Globalization and Economic Development

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ABSTRACT

Globalization and economic development has produced a world economy, characterized by trade liberalization, spread of international trade, financial and production activities. Integration of financial markets, the growing power of transnational cooperation and international financial institutions and their monopolization of economic resources and rapid diffusion of advanced technologies and consumption patterns. Thus, under economic globalization, most economics witness rapid integration of productive and investment decision across the globe, increasing breakthrough of trading and investment barriers, emergence of truly global companies with vast capital base, rising share of international trade in world output, and heightened capital mobility. There has also been widening and intensification of links between the economies of the industrial and developing countries through trade, finance, investment, technology and migration as well as internet activities. Globalization has made the whole world to become a global or village through exploration in internets.

Keywords: Globalization, Economic Development, Capital Mobility and Financial Markets

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1. INTRODUCTION

According to Dudley Seers (1969) the pertinent questions to ask when discussing economic development are what is happening to inequality, what is happening to unemployment? What is happening to poverty and malnutrition? In the annals of economic development there have been two crucial twin phenomena of crucial interest. These are: industrial revolution and globalization. The focus of this paper however, is globalization and economic development. The industrial revolution of the 18th Century boosted productivity and world output. It was not a spontaneous phenomenon but a cumulative result of the myriad changes, inventors and innovations that took place through the various facets of production.

One common feature of industrial revolution was the entrenchment and perpetration of economic inequality, the economic drainage of the “have-nots” to the enrichment of the “havens”. This culminated into the communist movement of Karl Mark et al. Globalization on its part is a term used generally to refer to the increased interaction across national frontiers. Globalization is a phenomenon which poses close semblance to industrial revolution in many respect when it comes to considering productivity and economic growth world wide. It is also not a spontaneous occurrence. However, the magnitude of worldwide integration since the 20th century are by all standard wider and deeper. Globalization is a term that cuts across all facets of life, e.g economic, culture, politics. Etc. The thrust of this paper is economic globalization.

On the whole, this paper's concern is to quest into the impact of economic globalization on economic development of the world – especially that of growing economies of African continent. Thus the pertinent issues that form the major headings of this paper are:

- What is economic globalization?
- What factors encourage the occurrence of globalization?
- How is it measured?
- What effect does it have on income inequality?

How are the developing nations integrated into the global evolution economically? And what are the merits and demerits of globalization.

Of course, recommendations were made towards ameliorating the problems that were suspected to be responsible for the poor or low level gains from globalization by the developing nations – particularly the African economies. But then, what is globalization? Globalization has tended to mean different things to different people and different things to the same people across time and space (Fischer, 2000). Consequently, very many definitions of globalization have been proffered relating to its nature, extensiveness, causes, consequences, etc (See for example, Fischer 2000; UNDP (Nigeria), 1999 Robinson, 2001; Walker and Fox,1999; Caselli is of the view that we still await a definition of the phenomenon (globalization) which meets the approval of the majority of scholars. His own definition provides a fairly comprehensive view of the phenomenon.

To him, globalization is a set of processes which;

1. increases the number and heighten the intensity of contacts, relations, exchanges and dependence and interdependence relationships among various art of the world
2. Transforms the importance of space and time with respect to those relations and relationships; and
3. Increase and spread awareness among the planet's inhabitants of the existence of those relations and relationships, as well as of their importance for their personal lives. (Caselli, 2004).

Fisher Fisher (2000) observes that to economists, globalization means "the ongoing trend toward greater economic integration among nations" while in terms of people's daily lives it means that the residences of one country are more likely now; to consume the products of another country; to talk on the telephone to people on other countries; to visit other countries, and quite likely to know more about other countries than they were fifty years agos. The different perspectives on globalization notwithstanding, a common thread runs through most of them, to the effect that globalization relates to the growing interdependence of the world's people. It is about increasing inter=-connectedness and interdependencies among the world's regions, nations, governments, businesses, institutions, communities, families and individuals. Globalization fosters the advancement of a global mentality and conjures the picture of a borderless world through the use of information technology to create partnerships to foster greater financial and economic integration.

