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QUESTION 1A.

ATTEMPT AN ANALYSIS ON THE CONCEPT OF GLOBALIZATION. WHAT ARE THE CORE INDICATORS AND DRIVERS?

Globalization is the process of interaction and integration among people, companies, and governments Worldwide, as a complex and multifaceted phenomenon, globalization is considered by some as a form of capitalist expansion which entails the integration of local and national economies into a global, unregulated market economy.[1] Globalization has grown due to advances in transportation and communication technology With the increased global interactions comes the growth of international trade, ideas and culture Globalization is primarily an economic process of interaction and integration that's associated with social and cultural aspects. However, conflicts and diplomacy are also large parts of the history of globalization, and modern globalization.

According to the Dictionary of Economics (Bannock et al., 2003), the term; globalisation, 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. McDonalds, KFC) and the outsourcing of manufacturing and services.

Throughout time, human societies’ exchanging trade has been growing with trade taking place between lands at great distances, such as through the famed Silk Road across Central Asia that connected China and Europe during the middle ages. Likewise, for centuries, people and corporations have invested in enterprises in other countries. In fact, many of the features of the current wave of globalization are similar to those prevailing before the outbreak of the First World War in 1914, but policies and technological developments of the past few decades have spurred increases in cross-border trade, investment, and migration in the global economy.

Since the old times, different civilizations have developed commercial trade routes and experienced cultural exchanges. And as well, the migratory phenomenon has also been contributing to these populational exchanges. Especially nowadays, since traveling became quicker, more comfortable, and more affordable.This phenomenon has continued throughout history, notably through military conquests and exploration expeditions. But it wasn’t until technological advances in transportation and communication that globalization speeded up. It was particularly after the second half of the 20th century that world trades accelerated in such a dimension and speed that the term “globalization” started to be commonly used.

The process of globalisation is associated with the grounded theory of comparative advantage and thus it implies that the countries must be good at the production of different good and services. The countries that are good at producing different types of good will be benefitted through the trading process and thus it will be easier to handle the wage differential process. This will help the country to gain with the help of comparative advantage and thus carry out the trading process in a smooth way. It is the responsibility of different countries to subscribe to the rules and thus they can oversee the terms of trade of the country. The UN and the other related bodies will agree to follow the principles and thus open up for international trading process. There are different dimensions of globalization and thus the impact on the global economy can be handled accordingly. Further, there will be greater mobility of the people and thus they can agree to the principles in order to follow the policy of free trade in the country.

As globalization is considered to be a macro phenomenon, there are different causes that contribute to the growth of globalization. The micro issues also contribute to the daily life of the people and thus it lays a great impact on the individual life. There are different aspects of distribution related to the global economy and this will affect the chances of employment and material circumstances. The ideological changes in terms of technological determinism will help in the growth of international finance thereby increasing the opportunity costs.  The different types of policies send negative signals to the financial market and the government of a particular country fails to take risks. The exporters are opening up the home market and this will mitigate the traditional biases against the countries. The students of international relation, as well as comparative politics, try to provide central concern and shift the entire process in a better way. The development of modern technology is one of the most important factors contributing to globalization. The advancement in this area leads to different changes and thus it will affect the level of communication of the people. Further, the process of digitalization has affected the economy and it will help in the delivery of products.

The development in the level of transportation is also another cause of globalization. It is the responsibility of the company to deliver the goods and services to different customers across worldwide locations. Further, the growth of global media, the increased mobility of labor and the reduction in the tariff barriers are also the leading causes of globalization. It is the responsibility of the companies to handle the secure funding process and thus they can carry out the operations in the foreign market in a smooth way. On the other hand, it is also vital to check that the business establishments are operating in a better way and this will assist in keeping the costs of the country lower. It is only through globalization that a country can encourage creativity as well as innovation. There are many such companies that are being pressurized in order to develop the products and services and thus by being competitive. This will make the process efficient and thus contribute positively to the growth of the economy.

INDICATORS OF GLOBALIZATION

Indicators in economics refer to as measures such as unemployment rate, inflation rate, GDP, e.t.c. which can be used to predict economic trends. In this assignment we are going to be looking at the various indicators of globalization. They are;

1. Inflation rate

2. Employment

3. Standard of living

4. Gross Domestic Product(GDP)

DRIVERS OF GLOBALIZATION

The current shape and pace of globalization is driven by various factors. Broadly speaking, economic, financial, political, technological and social factors have paved the way to globalization.

