

**POLICY AND GOVERNANCE ISSUES  
IMPACTING ON NIGERIA'S  
GLOBALIZATION  
INITIATIVES**

by  
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God bless

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September 2002

## **DECLARATION**

I hereby declare that the research report submitted for the Doctor of Philosophy (PhD) to the University of Pretoria, apart from the works recognized, is my own work and has not been submitted to another university for any degree.

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## **ABSTRACT**

This research examines the role of the Government of Nigeria in the implementation of the new Globalization Policy Program the new world order is embracing. It is worthy to note that the democratic government has eluded Nigeria over the decades and that the advent of a new democratic government on May 29<sup>th</sup> 1999, led by President Olusegun Obasanjo, has prompted a creative and strategic view on how the government should deal with the policy issues that Globalization may bring (Nigerian Economic Policy, 1999-2003: 3).

The governance of Nigeria, as provided for in the 1999 Constitution, requires that it should be democratic, flexible, complementary, transparent, and accountable and development oriented. These criteria point towards sustainable, self-reliant and people-centered economic development. Thus, a new approach to the governance of this country in the context of globalization, must conform with the government's objectives that are aimed at legitimizing the initiatives of grass-roots economic development. There is no room for promoting a vulnerable posture that would make economic activities more dependent on foreign economies than on the locally driven economy. Similarly, a broad view on sustainable and self-reliant local policy initiatives is suggested as a capable alternative to counter-balance any negative trend, which might emerge in the new global order.

## LIST OF ACRONYMS

ACP-EU	African, Caribbean and Pacific & European Union
ANC	African National Congress
ATM	Automated Teller Machine
ATS	Automated Trading System
BAS	Banking Analysis System
BNC	Bi-national Commission
CAGE	Case Against the Global Economy
CBN	Central Bank of Nigeria
CBO	Community Based Organizations
CHOGM	Commonwealth Heads of Government Meeting
DFI	Direct Foreign Investment
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
EEC	European Economic Countries
EU	European Union
FDI	Foreign Direct Investment
G77	Group of 77 Countries
G8	Group of Eight Richest Countries
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GDR	Global Depository Right
GNP	Gross National Product
GSP	Generalized System of Preference
IBRD	International Bank for Reconstruction and Development
ICSID	The International Centre for the Settlement of Investment Disputes

IDA	International Development Association
IFC	The International Finance Corporation
IFI	International Financial Institution
IMF	International Monetary Fund
INGO	International Non-governmental Organization
LDC	Less Developed Country
LED	Local Economic Development
LPA	Lagos Plan of Action
MFN	Most-favoured Nations
MICR	Magnetic Ink Character Recognition
MIGA	The Multilateral Investment Guarantee Agency
MNC	Multi-national Corporation
MPLA	Movement for Peoples Liberation of Angola
NAFTA	North American Free Trade Agreement
NGO	Non-governmental Organizations
NITEL	Nigerian Telecommunications Limited
NOPA	National Orientation and Public Affairs
NSM	New Social Movement
OAU	Organization of African Unity
OECD	Organization for Economic Cooperation and Development
PAC	Pan Africanist Congress
PDP	People's Democratic Party
PIN	Personal Identification Number
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SWIFT	Society for Worldwide Interbank Financial Telecommunications
TNC	Trans-national Corporation
UNCTAD	United Nations Conference on Trade and Development

UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VSAT	Very Small Aperture Terminal
WTO	World Trade Organization



# **POLICY AND GOVERNANCE ISSUES IMPACTING ON NIGERIA'S GLOBALIZATION INITIATIVES**

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## **CHAPTER ONE**

### **GENERAL INTRODUCTION**

#### **1.1 INTRODUCTION**

The Federal Republic of Nigeria has been under illegitimate leadership and governance by the armed forces for over one-and-a-half decades. On May 29<sup>th</sup> 1999, the people at national, state and local levels gave a newly democratically elected government led by President Olusegun Obasanjo of the Peoples Democratic Party (PDP) a chance to take up the mantle of leadership of the country.

Since the inception of the present government, President Obasanjo has spearheaded some development initiatives on an unprecedented scale towards the issue of globalization, involving social groupings and sectors of the broad Nigerian community. In the economic sector, this new emerging era ushered in open, integrated and participatory modes of development in free enterprise and economic globalization. According to the information available from the National Orientation and Public Affairs Office (NOPA), the office of the President, Abuja Nigeria 27<sup>th</sup> May 2000, the President has traveled to over twenty countries within his one year in office, in a bid to secure a global interest in Nigerian economic development in the new democratic dispensation (National Orientation and Public Affairs (NOPA) 2000:5).

A cursory reflection on the era of the armed forces' governance in Nigeria reveals that the position of the Non-governmental Organizations (NGO) sector in the socio-politico-economic development of Nigeria can be described as one of uncertainty and

neglect by the military juntas. In fact, Nigeria was cut off from most economically advanced countries and non-governmental organizations (NGO) abroad.

However, the roles of the international community and non-governmental organizations are appreciated in the new democratic dispensation, in the context of globalization and the task of economic development. The principles governing the integration of structural programs, foreign policy and cooperative governance are emphasized within the Constitution of the Federal Republic of Nigeria. (The Constitution of the Federal Republic of Nigeria, 1999, Chapter 11: section : 19 sub-section a - e) as follows :

- i. Promotion and protection of the national interest.
- ii. Promotion of African integration and support for African unity.
- iii. Promotion of international co-operation for the consolidation of universal peace and mutual respect among all nations and elimination of discrimination in all its manifestations.
- iv. Respect for international law and treaty obligations as well as the seeking of settlement of international disputes by negotiation, mediation, conciliation, arbitration and adjudication.
- v. Promotion of a just world economic order.