However, globalization is not just an economic phenomenon which integrates world economies but also of culture, technology and governance. It also has religious, environmental and social dimensions. In other words, globalization is multi-faceted (Daouas, 2001; Obadan, 2001b and 2002b; IMF Staff, 2002; UNDP (Nigeria), 2001, etc). National policy making has also been globalized as a result of the liberalization of financial markets, developments in technology and the activities of global institutions such as the World Bank, IMF and World Trade Organization (WTO) (Khor, 2000: Obadan and Obioma, 1999). Of the other dimensions of globalization, cultural globalization has elicited emotional reactions and controversy. No doubt, the globalization of culture allows people toexperiment with alternative models of development while at the same time borrowing ideas and practices from other cultures and institutions.

But there is the fear that cultural globalization would drive out weak or less competitive cultures, sacrifice cultural diversity and creativity and impose a universal non-cultural world. Indeed, Gidens (2000) sees globalization as destroying cultures, widening world inequalities and worsening the lot of the impoverished. Kiggundu (2002) has, however, argued that the available evidence suggests that the fears on culture were largely exaggerated and that globalization can be, and, in most cases, has been good for cultural creativity, diversity and development. Nevertheless, the negative aspects of globalization, notably the cultural aspect, appear to have, in recent years, spurred violent protests in some parts of the world, particularly, in the United States of America and Western Europe, against the forces and institutions of globalization. Even Osama Bin Laden, the Islamic crusader, has the negative cultural aspects of globalization as one of his grouses against the West (Obadan, 2002b).

Many demonstrations express concerns about the effect of trade on jobs and the environment.

What has become clear, however, is that the various dimensions of globalization affect people, institutions and countries in one way or another, positively. This is, perhaps, why some view globalization as a process that is beneficial – a key to future world economic development – and also inevitable and irreversible. But others regard it with hostility, even fear, believing that it increases inequality within and between nations, threatens employment and living standards and thwarts social progress (IMF Staff, 2002). The World Bank (2002) concedes that globalization produces winners and losers, both between countries and within countries.

a. Economic Development

Economic development has been defined as an attempt by an economy whose condition has been more or less static to improve and sustain her GNP growth rate of 507% annually. It has also been seen as an attempt to sustain a GNP per capita growth rate at which the rate of growth in output is faster than that of population. It is also seen as an economy where there is a deliberate alteration of production and employment structure such that the share of agriculture is on the decline. It also includes some uneconomic and social indicators such as gain in literacy, education, health etc.

The realization of static and ever deploring living standards of nations whose growth in GNP has met the UN standard showed weakness in this definition. Hence development has been redefined by Todaro (1985) as a multidimensional process that involves major changes in social structure, popular attitudes, national institutions, as well as accelerated economic growth, reduction in inequality and eradication of absolute poverty. Development must involve a whole gamut of change where a social system tunes move away from conditions perceived to be unsatisfactory to one regarded as materially and spiritually better.

According to Goulet, in development three core values constitutes or characterize what makes a better life. These are life sustenance, self-esteem and freedom. Thus the major objectives of development should include:

1. Increased availability and wide distribution of basic facilities of life such as food, shelter, health, education and security
2. Raise the living standard by raising income, reduction of inequalities, provision of jobs, education, greater attention to culture and humanistic values all of which will combine to yield self esteem.
3. To expand the rage of choices as to liberate men from servitude to other men, nations as well as to forces of guidance, and in human misery

b. Globalization

Globalization refers to an increasing interaction across national frontiers; it affect virtually every facet of life, economic, politics, culture, social etc. According to Michael (2000), Economic globalization therefore can be referred to as economic interdependence world wide. This includes international division of labour and variety of cross border transaction in goods and services, increased flow of capital, migration and widespread diffusion of technology. Globalization is a historical process, the result of technological progress and human innovation. I refer to increasing integration of economies around the world, particularly through trade and financial flows. It also refers to the cross-border movement of people (labour) and knowledge (technology).

