. In 2007, the government mandated the space agency to carry out a detailed resource inventory of Nigeria for national planning. NASRDA successfully carried out the project, helping the nation save over 4 billion Naira (USD 11 million). The NigeriaSat-1 satellite produced several high-resolution images of Nigeria . The satellite images were used to develop Nigeria’s settlement map at a scale of 1:100,000 as well as the first Nigerian Satellite Atlas, a project that is valued at 3 billion Naira (about USD 8.3 million). In all, NigeriaSat-1 directly contributed over 10.5 billion Naira (about USD 29 million) to Nigeria’s economy within its first 9 years in orbit.

With the launch of NigeriaSat-2 & X in August 2011, NASRDA commenced the second phase of resource inventory mapping for the government. The agency has already completed detailed resource inventory mapping in South-West and North-Central Nigeria (excluding Benue State) at a scale of 1:50,000. The project was estimated to be worth 5 billion Naira (about USD 13.8 million) upon completion.

In 2013, Nigeria’s Independent National Electoral Commission (INEC) called on NASRDA to play a frontline role in the Constituency Delineation project for mapping of Nigeria’s internal boundaries for electoral purposes. INEC relied on NASRDA to produce hard and soft copies of high-resolution images of the entire country.

The other part of Nigeria’s earth observation satellite programme involves supporting universities and research institutions with free data for academic research. NASRDA has donated 4.5 billion Naira (USD 12.4 million) worth of images from NigeriaSat-X to 35 Nigerian universities.

1. Migration: The movement of people into Nigeria has improved the standard of skills which her labour has, thereby improving the quality of output, which directly boosts GDP. These allows increase in FDI, business skills and general standard of living. On the other hand, emigrants remit a percentage of their income to their home country which also boosts GDP.

QUESTION 2

The global village is indeed a contagious one due to the webbed market structures which implies an interdependence of open economies. The policies made in ally countries or trade blocs/ unions / agreements which a state such as Nigeria belongs to will directly affect her economic activities because every decision made is binding on the country.

Nigeria’s interaction with the international market will help to boost their abilities to negotiate with different countries in the wold eg belonging to a bloc like ECOWAS or a Union like AfCFTA Nigeria has a lot to gain from increasing access to its goods and services to a wider African market and even on the continental space through reduction in trade barriers and tariffs.

Environmental policies that seek to protect the ozone layer such as those on crude oil exploration (and gas flaring) limits, ban on deforestation, hunting which causes a depletion in biodiversity, recycling, awareness on global warming and greenhouse gas emissions also have great effects on Nigeria’s economic growth.

The visibility that Nigeria enjoys both at the African continental level and the global level has been matched by corresponding leadership position in international organizations. For example, Nigeria was President of the UN Security Council in July 2010 and October 2011. Also, President Jonathan was the Chairman of the D-8 from 2010 to 2012, during which the new organization can be said to have been successfully nurtured and guided to pursue its vision empowering the private sector in members-state countries to be the driving force behind their respective development agendas in accordance with the ‘Abuja Declaration of 2010’. Issues of particular interest and concern to continental Africa and other developing countries have equally been championed by Nigeria at the United Nations. Such include trade imbalance between the rich and poor countries and accessibility to the Northern markets, paucity of technical and financial assistance, illegal capital flight from Africa, and debt crisis. On the debt crisis, Nigeria wanted debt relief for developing countries as “an urgent matter of social and economic injustices” (Obasanjo 1999). Nigeria actively used multilateral diplomacy in its engagement with the International Monetary Fund (IMF) and World Bank on the issue of debt relief for poor nations. Nigeria has continued to demonstrate marked support for the reform of the UN Security Council. At the 68th Session of the General Assembly of the United Nations, President Jonathan re-echoed the need to accommodate the African continent in the permanent membership of the Security Council (Jonathan 2013).

In the past, Nigeria has sent troops to Congo as part of the UN peace-keeping Force (ONUC), and recently it has participated in several peace-keeping operations and promoted African perspectives to conflict resolution as defined in the AU and ECOWAS peace and security architecture. The resolution of the many ranging conflicts on the continent is an important element in the country’s diplomacy. Nigeria sponsored resolutions 1962 (2011) and 1975 (2011), which ended the Ivory Coast conflict, worked for political and economic stability in Guinea Bissau through the UN Office in West Africa (UNOWA), and contributed to the renewal of the UN Integrated Peace Building office in Guinea Bissau (UNIOGBIS). The country has used the platform of the UN to solicit for “African solutions to African conflicts”. In this regard, it has continued to popularize the essence and relevance of regional and sub-regional organizations in regional security and peace-building process, aligning its positions with those of regional bodies such as the ECOWAS and AU. While the UN represents the global system, the Commonwealth, though not a regional organization in the strict sense of it, is an important element to which Nigeria necessarily must respond. Since the return to civil rule and the eventual readmission of Nigeria to the Commonwealth, it has worked actively towards the evolution of a modern Commonwealth (see Adefuye 2004). Nigeria’s intervention in the Zimbabwe crisis was a demonstration of its influence within the Commonwealth. Nigeria organized and chaired the discussion of the group of Commonwealth ministers from Australia, Canada, UK, Jamaica, Malaysia, South Africa, Zimbabwe, and Kenya to find amicable solutions.