Thus, the issue of how the present government intends to implement these principles makes this study urgent and crucial. The interest is mainly in the interrelationship between formal and informal, private and public, government and non-governmental institutions that deal with issues governed by these principles. In this study therefore, attempts will be made to determine the importance of good leadership

and governance in promoting sustainable local economic development in this globalization era.

## **1.2 THE NEED FOR THE STUDY**

The Nigerian public sector and its relationship with the international community have been characterized for many years, mainly by discrepancies of various forms and degrees of seriousness such as restrictive policies, lack of coherent infrastructure (inadequate resources such as financial, economic, physical, human and fragmented allocation of available resources to priority areas. This has been a result of military rule for decades since the nation gained independence from Britain in 1960 (Osaghae, 1998: 48).

Osaghae went further to state that the obvious chasm between governmental and non-governmental bodies in human development enterprises further weakened developmental initiatives and strategies. The positive role of integral components of the society such as primary local economic initiatives in agriculture, trade and technology were also undermined, stifled or rendered unduly impotent for ideological reasons by the past military administrations (1998: 48).

Against this background, it is necessary to consider the operations and dealings between Nigeria and both developed and developing countries, as far as the common development endeavors such as human capacity development, community and rural development and general sustainable local economic development are concerned. One major reason that prompted this investigation is a lack of research in this direction in the new democratic government of Nigeria, especially as it relates to governance, leadership and globalization. The

implications of the results of this research may inform or even confound our current understanding of economic and social processes in the new and unfolding setting of globalization.

It may be advisable for all agencies of change and development in Nigeria to position themselves strategically and practically to address the globalization trend that is already unfolded. To this end, one principle of an effective new economic order demands that all nations and governments should bring strategies to harness all resources in coherent and purposeful efforts that can be sustained at local, state / provincial and the national levels of government (Douthwaite, 1996:26).

### **1.3 SIGNIFICANCE OF THE STUDY**

The significance of this research study are as follows :

- i. To highlight the necessity of investigating the potential positive or negative effects of globalization in Nigeria, in addition to investigating the approach of mutual engagements of governance and leadership in the context of globalization and free-market enterprise within and outside the boundaries of Nigeria.
- ii. To highlight the necessity of the role of democracy in global economic participation, for example, the funding and external sponsorship of local projects thereby reducing the state monopoly on other development programs; to narrow the gap between government and non-governmental organizations in Nigeria with a view to achieving a common goal of Sustainable

- Self-reliant Local Economic Development (SSLED); to understand the policy approach and language of globalization; to examine and propose an acceptable strategy for Nigeria.
- iii. To identify areas of weakness in the present Nigerian government's approach towards embracing globalization; to comment on the findings; and to suggest areas of greater or lesser interest for the government.
  - iv. To bring about improvement in service delivery and the quest for good governance in Nigeria in this globalization era.

Any government policy should have a positive influence on the development of the economy and its people. Does the present government in Nigeria intend to embrace globalization, hook, line and sinker? Or does it intend to focus its global involvement only on those issues that are of a clear economic advantage to the people of Nigeria? The major significance of this research is to give some attention to the need for encouraging local economic initiatives through good leadership and governance with a view to developing sound public policy for Nigeria in this globalization era.

#### **1.4 OBJECTIVES OF THE STUDY**

- i. To create an understanding of the objectives of globalization.
- ii. To examine the current response to globalization in Nigeria.
- iii. To identify areas of weakness in the Nigerian understanding of the globalization concept.
- iv. To enable the researcher to suggest areas of particular interest to the people of Nigeria, and to the government.

- v. To bring about a broader understanding of globalization in the quest for effective government policies on globalization in Nigeria.

This study will focus on the broad issue of Globalization. It will also deal with the general historical background of Nigeria in brief, coupled with the perceptions of both the private and public sectors on globalization.

Alternative public policy methods in Nigeria's new leadership towards good governance and a new approach to service delivery in the face of globalization may likely be the only way to address several mistakes made by previous governments in Nigeria.

## **1.5 LIMITATIONS OF THE STUDY**

There are several circumstances that constitute limitations to this study.

- i. Time has been a serious constraint hence the study was conducted over a twenty-four month period.
- ii. Several limitations were observed in terms of the official documentation needed for the study, as some of this information was not readily available.
- iii. Some financial constraints inhibited the researcher's ability to explore all the salient issues needed for the study.
- iv. The unpredictable nature of military rule in Nigeria created other administrative quagmires, which also inhibited the study in terms of the political-administrative interface.

- v. This study examined the public administrative constraints on the governance of the state in its implementation of a globalization policy for Nigeria with complex imperatives at the fore front.

## **1.6 STATEMENT OF THE PROBLEM**

Because of various difficulties with reference to the Nigerian government's foreign policy in the past, under military dictatorship, the people and the present government of Nigeria have little or nothing to show for it. Therefore it is understandable that the globalization objectives with favourable outcomes for Nigeria will be supported, not for the primary motive of international relations, but as a re-constructive apparatus for achieving the needs of the people. It is hoped that these objectives of globalization will reflect in the lives and standard of living of all Nigerians. Yet, there may well be an urgent need to counter-balance globalization initiatives with a sharp focus on localization.