Globalization is not just a recent phenomenon. Some analysts agree that the world as it was 100 years ago but the reality is that commerce, finance and sciences today are more developed and deeper integrated than they were then.

c. Causes Of Globalization

According to Musa (2000), Globalization has been encouraged by three main factors which are:

A. **Market Related Factors:** For example, there is increased competition for resources in the production of the same gods and services as well as increase in foreign trade. Coincidentally this has also been fed by increasing improvement in the information and communication technology.
   The existence of transnational corporations which exert inordinate influences on domestic firms changing their existing technology specialization.
   Urbanization has also tended to coverage tastes, preferences and exerts an influence that has further promoted increase in market growth.

B. **Technology Related Factors**
   Mussa (2002) also asserted the competization of production coupled with improvement in both manufacturing technology and information and communication technology has led to lower cost and shortened economic distances. Improved transport and communication system as well as the development of fax and global computers have reduced the economic importance of geography. The rationalization of procedures and documentation in foreign trade has made faster, wider and easier the dissemination of world prices of traded goods which tends to converge world prices and create few distinct markets.

C. **Policy Related Factors**
   At national levels there has been increased efforts to make most domestic economics less planned and more private driven. Trade liberalization and deregulation of exchange rate and interest rates have been the order of the day. At international level there has been increased multilateral agreements on rules affecting international trade. Thus the convergence of these policies have also fuelled globalization.

d. Measures of Globalization

The foreign policy group produces two methods of measurement of globalization.

1. Globalization Index Using Indicators
2. Globalization Index, Using Standard of Measurement

Indicators of Globalization
The globalization index TM encompasses several key indicators, eg. GDP Growth, Life expectancy, infant mortality.

3. **Globalization in goods and services:** is measured through the share of international trade (ie. Exports of goods and services plus imports of goods and services) in GDP as well as the convergence of domestic prices and world prices.
4. **Financial Globalization:** is measured through income payment and receipts, the inflow and outflow of foreign direct investment, and the inflow and outflow of portfolio capital, all measured as a share of GDP.
5. **The globalization personal contact** is measured with international tourists and travelers as a share of population, minutes of incoming and outgoing international telephone calls per capita, and transfer of payment and receipts as a share of GDP.
6. **Internet connectivity indicator:** Which is made of the number of internet users, the number of internet lost, and the number of secured serves all measured as per capita basis.

The most recent available data were collected from a number of international sources, including the World Bank's

Standards of Measurement
Globalization index is the simplest possible set of measurements that can be used to compare performance across countries, in the two periods, by each of the criteria examined. For each criterion (eg. GDP growth, life expectancy, infant mortality), the countries were divided into five groups of approximately equal size. Each group contains all the countries that fall within a certain range (e.g. life expectancy of 44-53 years, 53-64 years, etc) of the measured criterion, at the start of each period. The goal is to compare the progress of countries that began the first period (in 1960) at a certain level, with those that were at that level at the beginning of the second period (in 1980).

For example, in the case of per capita GDP growth, there are data in the first period for 116 countries. For the second period there are also data for 116 countries, giving a total of 232 data points – average annual growth rates (2). These countries are then divided into five groups of 46 or 47 each, according to the amount of per capita GDP they had in either period. For example, the third or middle income category includes countries that started either period with a per capita GDP between $1,826 and $3,364, measured in 2000 dollars. In 1960 there are 29 countries that fall into this income range. In 1980 there are 17 countries, (3) we can therefore compare whether the countries that started the period in this income range (per capita GDP between $1,826 and $ 3,364) grew faster in the year from 198 to 2000. The same comparison can be made for the other 4 income groupings.

This methodology typically causes countries to be bunched in the lower groupings in the first period and the higher groupings in the second period, since most countries make progress in the most of the measures. However, it ensures that countries are being compared at comparable stages of economic development. This removes the problem that the rate of improvement in these measures may inevitably slow as a result of prior progress. For example, it may be more difficult for countries to double their per capita GDP from $10,000 to $20,000 than to grow from $5,000 to $10,000. Similarly, it may be more difficult to increase life expectancy from 65 years to 70 years than from 60 to 65 years. The methodology used in this paper eliminates this sort of problem. The paper compares countries at similar levels of performance as of 1960 and 1980, and examines whether they bid better in the first period or the second.