Nigeria’s support for democracy and good governance has been mostly promoted using regional bodies, notably the AU and ECOWAS. Within the ECOWAS, Nigeria stood by the relevant principles in the Revised Treaty of the Economic Community of West African States and other declarations in support of good governance. At the level of the AU, the relevant provisions of the Treaty establishing the AU and the NEPAD procedures and mechanisms have guided the country’s diplomacy and its pursuit of its national interests. To this end, Nigeria has ratified and deposited the instrument of ratification of the African Charter on Democracy, Elections and Governance with the AU. Also, Nigeria has provided material and other forms of support to the democratic electoral processes in Guinea Bissau, Mali, Senegal, Liberia, Ghana, Niger, and other countries in Africa. Of greater importance is the country’s leadership in providing ideas for the transformation and renewal of the continent, including Africa’s engagements with the rest of the world (Adetula 2014).

The Agenda for National Transformation of the Jonathan administration was aligned to the use of the administration’s foreign policy to attract greater foreign direct investment to accelerate domestic growth and create jobs (Ashiru, 2013). The scorecards of the country’s economic diplomacy and search for foreign investors, however, revealed only modest accomplishments. According to Ambassador Olugbenga Ashiru, former Minister of Foreign Affairs, “A prominent component of the country’s economic diplomacy is the involvement of the organised private sector”. In collaboration with the Ministry of Trade and Investment and the Organized Private Sector (OPS), Nigeria established investment centers in six zones of the World (Ashiru, 2013). This collaboration has led to Nigeria’s co-operation with countries like Australia and Brazil in sectors such as mining, energy, agriculture, and others. Bilateral National Commissions (BNC) have come up as key instruments for managing some of the new partnerships with foreign investors, including Western states such as the United States, the United Kingdom, and Germany. Within the BNC framework, investors have shown interest in sectors like energy, military, agriculture, food security, and many others.

The new global environment provides opportunity for the consolidation of neoliberalism and the dominance of the market forces. This has significant impact on the principles and practice of international relation including how diplomacy is now being conducted. For instance, the promotion of democracy and good governance, as well as commitment to neoliberal economic reform, have now become important criteria for assessing states in the international system. On the evidence of Nigeria, the liberal democratic system in the country is still in its infancy and it has not earned much respect from the United States and some other Western countries. However, while Nigeria’s democratic experiment has not earned it the respect of the Western countries, the latter have maintained close economic relationship with the country, most arguably for its natural resources and large market. There are indications to suggest that the strong economic ties between Nigeria and Western countries have spilled over to the security sector, with both the United States and United Kingdom providing assistance and support to help Nigeria address security challenges. Nigeria’s rising GDP and other impressive economic indicators have attracted the attention of key international institutions whose policies and programs are often West-centric. Thus, it is understandable why the announcement of the rebasing of Nigeria’s economy was received in the Western world as a welcome development with bright prospect for closer economic and diplomatic relations.

As Nigeria’s problem of domestic insecurity continues to attract global attention, Western countries especially have shown marked interest in helping the country to overcome the challenge of terrorism and civil unrest the Niger Delta. As the activities and operations of the insurgents spread across Nigeria to other countries in West and Central Africa, the United States and some European powers, notably France and the UK, have pledged further assistance to Nigeria to enable the government combat terrorism (Goldsmith, 2014). The extent of support for Nigeria in its travail with terrorism and insurgency to some extent suggests global acknowledgement of Nigeria’s status and role in regional and global politics. Although it is plausible to argue that the overwhelming support for Nigeria is security-related and may not be directly related to the growth in the Nigerian economy. While this is true, however, political-diplomatic engagements and economic development thrive better in a secured environment. The powerful states that have stakes in Nigeria would necessarily be interested in its domestic security. For example, the United States, France, United Kingdom, and other Western countries are interested in ensuring domestic security in Nigeria, which in turn help to secure Western capital in the country as well as reduce the risk of investment and international trade. Nigeria’s participation at the recent US-Africa Leaders’ Summit can be interpreted as an indication of growing recognition of Nigeria’s status as a regional leader. While the United States and other European powers are positioning themselves for closer ties with Nigeria and Africa generally, the emergent global powers notably China and India have also demonstrated continued interests in the Nigerian economy.