For example, the key to the success of globalization in Nigeria rests in the nature of the interaction of the structures and institutions established to initiate and facilitate globalization integration programmes in Nigeria. In addition, the country may be required to deal primarily with other nations on an individual basis and not on a global economic platform. Presently, a number of government initiatives are being undertaken to define and re-evaluate the current and future positions of the Nigerian government and non-governmental institutions with respect to participation in proposed globalization initiatives. In this regard, the international community, as being what they perceive to be a starting point for a better life for all

Nigerians, has placed the present government in Nigeria under the spotlight.

Significant steps have been taken by the government to transform and restructure Nigerian foreign policies. The non-governmental organization development structure, as agents of change is no exception. Therefore, a number of government ministries both at the national and state levels, have embarked upon a process of changing past trends by turning them into real delivery tools of economic development under the new democratic government.

The past military government institutions did not reflect the global democratic objectives of good governance and in view of that have, historically, come under severe attack for rigidity and lack of accountability and legitimacy by the international community. Despite almost two decades of their existence, there is currently no single positive legacy left of that administration for the people of Nigeria. This implies a serious challenge to the present democratically elected government and whosoever will be entrusted with the delivery of advancement and the national participation in the New World global economic development.

## **1.7 RESEARCH QUESTION**

Will the new democratic government in Nigeria be able to deliver better services to the people by embracing attributes of good leadership and governance, given the external constraints imposed by globalization? What are likely major areas of focus by the present Nigerian government in public policy making that will ensure that the



dividends of globalization work for the people and not only for profit-making multinational corporations. Despite all the hindrances that may confront the present government, room still exists for them to transform themselves into meaningful delivery agents of domestic economic development. Furthermore, the grassroots approach in good leadership and governance is an unavoidable imperative in achieving these expected gains. However, this implies much new attention to local-level renewal programs. To this end, the research question at stake is : *“To what extent has globalization impacted on the public policy initiatives of the Federal Republic of Nigeria”*.

## **1.8 METHODS OF RESEARCH**

A descriptive and qualitative study approach will be applied in this investigation. The following sources will provide the relevant material for this research.

### **1.8.1 Primary and secondary sources**

Bless and Higson-Smith, pointed out that when researchers collect their own data for a study, it is called “Primary”. Should they use data collected by other researchers concerning other research problems, this data is referred to as “secondary” (1995:99-100).

Therefore, this study was carried out by consulting both primary and secondary data. The primary sources of information for this study include official files, memos, official government documents, presidential pronouncements and the Constitution of the Federal Republic of Nigeria (1999). The national government web sites, acts

and legislation, published reports and documents have also been consulted. While the secondary source of information for this study includes academic journals, articles, bulletins and periodicals. In addition, direct knowledge as a Nigerian citizen, of the events in the global context as they relate to Nigeria as well as other information gathered by means of observation and discussion with Nigerian diplomats in the Nigerian High Commission in Pretoria, will provide valuable insights and background to the investigation. The ideas acquired in the process also play a significant role in the structuring of the text, and in the formulation of recommendations indicated in the latter chapters of this study.

## **1.9 DEFINITION OF TERMS**

### **1.9.1 Common market**

When the integration of a group of national economies is taken beyond the stage of a customs union by the adoption of common economic policies and the facilitation of free movement of capital and labour, a common market results. The most accomplished example is the European Union (McLean, 1996:86).

### **1.9.2 Coup d'état**

The sudden forcible and illegal removal of a government, usually by the military or some part thereof, often preceded by widespread and prolonged unrest, and precipitated by more immediate grievances bearing directly on the military (McLean, 1996:117).

### **1.9.3 Civil society**

Defined as the set of intermediate associations that are neither the state nor the (extended) family, civil society therefore includes voluntary associations and firms and other corporate bodies (McLean, 1996:74).

### **1.9.4 Democracy**

Like development, the concept of democracy is associated with various core values. When it is conceived as a means, rather than an end, democracy signifies a form, or method, of social control. The literal, classical meaning of *democratia* is “power to the people”. As a practical matter, however, “the people” cannot exercise power on a continuous basis (Sklar in Leftwich, et al., 1996:26).

The term “democracy” may be defined in various ways. One may stress political democracy, economic democracy or social democracy. Generally, the most commonly used description is that Democracy implies the existence of extensive political rights and civil liberties, in addition to contestation between parties.

Since the people are rarely unanimous, democracy as a descriptive term may be regarded as synonymous with majority rule. In a situation where all citizens of a country, state, region or organization and so on, take part through the electoral process by majority rule, to appoint a leader or representatives, democracy is said to have taken place.

### **1.9.5 Fiscal policy**

Fiscal Policy may be defined as national government decisions regarding the nature, level and composition of government expenditure, taxation and borrowing, aimed at pursuing particular goals (Black, et al., 1999:271). Fiscal Policy enables the government to raise revenue in order to provide public goods, which would not otherwise be provided by the market, such as the police and the national defence force, among others.

### **1.9.6 GATT (General Agreement on Tariffs and Trade)**

The 1947 General Agreement on Tariffs and Trade emerged from wartime and post-war negotiations. The popularity of this agreement came about after the passage of the Uruguay Round decision with its association with the WTO (World Trade Organization) aimed at creating a “global economy” (Nader and Wallace, 1996:92-93).

### **1.9.7 Globalization**

Globalization is a process integrating not just the economy but also culture, technology and governance. Globalization is more than the flow of money and commodities; is the growing interdependence of the world's people (United Nations Development Programme (UNDP), 1999:1).