In fact, this methodology should bias the data towards finding better results for the second period. There should generally be possibilities for countries to gain by borrowing from the technology and practices of other countries that are richer or have achieved higher levels of the various social indicators. As a result of the progress made in the first period there were far more possibilities for faster improvement in the second period. For example, in the case of life expectancy, there were only fifteen countries at the start of the first period (1960) with life expectancy of more than 72 years.

This meant that countries in the next lowest groupings, with life expectancies from 66 to 72 years, would have a relatively limited number of countries from which to adopt better public health measures, medicines, or medical practices. However, at the start of the second period (1980), there were 51 countries with life expectancies of more than 72 years. This meant that countries in the next lowest groupings, with lIfe expectancies from 66 to 72 years, would have a relatively limited number of countries from which to adopt better public health measure, medicines, or medical practices. However, at the start of the second period (1980), there were 51 countries with life expectancies of more than 72 years. This should have provided a far larger set of practices that countries in the second grouping (with life expectancies from 66 to 72 years) could adopt to improve health care in their own country further down the ladder in life expectancy.

In other words, it is reasonable to expect that countries starting at any particular level (e.g. of income or life expectancy) will perform better in the second period (1980 to 2000), simply because the advance of technology and knowledge over 20 years has created more and better practices that are available to be adopted.

2. GLOBALIZATION AND INTEGRATION OF DEVELOPING COUNTRIES

Globalization implies integration of trade and financial markets. The experience of developing counties has been mixed. Mussa (2000). In his analysis, the newly industrialized countries of Asia have shown fast growing per capita income approaching those of developed economies while those of African nations are declining. In his study, trade, capital movement, movement of people and spread of knowledge were examined.

Trade: there is a general rise in trade from 19% - 29% between 1871 – 1999. This is however characterized by variation – for example the newly industrialized economies fared well while those of African nations was poor. There was also improved share of manufactured goods while that of primary product mostly from the very poor nations declined.

Capital Movement: This result also show a rise in private capital flow to the developing economies. The composition of this however is skewed in favour of direct investment. There is also a decline in foreign aids and development assistance portfolio investment and bank credit also rose but has been more volatile and showing sharp decline in the wake of the financial crisis of the 1990s.

Movement of People: Migration round the world has increased but not impressively, e.g. between 1965 and 1990 this has only increased by one half. The effect of migration from developing to developed economies will provide a means by which global wages will converge. However, there is the potential of skills being transferred back to these economies and possible increase in wages.

Technology: Direct investment brings with it expanded physical stock, technical innovation, knowledge of production management technique, export market and economic policies at a low cost. These serve as a valuable resource for developing countries.

2.1 Globalization In Relation To Poverty And Inequality

Result in this aspect is also mixed. The IMF study (2000) show that result of data studied from 42 countries shows that output per capita has risen appreciably but that the distribution of income among countries has become more and more unequal. The gap of inequality between the rich and poor nations has deepened. However, varying the study with other human development indicators (HDI), e.g. education, life expectancy, the gap has become relatively closer. This is predicted upon improved medical care and improved living condition. On the contrary, Mussa opined that even if HDI gap has narrowed in the long term far too many people are losing ground. Quality of life has not improved for many.

Many people are still in abject poverty coupled with the spread of HIV/AIDS though Africa, has reduced life expectancy. This has only called for a more urgent initiative for new policies towards alleviating poverty.

Tokman and Klein (2000), declares that globalization has not reduced inequality. In their study published in the Economic Commission for Latin American and the Caribbeans, they posited that while on the surface it appears that globalization should narrow the gap between the rich and the poor, it is difficult to identify in their social repercussions. Their distribution has tended to reflect or reproduce rather than correct the inequality in the region.

3. BENEFITS

1. **Economic Interdependence:** It has led to growing inter-dependence of countries worldwide as well as world trade.
2. **Globalization** has helped reduce poverty in a large number of developing countries but it must be harnessed better to help the world's poorest most marginalized countries to improve the lives of their citizens.
   - Study shows that 24 developing countries that increased their integration into the world economy over 2 decades ending in the late 1990s achieved.
   - Higher growth in incomes.
   - Longer life expectancy
   - Better schooling

   These countries e.g. China, India, Hungary and Mexico, enjoyed an average 5% growth rate in income per capita in the 1990s compared to the 2% in rich countries.

a. Globalization offers extensive opportunities for truly worldwide development. Some countries that have been able to integrate into the global economy are seeing faster growth and reduced poverty.