Economic factors mainly include lower trade and investment barriers. Expansion of financial sector is also considered an important force of globalization. Integration and unification of financial markets around the globe through financial liberalization and deregulation has increased the mutual dependencies of the economies. According to Stiglitz and Greenwald (2003), capital account liberalization is elimination of rigid rule and regulations in developing countries that could advance the flow of money.

Political factors can be defined in term of government policies that are designed to facilitate trade and commerce in view of globalization. Moreover, these polices are instrumental in channelizing the flow of finance and capital. The process of globalization is led by a number of national and international institutes and countries in formulating policies. Earlier surge of globalization seems to be highly concentrated among developed nations (Maddison, 2001). However, the contribution of emerging market economies in international trade has been increasing significantly in past few years.

Technology plays an important role in expediting the process of globalization. It is conceived as a major facilitator and a driving force in the globalization processes. Technological improvement has allowed companies to rapidly globalize their products. Multinational food chains are able to reproduce and standardized their products across globe through fine connectivity coordinated by technology. The development of containerized ships and air freight is considered to be a key technological advancement in trade and commerce. Similarly, the introduction of universal bar code has increased the movement and flow of goods worldwide. The creation of personal computers and internet created electronic business (E-Business) and electronic commerce (E-Commerce), which are used as a justification of recent techno-globalism. Financial sector is also benefitted from technology through electronic banking. Electronic transfer of funds is considered to be the first operating form of global electronic financial system. The modern era of globalization is now experiencing ‘internet economies’ due to advancement in technology. Internet growth is a key factor for developing interpersonal relationship across the globe. It is one of the necessary components for social globalization, and without the invention of internet it would be incomplete.

Social factors bring cultural convergence, that is, increasing similarity throughout the world, through significant reduction in transport and communication cost. Now-a-days the cost of transmitting information is almost negligible, shrinking the world to one single market. Individuals and societies are taking advantage of this enormous reduction in cost by using standard brands and services worldwide. As a result, societies are moving towards convergence of taste, which is increasing homogeneity across globe. The above-mentioned factors have contributed to shaping globalization. These factors are responsible for flattening the world. It is essential to know the potential sources of globalization because the contribution of these factors is not uniform across globe. The extent and intensity of globalization is found to be different among countries and regions. This indicates that the factors which drive the process of globalization may affect differently across developed and developing economies owing to the structural condition of one’s country. However, there is a lack of empirical evidence in this regard. Hence, the current study has attempted to address this issue.

Other factors of globalization includes;

Market drivers include areas such as common customer needs and transferable marketing, whereby the emergence of global markets for standardized products has enabled corporations to cater demands in new markets with existing products (Levitt, 1983).

Government influence is also a major driver, with policies leading to reductions in trade barriers and a shift towards an open market economy. With access to new markets and human capitals, in the area of cost advantage drivers, companies are able to gain new economies of scale by selling at higher quantities, as well as explore the advantage of low cost production through outsourcing and import.

Competitive drivers also play a role in globalization as the growing trade between nations along with foreign direct investment (FDI) has helped to increase interdependence among countries and organisations, as well as exposing firms to new competitors. 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.

Demography: 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 labor-intensive products. Concerning international division of labor, it will specialize on the production and export of labor.

QUESTION 1B.

HOW DOES THESE DRVERS AFFECT THE NIGERIAN GROWTH AND DEVELOPMENT?

Proponents of globalization believe it allows developing countries to catch up to industrialized nations through increased manufacturing, diversification, economic expansion, and improvements in standard of living as well as technology advancements. Nigeria as a developing country has experienced these changes following with are;

• Increased specialization and efficiency

• Better quality of products at reduced price

• Economics of scale in production

• Competitiveness and increased output

• Technological improvement and increased managerial capabilities.

• Trade and investment which can boost efforts at restructuring an economy to make it more competitive and better.

• Communication and mass media which have the traditional function of multiplying mobility and facilitating exchange of information about goods and services.

• Exhibition, trade fair and media advertising which has helped in marketing of goods services. This has enhanced e-commerce.

• The modern banking system through electronic banking (e-banking) and automated teller machines.

• E-mail, text messages which have replaced posting of letters, online registration of Examination e.g. WAEC, NECO etc and the development of DSTV which have enabled Nigerian to watch programmes e.g. football matches from far away countries.

Despite its benefits, the economic growth driven by globalization has not been done without awakening criticism. Unlike the developed economies Nigeria has not benefited from globalization due to monocultural export i.e  solely depending on oil as its major source of income which is affected by the dynamics of the international market relating to both demand and supply for oil.

• Inability to attract increased foreign investments and huge indebtedness.

• There is lack of infrastructure in every sector of the economy.

• INCOME INEQUALITY Poverty, accompanied with its consummate terminal deceases has been rife.