To this end the term “globalization” means to convey the increasing linkages among countries or the deeper integration of the world economy by trade, finance, and direct investment and technology. This

interdependence also involves an increasing interrelationship among major policy influences with monetary policy affecting trade policy and feeding back into fiscal policy.

### **1.9.8 GNP (Gross National Product)**

A measurement of the total value-added annual output of goods and services of a country in market value (Chandler, and Plano, 1992:318).

### **1.9.9 Governance**

Ritchken, in Fitzgerald, et al. (1995:195) defines governance as a process through which power and authority are exercised between and within institutions in the state and civil society around allocation of resources. Governance is about “ ... how antagonistic forces with material interest in the state and civil society forge alliances and enter into conflicts so as to access more resources to reinforce power. Furthermore, Governance is a means to maintain social stability and well being through deepening democracy, structuring social relationships and conflicts and ensuring responsive delivery. Governance is not about the impartial mediation of various interests in society, rather it is about promoting a set of values in the context of diverse interests and concerns” (Woodridge & Cranko, in Fitzgerald, et al., 1995:344).

It is important to note that every management and administrative structure needs the major attributes of good governance in order to achieve its objectives. Therefore, leaders in public office may achieve

success only when they begin to take the following issues very seriously :

- i. ensuring good and prompt service delivery;
- ii. practicing good intergovernmental relationships with different tiers of government;
- iii. ensuring social stability;
- iv. meeting the needs of the society; and
- v. deepening the practice of democracy democracy.

#### **1.9.10 Hegemony**

When one social class exerts power over others beyond that accounted for by coercion or law, it may be described as “hegemony” that is a chieftain within capitalist society (McLean, 1996, Politics : 218).

#### **1.9.11 Junta**

In modern usage, it refers to a military council that rules a country following a coup d’etat (McLean, 1996, Politics : 261). In fact, this has been the major Nigerian experience for over one-and-half decades until 1999 when they had a democratically elected government.

#### **1.9.12 Localization**

Using local resources, under the guidance and control of local communities, and reflecting local and regional cultures and traditions within the limits of nature (Norbert-Hodge, 1996:38-39). The overriding development approach involved is local self-reliance. Local

laws and customs are pre-eminent in a localized economy, which should build trust in and loyalty to the locality by all outsiders.

### **1.9.13 Monetary policy**

Economic policy that centers on the control of the demand for, and the supply of money as a means of controlling the economy (McLean, 1996:327). The main tool of monetary policy is the level of interest rates, essentially the price of money, which a government can influence among others, through its debt financing activities on the open market.

### **1.9.14 People-centered development**

“Development” is a general concept that stands for various things such as economic growth and level of affluence, or even social development as measured by a complex set of indicators (Sklar in Leftwich, et al., 1996:24). Development is about people and not about objects. Hence people centered development is a process of change that occurs inside people – either they do it themselves or it does not happen at all.

### **1.9.15 Policy**

Policy relates originally to the ancient Greek word “polis”, the city-state as the unit of government; and it denoted the decision-making and actions of bodies that carry authority within a community. The term gains weight from this association with authority (Gasper, 2000:180).

Policy comprises general guidelines for decision-making. It allows the public manager to use his or her discretion without being subjected to specific restrictions. Furthermore, policy can be manifested in the form of precedents. In the case of a precedent, the example of a decision made in a preceding situation under similar circumstances is followed. Policy therefore, need not always be clearly articulated.

### **1.10 ORGANIZATION OF THE STUDY**

This study is organized as follows :

- i. The first chapter includes the following : a general introduction; the background and rationale of the study; the research aims; statement of the problem and methodology.
- ii. The second chapter of this study deals with some specific theories of decision-making with respect to globalization initiatives in Nigeria.
- iii. The third chapter deals with the background study of Ethnicity, Race and Nations in Nigeria, with a view to giving some historical highlights. These will give the reader a feel for the most populous country on the African continent.
- iv. Chapter four covers the broad aspects of globalization by presenting an overview of this concept, its meaning, controversial issues and different views of both its promoters and critics.
- v. In chapter five, the focus will be on the philosophical discourse around globalization and public interest. Global public ethics and some current theories of public self-interest were considered.



- vi. Chapter six will discuss globalization, democratization and state building mechanisms in Nigeria and how these entities make a contribution to sustainable democracy in Nigeria. The present Nigerian government's globalization policy direction is examined in terms of the new trade policies, so as to pinpoint areas of interest and to maximize the benefits of globalization.
- vii. Chapter seven will look at globalization from the point of view of the participation of Nigeria in global bodies through its global alliances, for example, development and social international organizations and economic blocks such as the United Nations, Organization of African Unity, Economic Community of West African States and the Commonwealth among others. A review of South African-Nigerian foreign policies is undertaken in terms of a comparative perspective of the present Nigerian and South African governments led by Presidents Obasanjo and Mbeki respectively. The issue of globalization is examined by highlighting the similarities and differences in governance in both countries.
- viii. Chapter eight deals with globalization today, some strategic lessons for Nigeria's public policy. Some basic policy paradigms that failed are considered in the light of globalization. Some possible negative impacts of globalization on a developing country such as Nigeria will be discussed as well, followed by suggestions to counterbalance its negative effects.
- ix. Chapter nine deals with unfettered Globalization in Nigeria, some further public policy implications. In this chapter, all the negative implications of globalization are categorized.

- x. Chapter ten is the concluding chapter. It provides a summary, recommendations and conclusions. It also considers some recommendations for further research.