D. Those countries that integrate into the global market were offered greater opportunity to tap into more and larger markets around the world. It means they have more access to capital flows, technology, cheaper imports and larger export markets.

E. Technological advancement through globalization has made it easier and quicker to compete with international transactions – both trade and financial flows.

F. **Trade:** Developing countries have increased their share of world trade from 19% in 1971 to 29% in 1990 through integration.

G. **Capital Movement:** led to capital inflow.

3.1 Globalization Growth and Development

One prevailing view in the economics literature is that globalization, through the channels of openness, trade and investment, has a positive and significant relationship with the rate of economic growth. Indeed, some view globalization as holding the key to rapid economic growth (Uwatt, 2004). Yet, the empirical evidence has not produce an unambiguous globalization – growth link. Dollar and Kraay (2001), in their study of the experiences of a group of developing countries that have significantly opened up to international trade during the previous decades report evidence which suggest that increased trade has strongly encourage growth and poverty reduction and has contributed to narrowing gaps between the rich and poor worldwide. One empirical evidence on African countries have indicated a positive association between growth of income and growth of exports (Soderbom and Teal, 2003; Iyoha, 2002). But Uwatt's empirical evidence on 41 African countries, using panel data, indicate mixed results that are sensitive to the estimation method (Uwatt, 2004). The mixed results tended to lean more on the side of lack of significant effect of trade openness on growth. Similarly, financial openness (measured by net capital flow/GDP ratio) had negative effect on growth.

The empirical studies on Nigeria have similarly produced mixed results on the relationship between trade openness and growth. Alege (2004) concluded that openness to trade and increased information and communications technology have significantly influence the level of manufacturing output on Nigeria, based on one of the four equations estimated; the other three showed openness as having a negative effect on growth. However, foreign direct investment tended to have a positive but insignificant effect. In their empirical investigation of the dynamic influence of trade openness and other factors on economic growth in Nigeria, Ndiyo and Ebong (2004) found a negative influence of openness on economic growth. But foreign direct investment exerted a positive impact on growth. The empirical investigation by Obadan (2005d) of the relationship between trade openness and growth on the one hand, and trade openness and development on the other, tended to confirm Uwatt's results. For example, he found openness to have an inverse and depressing impact on the GDP and on development, represented by per capita income.

Gross domestic investment was found to be the major determinant of changes in per capita GDP and GDP. Human capital development also significantly affected the GDP but weakly related to GDP per capita. Furthermore, although foreign direct investment was found to be positively related to gross domestic investment, the association was not statistically significant. Gross national saving exerted the major influence on domestic investment. Perhaps, the Matin's (1992) observation that the new growth literature does not predict that greater openness will unambiguously raise the growth rate of national output. Rather, growth can be lowered by increased foreign competition or it can be increased by import protection. The mixed findings can thus, perhaps, be explained. And they suggest limited benefits from globalization.

It is not in doubt that globalization has had some positive effects on the Nigerian economy, for example, through its impact on the oil sector. But many authors, e.g. Agbu (2004), Owolabi (1988), Obadan (2001d) are also agreed that considering various macroeconomic and social indicators, globalization has not conferred much benefits on the Nigerian economy in relation to the experiences of some other developing countries in East Asia and Latin America. For example, as was noted before, export-oriented growth in the context of globalization, was an important part of the strategy that made dramatic in roads into income poverty in East Asia. But the same cannot be said of Nigeria. Until recently, as Obadan (2001d) has shown, while Nigeria's export earnings showed poor performance over time, those of other countries like Mexico, South Korea, Singapore. Hong Kong. South Korea, Malaysia and the Philippines improved dramatically. In 1980, among these countries, Nigeria had the highest export earnings of US$25.9 Billion.