• The agricultural sector is drastically affected.

• The education sector is poorly funded. Income per capita has been on the downward trend with no meaningful result from policy changes.

• Corruption due to bad government has become the order of the day as workers strive to survive with meager income that cannot cover consumption, let alone savings and investments. The Nigerian situation has generally been a calamity as the various macroeconomic indices applied by the government has not been able to positively turn around the economy in this globalizing world. Inflation, unemployment, armed banditry and other vices continue to be on the increase, thereby inhibiting foreign trade investment. Apart from the above the inherent cultural and social values, constitute major barriers to desired corresponding result in earnings.

QUESTION 2.

THE GLOBAL VILLAGE HAS BECOMEM A CONTAGIOUS ONE DUE TO IMPICATIONS OF POLICY AND ITS ENVIRONMENTAL EFFECT AS IT AFFECTS THE GLOBAL MARKET. IN YOUR OWN VIEW, IS THIS TRUE OF THE NIGERIAN CASE, JUSTIFY WITH CLEAR EXAMPLES.

Global economic growth and industrial productivity are both the driving force and the major consequences of globalization. They also have big environmental consequences as they contribute to the depletion of natural resources, deforestation and the destruction of ecosystem and loss of biodiversity. Worldwide distribution of goods is also creating a big garbage problem, especially on what concerns plastic pollution.

Many critics have also pointed out that globalization has negative effects on the environment. Thus, the massive development of transport that has been the basis of globalization is also responsible for serious environmental problems such as greenhouse gas emissions, global warming or air pollution.

Nigeria is no different from these developed nations when it comes to the effect of globalization on its environment. One of its major effect is deforestation, globalization has had a negative impact on the environment through deforestation. According to Wikipedia Encyclopaedia, globalization is often viewed as a root cause of deforestation. The overuse of natural resources due to increased demand and also the removal of ecosystems due to population growth have had a large negative impact on the environment and also leads to the depletion of the ozone layer. Extensive deforestation has occurred world-wide with the logging industry being fuelled by the need for disposable products and Nigeria is not exempted from this impact of deforestation as the country’s rain forest is depleting fast majorly as a result of international trade.

Apart from contributing to the depletion of the ozone layer, deforestation also affects water cycle. Trees extract groundwater through their roots and release it into the atmosphere. When part of a forest is removed, the trees no longer evaporate away this water, resulting in a much drier climate. Deforestation reduces the content of water in the soil and groundwater as well as atmospheric moisture. Deforestation reduces soil cohesion, so that erosion, flooding and landslides occur.

 Globalization has brought about various forms of environmental pollution. Environmental pollution has been described as the contamination of the environment by biological, chemical, and or physical agents that are harmful to human, animal or plant, life and the general environment, and may arise through the natural events, industrial and human activities or the interaction of all (Otukong, 2002: 3). Pollution of the environment is attributed to the increase in industries, burning of fossil fuels to run the industries, machines and for transport of both raw and finished products to different places. The activities of oil industries and multinational corporations in oil producing areas of the country, mostly in the Niger Delta area is a major source of environmental concern in the country. Oil industry activities – exploration, production, refining, and transportation have caused widespread social and ecological disturbances. These include explosions from seismic surveys, pollution from pipeline leaks, blowouts, flaring, drilling floods, and refinery effluents, as well as land alienation and widespread disruption of natural terrain from construction of oil related industrial infrastructure and installations. Oil producing areas in Rivers, Delta and Cross Rivers are most affected. The impact of the exploratory and extractive activities of global forces - Shell whose operation in Nigeria alone accounts for 14 % of its total global operations, Mobil Agip, Cheveron, Texaco, Total, etc. - have basically affected the social organization of the Ogoni people and the Niger Delta in general (Kelbessa, 2007). One major activity of these multinational companies that has a tremendous environmental impact is gas flaring. According to the World Bank, by 2002 flaring in the country had contributed more greenhouse gases to the Earth’s atmosphere than all other sources in sub-Saharan Africa combined – and yet this gas is not being used as a fuel (Friends of the Earth, 2004: 1-2). According to The News Magazine of 18 April 2011, the NNPC, in its May 2010 report, stated that of the 192 billion standard cubic feet (BSCF) of gas produced during the period, over 145 BSCF was flared. This is done at the detriment of the environment. All what flaring of gas does is to contribute to climate change which is already a major global threat, manifesting in food insecurity, diseases, skin cancer, and also increasing rise in the cost of extreme weather damage. People living in the area where gas is being flared are the worst hit. The flares contain toxins, such as benzene, which pollute the air, resulting in respiratory problems such as asthma and bronchitis.