## **CHAPTER 2**

### **THEORIES OF DECISION-MAKING WITH RESPECT TO GLOBALIZATION INITIATIVES IN NIGERIA**

#### **2.1 INTRODUCTION**

Many Public Administrators still employ old management techniques to assist them in making most modern decisions. This is indeed unfortunate, especially since we are now living in an era that treats space exploration as an almost-common thing, that is, globalization. Public decision makers in Nigeria, like their counterparts in business, must have the right kind of intelligence on which to base their decision.

Owing to the complex nature of modern day affairs on the one hand, and to the rapid expansion of all facets of public policy with respect to the fast-growing globalization initiatives on the other hand, both public and private, not only is it more difficult to determine clearly what decisions must be taken, but decisions made today are more far-reaching and more irrevocable in their consequences than ever, in the history of Nigeria.

The strategic elements that constitute effective decisions do not by themselves make decisions. Indeed, every decision is risk-taking judgment. But, unless decision-making theories are taken as stepping-stones in the public decision process, right and effective decisions will not be made in any given circumstance.

Therefore, before examining decision-making theories with respect to globalization initiatives in Nigeria, it is important to note that in every given scenario, there is sequence of steps in the decision-making process.

There are six steps (Drucker, P., 1988:249) :

- i. The classification of the problem. Is it generic? Is it exceptional? Or is it the first manifestation of a new genus for which a rule has yet to be developed?
- ii. The definition of the problem. What are we dealing with here?
- iii. The specifications, which the answer to the problem must satisfy. What are the "boundary" conditions?
- iv. The decision as to what is "right" rather than what is acceptable, in order to meet the boundary conditions. What will fully satisfy the specification before attention is given to the compromises, adaptations, and concessions needed to make the decision acceptable?
- v. The building into the decision of the action to carry it out. What does the action commitment have to be? Who has to know about it?
- vi. The feedback, which tests the validity and effectiveness of the decision against the actual course of events. How is the decision being carried out? Are the assumptions on which it is based appropriate or obsolete?

With the above steps as a guide in the public decision-making process, right and adequate decisions may be arrived at in any given circumstance.

This chapter will present some brief explanations of a number of theories of decision-making with underlining approaches for their

applicability with respect to globalization policy in Nigeria. Public policy approaches such as political behavior, the institutional approach, comprehensive rationality, disjointed instrumentalism, mixed scanning, pressure groups and public policy making and bureaucracy will be examined. Possible means of public decision-making on Nigeria's globalization initiatives taking into consideration these theories will be the main focus of this argument. The conclusion will be based on the resulting information drawn from the above mentioned policy-making techniques.

## **2.2 GLOBALIZATION & PUBLIC ADMINISTRATION**

The role of Public Administration has shifted from focusing only on state or sovereign national problems towards problems or issues that go beyond the state borders and therefore, the "globe" is presently at a stage where developmental processes need to be harmonized and coordinated by the state. Hence Snarr, and Snarr, (1998:2) define "globalization" as the intensification of economic, political, social and cultural relations across borders and state boundaries. From this perspective of globalization, it may be important to note that the world is becoming integrated through common objectives on issues of global interest. It is under this premise that the creation of the United Nations (UN) and all its agencies, the World Bank, The International Monetary Fund (IMF) etc. became eminent.

Therefore, governments all over the world for the first time started speaking with one voice through these global bodies as catalysts and machineries that drive the globalization process. Similarly, sovereign states can now fight common enemies such as; AIDS, TB, and malaria, corruption, poverty and unemployment, illiteracy,

famine, terrorism, environmental degradation, and so on. These problems are then put into proper context by governments through political, social, cultural and economic approaches aimed at solving identified common global problems in the interest of the people hence public administration. Governments are the people's voice and decision-making organ but in spite of this fact, the globalization process is driven by the private sector whose motives and aspirations are to maximize profit. Governments are expected to begin to make some reasonable inputs in this process through dialogues, laws, and legislation in both the local and global arenas, so as to exercise their traditional role of service delivery to the people.

Similarly, when a government is adamant towards economic woes that befall their citizens, that government is not worthy of governance hence there is a need to emphasize the role of Public Administration in this era of globalization.

The opposition which the World Trade Organization (WTO) is facing today, as the architect of the institutionalized Globalization, does not only concern international trade, it also concerns the effects of international trade agreements on work opportunities, environmental issues as well as human rights in national states. The US Secretary of State argued in the speech prepared for Seattle meeting, but not delivered, that the World Trade Organization cannot be effective without public trust (Nader, and Wallach, 1996:99-103). This implies the view that the international body should acknowledge the social, economic and political institutions in its member states aimed at satisfying the public interest.

The shift towards a global public administrative system brings with it major changes in nearly every aspect of personal and public lives.

From the impacts of democracy and power, to the effects on employment, community, farms, and on food; on public health and the preservation of cultural and biological diversities. The consequences may vary regionally, as between the Third World and the Western World (Norbert-Hodge, 1996:31).

Globalization in the context of the discipline of Public Administration, refers to growing tendencies for issues to be of global concern and hence, the need for solutions through global institutions which make attempts towards addressing these issues. The concepts also suggests the development of a global civil society, in whose local groups and grassroots organizations from all parts of the world act directly through such bodies such as Civil Society Organizations (CSOs), Community Based Organizations (CBOs) and Non-Governmental Organizations (NGOs) and consequently channel these demands to the United Nations Organization (UNO).