But by 1997/98, the export earnings of the countries dramatically surpassed those of Nigeria thus, Nigeria ($9.0bn); Mexico ($117.5 bn); South Korea ($138.6 bn); Singapore ($110.4 bn); Hong Kong ($174.0bn); Malaysia ($77.9hn); and the Philippines ($29.4 bn). With the sharp declines in Nigeria's export earnings, its capacity to improve the standards of living of the citizens, through a higher level of import of goods and services, eroded immeasurably. In the last five years, however, owing to the persistent rising crude oil prices in the global market, growth has resumed in export earnings, such that the 1980 export earnings mark was achieved in 2002 and an upward trend has been maintained, with export earnings peaking at $66.4Billion in 2006. However, while the other countries increasingly diversified their economies into more manufactured exports. Nigeria's economy became more and more concentrated on a single product crude oil whose price in the world market has been very unstable.

In the sphere of economic growth until the last five years, Nigeria's economic growth performance was disappointing, averaging less than 3.0 per cent per annum over the period 1960-2003 (Nigeria National Economic Empowerment and Development strategy (NEEDS), 2004). The average growth rate of 6.4 per cent in 2004 and 2005 was still relatively low in relation to the exigencies of poverty reduction. With a per capita income and severely indebted countries in the world as at that time. The incidence of poverty, by official accounts, reduced from 65.6 percent in 1996 to0 54.4 per cent in 2004, an average rate of 1.2 per cent per year. At this rate, Nigeria will not be able to achieve the millennium development goal of halving poverty by 2005. Other social indicators do not portray a better picture.

Life expectancy at birth has dropped from 54 years to 46 years while adult literacy stood at 57 per cent in 2005. As at 2000, barely 50 per cent of the population has access to safe drinking water while 40 per cent had access to electricity which indeed had been epileptic for those that had access. In human development terms, the UNDP's human development index ranks Nigeria very low, placing the country among the lowest human development countries. One of the fall-outs of globalization on the Nigerian economy was external debt burden, which eased only from 2005. But before then, it had done a lot of damage to the economy. Empirical analyses of the impact of external debt on Nigeria's economic growth have found support of the negative effect of overhang. In this direction, Nigeria's external debt stock and debt service payments acted to depress investment and lower the rate of economic growth through both debt overhang effect ''crowding out'' effect (Iyoha, 1997).

An important question, that I have tried to answer, relate to why Nigeria has tended to reap poor dividends from globalisation. A view that I expressed sometimes ago (Obadan, 2001d), is that the problem of poor governance and gross mismanagement, reflecting a brazen predation of national resources by those entrusted with their care, have no doubt, been significant factors. What with Nigeria's ranking for a long time, transparency international (IT), as one of the most corrupt countries in the world, such that even the limited earnings has become grand and systemic. Nevertheless, the mono-cultural nature of Nigeria's economy and the fact of its structural dependence on the country's limited benefits from globalization. The structural dependence also stretches to heavy importation of production of inputs, which contributes to uncompetitiveness of manufactured exports in the face of counter-balancing macroeconomic policies.

Yet, manufactured exports provide veritable means of measuring a country's modernization and its competitiveness in international trade as well as its beneficial participation in the globalization process. Although Sodebom and Teal (2003) have reported lack of evidence that manufactured exports have stronger effect on income than other exports, the overwhelming empirical evidence is that the developing countries that have succeeded most in boosting the exports and growth, and achieve significant poverty reduction are those that have successfully shifted to manufactured goods export. The World Bank (2005) reports the case of China, India and Mexico which as they opened up, shifted into manufactured products so that, as today, they are competing head to head with many of the rich countries,. Indeed, in 1980, manufactured products comprised only 25 per cent of developing countries' exports, but by 1998, that figure had risen to 80 per cent. Nigeria certainly not one of this countries.

Appropriate Policy Responses and Lessons

If globalization has not yielded much benefits to the poor African countries, should they turn their back on it? As I have argued in the past, the answer is 'no' as this not a desirable response because countries unwilling to engage with other nations of the world risk failing further behind the rest of the world in terms of both income and human development. The powerful forces of globalization have resulted in the shrinkage of space, time and national borders, thus creating a global village. Furthermore, we already live in a global economy where flows of trade, capital and knowledge across national borders are not only large but increasing every year.

Thus, autarky is not a viable option. But countries must engage with globalization in a sensible and strategic way. Under the present circumstances, a strengthening of the policy and institutional environment in SSA, Nigeria included, is required to improve the region's competitiveness, accelerate its integration into the world economy, promote rapid economic growth and make a remarkable dent on poverty (Obadan 2001a; 2001b; 2001d). Sound policies play a key role in determining the extent to which countries can draw from the benefits of global economic integration for economic growth. And if African countries have to achieve the International Development Targets set for 2015, especially the target of halving extreme poverty and significantly improving social conditions, they need to rise to raise their real GDP growth rates significantly perhaps, to 7-8 per cent a year on sustained basis.

To the above end, however, there is the pressing need for each country to design economic strategies and policies to recognize and respect its specific needs and circumstances, and to promote sustainable and inclusive economic and social development that spreads its benefits to all sections of the society. As the UNDP (1999) has correctly observed: "economic policy making should be guided by pragmatism rather than ideology and recognition that what works in Chile does not necessarily work in Argentina , what is right for Mauritius may not work for Madagascar: open markets require institutions to function, and policies to ensure equitable distribution of benefits and opportunities. And with the great diversity of institutions and traditions, countries around the world need flexibility in adapting economic policies and timing their implementation''. The need for each country to design an appropriate response based on its political and economic realities suggest that SSA countries should be wary of pressure form notable international stakeholders, namely, transnational corporations, international banks and financial intermediaries, multilateral international institutions, in the direction of an all encompassing process of globalization.

Mauritius has already set a notable example in this regard. Inspite of defying the ''Washington consensus'' through heavy intervention and targeting in trade, including the creation of export processing zones, Mauritius has made remarkable economic and social progress since the early 1970s (IMF Survey, 2001: 169). It, however strived to put in place stable macroeconomic policies, neutral incentives between tradable and non-tradable sectors, and an efficient services sector. Nevertheless, it is important for African countries to be prepared to face challenges putting their houses in order, and transforming and revitalizing their ailing economies with the policies relating to sensible liberalisation in the context of outward-oriented growth, complimentary macro and microeconomic policies, promotion of manufactured exports, regional integration, human capital development, promotion of strategic foreign direct investment inflow, raising the level of domestic saving and investment, development of technology, infrastructure, amongst others. In other words, a number of basic things must be put right for globalization to yield significant benefits to poor countries, Nigeria included.

In the specific case of Nigeria, economy is relatively open and the country is rich in natural, human and other resources. Yet, she is one of the countries that are yet to experience significant benefits from globalization, considering various macroeconomic and human indicators, and even with what appears to be huge oil earnings. This notwithstanding, the issue at this point in time is not whether or not Nigeria should join forces with globalization. For as I had argued in the no country is an island unto itself. Therefore, at the present moment of integration of global markets, but considering the nature of Nigeria's post-colonial economy, the country has little choice but to participate in the globalization activities with the aim of benefiting commensurably. Autarky is thus ruled out. As I had observed sometimes ago (Obadan, 2004d), China that tended towards autarky in the past, on ideological grounds, is now an active player in the globalization process. Today, China is the largest developing country recipient of foreign direct investment and it has exemplary high level of economic performance-a growth rate of over 8.0 per cent annum- to show for it.

Thus, for Nigeria, the issue should be how best to take advantage of the benefits of globalization, avoid risk of being marginalized by the forces of globalization, raise economic growth rates significantly, improve competitiveness in terms of the efficiency of its production, the quality of resources available for exchange, as well as substantially reduce the incidence of poverty. Meeting this challenge requires designing and implementing sound economic policies and activities aimed at transforming the economy from a resource-based economy to an industrial and knowledge based on e so as to turn globalization into a positive development for the country. In other words, good policies are required to meet the challenge of turning globalization into an instrument of opportunity and inclusion. In this direction, the lessons for Nigeria as well as the strategies and policies for enhancing the country's beneficial participation in the global economy are highlighted as follows are reflected in Obadan (1996a: 1996b; 1999a; 2001a; 2001b; 2001d; 2003a; Obadan and Obioma, 1999).

3.3 Short-Comings/Disadvantages of Globalization

i. **It has increased inequality**

The story of the 20th century was a remarkable average income growth, but is quite obvious that the progress was not evenly dispersed 42 countries studied showed that output per capita has risen appreciably but the distribution of income among countries has become unequal. The gaps between the rich and the poor countries, the rich and the poor within countries have grown. The richest quarter of the world population sat per capita GDP increase nearly six fold during the country, while the poorest world's population experience less than 3 fold increase. Hence income inequality has clearly increased.