The issues that may be considered as constituting the global agenda for public administration may be seen in these three broad categories, as pointed out by Baylis and Smith (2001:9). Issues that are trans-boundary or worldwide in scope and whose effects may be given attention, where international corporation is widely practiced or seen as genuinely desirable. These include international Terrorism, drug-related crimes, control of infections and killer diseases, trans-border pollution, transportation and communication activities.

Another issue of importance in formulating a global agenda for public administration is the need for the issue to be global in scope and which requires global cooperation so as to be addressed effectively. These may include those associated with global

economy, developmental movements, management of global common wealth, as well as more specific problems, such as stratospheric ozone layer depletion and climate change. There are those issues, which are traditionally considered a responsibility of individual state, but are increasingly seen in terms of collective responsibility whether regional or universal. Peace keeping forces, military security, and human rights issues are included in this category.

As governments all over the world begin to see every new development in global public administration as a collective responsibility, countries will begin to handle issues of a global nature with "absolute interestedness" as well, particularly where the sovereignty and economic future of their citizens are threatened hence the role of public administration in the globalization process. Globalization impacts heavily on the state, even though several business interests in the private sector drive it. Therefore, as a custodian of public wealth, rights and as a service delivery agency, the state can use their regulatory mechanisms to influence the stakeholders in the globalization derivarables.

Over the course of history, societies have employed a variety of mechanisms for making social choices. Monarchies and dictatorships, in which the preferences of one or a small number of people dominate social choices, have given way in many countries to systems with broader bases of participation (Weimer and Vining, 1999:160).

This implies that democracy may need to be considered a near perfect mechanism for aggregating individual preferences through the electoral process, in which leaders are elected as people's representatives. This singular worldwide accepted political behavior



would be much easier for developing countries in taking proper policy decisions on globalization issues. In view of these, it has become imperative that elected representatives in government will serve as surrogate decision makers.

Weimer and Vining went further to attest that in modern democracies, representatives of the electorates actually make and execute public policies. Although the particular constitutional arrangements vary considerably across countries, in most cases, voters choose representatives to legislate or execute public policies and sometimes-judicial proceedings; for example, a court judgment could give rise to public policy decision (1999:166-167).

Similarly, Pennoch (1979:325) argues that the proper role of a representative falls somewhere between that of a trustee and a delegate. The political behavior approach in decision-making sees a number of different individuals and organizations involved in the policy-making process. Each of these individuals has power. Some have more power, prestige and a greater chance of survival than others. In addition, each power center also has goals of its own, the power and well being of the people, the success of the individual member group's or community's power center, different ideological commitments and so on.

In Nigeria, political behavior and all its difficulties in diversity as described above can be dated as far back as the time of her independence from Britain in 1960 (Osaghae, 1996:50). The different political power centers were based on the three major ethnic groups namely, the Yorubas, the Hausas and the Ibos and other several powerful minority groups such as the Ogoni in the South and the Nupe in the North, to mention but a few. More

explanations are given to these major groups in chapter three of this study.

These political power centers in Nigeria, developed ethnic differences in political ideologies as a result of diversified cultural origins. These differences still exist till today. As a result of these, the Nigerian political class in each of the four democratic dispensations attempted to persuade each other, by bargaining, making mutual concessions, attempting to out-manuever and manipulate each other, and at a certain point, applying whatever naked power they could muster to see their views accepted as the general public's choice of policy.

Wildavsky (1994:64) suggested that legislative treatment, however, has a major political thrust. He went further to maintain that any policy proposal may be completely logical and appropriate when it is presented to the house appropriation committees but in the end, that proposal can only succeed as a policy decision, based on how good a politician is rather than on the merits of the contents of the policy proposal.

Similarly, Linder and Peters (1998:42) argue that if the political behavioral approach takes precedence over expertise and professionalism in taking any public policy decision, it will result in displacing technical expertise with political accommodation. This will result in disjointed decision-making and therefore, will not be in the common interest of the majority of the citizens.

In view of the foregoing, it is imperative to note that the most important implication for public decision-making in any nation-state in this globalization era, however, may well be to determine

whether the differences among political initiatives are given sufficient attention by government's decision makers.

It is also important to note that the political behavior in Nigeria still leaves much to be desired. The political approach is already dominant in the Nigerian public decision-making process, but much will be achieved in this globalization era if Nigeria would approach their public-decision process through technical means, guided by expertise, even in the face of their current political behavior.

Political behavior as a decision-making approach, may not achieve a comprehensive public choice in Nigeria unless the stakeholders, first and foremost, look for the political power centers that make up the Nigerian political class. They must also assume that a variety of power centers would be involved in decision-making, that these power centers share a commitment to the government's goals but also have different community and personal goals.

Therefore, in applying this method to the globalization initiatives in Nigeria, the hypothesis would be that various segments of the Nigerian ethnic, religious and political leadership and other power centers of the Nigerian society would, directly or indirectly, through the representative process, support the decision of the globalization agenda. The move must be aimed at meeting the overall policy preferences in terms of ideology, philosophy or simply the practical expectations of all Nigerians about the dividends of the globalization process.

It will also be of immense importance for the government of Nigeria, as a custodian of the "political behavioral approach" in public decision-making, to look for differences in goals or disagreements about means with regard to globalization issues. This

is because, in the final analysis, no matter how effective and proficient the public decision maker would be in creating and identifying benefits for Nigeria through the new globalization initiatives, it will seldom escape political scrutiny in the legislative arena. The next decision-making approach in the public policy scenario is the institutional approach.

### **2.3 INSTITUTIONAL APPROACH**

When David Easton published the Political Systems analysis in 1957, one problem with the field of inquiry, now generally acknowledged, was the tendency of many public service practitioners to single out some institutions as the proper locus for political inquiry and as being more strategically empowered to formulate public policy. Specifying politics as the authoritative allocation of values is an attempt to identify the defining function of political life (Easton, 1957:16-25).

It defines that which all political systems do, whatever the arrangements for carrying out the defining function. All forms of government, for example, the military dictatorship as experienced in Nigeria for over a decade, as well as democracies, are said to allocate values authoritatively, thereby defining both political life and public policy decision-making within a government system. Easton went further to define "authoritative" and "allocation", as follows (1957:25-30) :

- i. "authoritative" is when "people feel they must or ought to obey it"; and
- ii. "allocation" is when "we allocate items, we distribute them".

Values affect public policy allocation in two prominent ways :

- i. by rearranging the attitudes of citizens that express values; or
- ii. by distributing the things that are valued by citizens.

The explanation of the three factors that constitute David Easton's institutional theory of "allocation of value" is needed at this juncture so as to give a critical analysis of its content. Firstly, one difficulty with the specification of the authoritative concept is that feelings may have little or nothing to do with political events that can usher in public decisions. For example, the feelings of the policy community and stakeholders in public policy in any given state does not constitute an authority to act or not, on behalf of the state. Another difficulty with the authoritative concept is the suggestion of obedience. Many public policies certainly do not obey responses of that nature. For an example, calling in the state mobile police in Lagos, which is the Nigerian commercial capital, in 1999 by the current government to quell riots and ethnic tensions, disposed the average citizens to comply by obeying orders, but the situation went out of control to the extent that so many lives and properties were lost.

Secondly, the allocation concept denotes distribution of available resources by spending money on policy issues such as social security, poverty alleviation programs, education or even arms for the police and Defense Forces. These simply imply taking funds from the government coffers to fund projects and programs in which the government in power or its members have a vested interest. This does not seem to fit the idea of allocation at all. Similarly, in ethical issues such as the issue of abortion, that must be resolved within the public policy framework, may not be under the public domain hence, what is ethical to one person or group of

persons may be unethical to the others and as such allocation will also lose its effects.

Thirdly, values here may be relevant only if the government decides to create awareness of their policy to the citizens, but when the government acts otherwise, it becomes irrelevant hence policy aims to change or maintain the values of the population. The type of allocation of valued things can be seen as different from the change or maintenance of attitude of the population which policy tries to achieve.

It is easier now for us to see the deficiencies of the institutional approach; for whatever institution is chosen as the point of study, a case can always be made on slightly different facts, for a rival institution. For example, if the Nigeria Parliament made up of the House of Representatives and the Senate (or its committees) is selected as the only preferred public policy institution, someone can always lay claim for the Office of the President of the Federation of Nigeria as the controlling factor in the national political life. Conversely, if the presidency is chosen, then someone can argue that a "power elite" is predominant behind the office of the head of state and commander in chief of the Nigerian armed forces.

Therefore, every institution that constitutes the Nigeria government policy community namely :

- i. the local government chairman and council;
- ii. the state governor and the state house of assembly;
- iii. the federal house of representatives;
- iv. the senate;
- v. the cabinet;
- vi. the judiciary; and

vii. the presidency,

should be allowed to continue to act as institutional watch-dogs on each other as checks and balances may be the only antidote towards safeguarding nascent democratic values and public decision-making in Nigeria in this era of globalization.

Taking this institutional theory further, it is important to note that the theory came as a result of the emergence of a policy instrument that deals with the institutional process in decision-making within the public sector. This institutional approach takes into account the standard public policy criticisms ranging from lack of attention to the people by some governments, to the role of government in the governing process, to action, to dynamics, to values and morals that are lacking in other public decision-making theories. The meaning of the institutional perspective can be summed up in the following twin concepts: present-past, design-evolution and result-process (Bagchus, 1998:52).

Starting from the present to past institutional policy approaches, according to Krasner (1988:66), the main feature of an institutional perspective in the public decision-making approach is that choices made in the past restrict the availability of future options. This means that the number of alternative policy instruments is restricted as a result of a historic exclusion of alternatives. This exclusion of policy instruments can be either material or psychological. However, the institutional approach takes the past into consideration.

It was pointed out earlier in this chapter, that any decision made now would have a far-reaching effect in the future. Therefore, as the institutional approach is concerned with process as well as the

content, because it assumes that decisions have to emerge out of interactive process, it also emphasizes processes and institutions for deciding on and implementing policies. The dual emphasis on deciding and implementing is important here, for policies are not selected and then carried out, as traditional models of policy analysis often assume. Rather they are reshaped throughout the implementation process. Ideally, the implementation process encourages learning from experiences and adapting to the new information.

Therefore, the globalization policy initiatives in Nigeria would be beneficial by being formulated through this process hence it is a collaborative approach in which all stake holders are involved in an informal decision-making process with a view to achieving a common objective. This may well be the reason why the donor community is clearly more open to a variety of views in recent years on issues of collaborative institutional approach to solving national, regional and continental common policy problems for example, the current Western World support for the New Partnership For Africa's Development (NEPAD).

From design to evolution, is an institutional approach in public decision-making. It has also become clear that, according to this view, four conditions, namely, the characteristics of context, policy instrument, policy issues and target group are central to selecting policy instruments.

The institutional approach questions intentional behavior of the actors and the possibility of designing effective policy instruments. According to this view, the choice of policy instruments can be explained partly by historical process and represents an incremental



development, which is to a small degree, determined and controlled by the actors involved (Brusson and Olsen, 1993: 1-5).