According to World Bank reports, not all countries have integrated successfully into the global economy. The report says that some 2 billion people – particularly in sub-Saharan Africa, the Middle East and former Soviet Union – live in countries that have been left behind.

These countries have been unable to increase their integration with the world economy, their ratio of trade GDP either remain flat or actually declined. On average, these economies have contracted, poverty has risen, education level has risen less rapidly than in the globalized countries. That the income gap between high income and low income countries has grown wider is a matter of concern.

2. **Financial Crises**

Financial crises are a direct and inevitable result of globalization. These are complex crises resulting from an interaction of shortcomings in national policy and the international financial system.

Macroeconomic stability, financial soundness, open economies, transparency and goods governance are all essential for countries to participate in the global markets. Each of these countries came up short in one or more aspects.

3. At international level, investors did not appraise risks adequately. Regulators and supervisors in the major financial centres did not monitor developments sufficiently. And not enough information was available about some international investors, notably offshore financial institutions. The result was that markets were prone to sudden movement of capital, especially short term finance. The IMF has a central role to play in this process.

4. The advent of highly integrated commodity and financial markets has been accompanied by trade tensions and problems of financial instability.

4. RECOMMENDATION

This study enumerate plans to help all developed countries to be able to harness the advantages accruing from globalization.

Developed Countries Perspective
Developing countries (DCs) would gain, if rich nations agreed to bring down their trade barriers. Poor workers in developing countries face tariffs twice as high as workers in rich countries. Rich countries should reduce dramatically their agricultural subsidies. Their subsidies not only hurt poor people in LDCs, but also means higher taxes and higher prices for people in developed countries.

To developing countries Perspective

- Improving the investment climate
- There should be macroeconomic stability to create the right conditions for investment and savings.
- Outward oriented policies to promote efficiency through increased trade and investment
- Structural reforms to encourage domestic competition.
- Strong institutions and effective government to foster good governance.
- Education, training and research and development to promote productivity
- External debt management to ensure adequate resources for sustainable development.

All these policies should be focused on country-own strategies to reduce poverty by promoting pro-poor policies that are properly budgeted – including health, education and strong social safety net.

A participatory Approach: including consultation with civil society will greatly add to their chances of success.

By Promoting Trade: One proposal currently on is to provide unrestricted market access for all exports from the poorest countries. This should help them move beyond specialization on primary commodities to producing processed goods fro exports.

By encouraging flows of Private Capital to the lower-income countries, particularly foreign direct investment wit twin benefit of steady financial flows and technology transfer.

By supplementary move rapid debt relief with an increased level of new financial support.

4.2 **Summary**
This study puts forth point plan to help all developing countries better take advantage of the benefits of globalization while managing the risks.

It calls on poor countries to improve their investment climates and put in place better social protection to support poor people in adapting to and taking advantage of opportunities in a changing economic environment.

It also calls upon rich countries to open their markets to imports from LDCs and slash their large agricultural subsidies, which undercut poor country exports. Rich nations should also increase foreign aids and support debt relief from reformers/marginalized countries.

5. CONCLUSION

As globalization has progressed, living conditions (particularly when measure by broader indicators of well being) have improved significantly in virtually all countries. However, the strongest gains have been made by the advanced countries and only some of the LDCs. That the income gap between high income and low income countries has grown wider is a matter of concern. And the number of citizens in abject poverty is deeply disturbing. But it is wrong to jump to conclusion that globalization has caused the divergence, or that nothing can be done to improve all situation. To the contrary, low-income countries have not been able to integrate with the global economy as quickly as others, partly because of their chosen policies and party because of factors outside their control. No country, least of all the poorest, can afford to remain isolated from the world economy. Every country should seek to reduce poverty. The international economy should endeavour by strengthening the international financial system through trade, through aid – to help the poorest countries integrate into the world economy, grow more rapidly and reduce poverty. That is the way to ensure all people in all countries have access to the benefits of globalization.

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