It is clear that this process is an extension of the past-present approach in that it also recognizes the importance of previous information as an aid in determining the future policy alternative. Globalization policy decisions in Nigeria may not be considered if the country did not have any international alliances with other countries prior to globalization. Therefore, Nigeria's experience in the global arena namely : trade and commerce, tourism and diplomacy may have a huge influence in their decision-making towards the globalization agenda.

From result to process, considers the selection of policy instruments from a static point of view, which is highly functional. It is important to note that policy instruments are appraised by their degree of effectiveness. The institutional view questions this orientation of actors choosing policy instruments. The emphasis is no longer just on the result of the policy instruments but more on the process of their emergence. Thus, the dominant criterion of effectiveness can be questioned (March and Olsen, 1984: 734-9).

In considering the globalization initiative in Nigeria along this line of thinking, it is understood that selection among alternative actors is not guided by effectiveness, it is guided by the logic of appropriate behavior according to conventions, routines and a particular way of thinking and acting. This will not be results-oriented in Nigeria in this era hence, openness and accountability is one of the cardinal points in the globalization process.

Due to the large amount of general knowledge and interaction patterns required in the globalization process, this approach may not necessarily be considered.

Institutions not only provide a stable background against which actors make intelligent or satisfying choices, but also have an impact on the formation of preferences. Thus, Nigerian institutions and their formal structures will not only reduce the transaction cost of the public decision-making process, but will also be proactive in influencing the formation of national preferences. Therefore, in general as pointed out earlier, the institutional approach is more results oriented when all stakeholders are participants in collaborative efforts in the decision-making process that will address the interest of the majority.

## **2.4 PUBLIC POLICY DEFINED**

It is important to note that public policy decision-making is one of the key elements of good governance. As consideration is being given to some policy theories and their application to Nigeria's globalization initiatives, it may be necessary to give a reasonable number of definitions of Public policy aimed at offering some explanations on what policy is, and what it is not.

"Policy" refers to a higher, more general, strategic level of plans and actions. "Policy" nowadays refers to any higher-level decisions or orientation of a group, organization, or even an individual. We say "public policy" to emphasize the plans and actions by and for the political community, typically (but not exclusively) a level of government.

This “policy” comes from a political authority (though influenced and sometimes determined by other actors), but the resulting programs and activities can be implemented through non-governmental agencies (Gasper, 2000:180-1).

Policy comprises general guidelines for decision-making. It allows the public manager to use his or her discretion without being subjected to specific restrictions. Furthermore, policy can be manifested in the form of precedents. In the case of a president, the example of a decision made in a precedent situation under similar circumstances is followed. Policy therefore, need not always be clearly articulated.

Public policy refers to government decisions designed to deal with various social problems, such as those related to foreign policy, environmental protection, crime, unemployment, and numerous other problems. Public policy analysis generally refers to the determination of which various alternative policies, decisions, or means are best for achieving a given set of goals in the light of relations between the alternative policies and goals (Nagel, 1984:3).

In this context, methods can be referred to as tools used in determining those relations and in drawing a conclusion as to which policy or combination of policies is best. Policy may be understood to be a process of bargaining and conflict among actors who dispose of diverse, but mutually important resource material, legal, informational, expertise and networking-related—which are exchanged and bargained for in a particular institutional context so as to reach a policy decision (Lauman and Knoke, 1987:1).

In this definition, all actors concerned share a primary interest in the policy area, but pursue different specific goals. Policy is, in its most general sense, the pattern of action that resolves conflicting claims or provides incentives for cooperation (Frohock, 1989: 11).

This definition provides that sometimes, conflicting claims are actually expressed by claimants, a type of policy issue both visible and common enough in our daily lives. According to Donna (1986: 14), policy may be described in terms of certain logical forms namely "rule policy" and "goal policy". When rule policies specify actions to be performed, goal policies set goals to be achieved by any of a number of available actions. Public policy can also be defined as a complex pattern of interdependent collective choices, including decisions not to act, made by governmental bodies and officials (Dunn, 1994: 85).

The above definitions were given within the broad term "policy", and two features stand out. First, policy is a social practice, not a singular or isolated event. For example, when a country's president is assassinated for the first time, it is a political event and not a policy, or an issue for policy resolution, unless it is adopted as a recurring activity, then policies may be put in place to ward off future occurrence.

Secondly, the definitions portray policy as occasioned by the need to reconcile conflicting claims or to establish incentives for collective action among those who share goals but find it irrational to cooperate with one another. It is a summation of people's demands, or an expression of goals, in ways that can be settled neither spontaneously nor through some happy operation of natural laws.

Finally, the policy decision process needs to seek a successful way of cooperating to obtain set goals. Policy should be seen as an outcome of a good decision backed with action and not a reflection on alternative claims.

## **2.5 COMPREHENSIVE RATIONALITY**

Perhaps the best-known and most widely accepted theory is the comprehensive rationality approach to decision-making. The main characteristics of this theory are that, it involves reasoned choices about the desirability of adopting the different courses of action to resolve public problems. Yet, any form of rational comprehensive theory is difficult to realize fully in most policy-making settings.

In the late sixties, Charles Lindblom pointed out that in fact, for choices to be rational and comprehensive at the same time, they would have to meet the following conditions, which are described as the rational-comprehensive theory of decision-making (1968:80) :

- i. an individual or collective decision maker must identify a policy problem on which there is consensus among all relevant stakeholders;
- ii. an individual or collective decision maker must define and consistently rank all goals and objectives whose attainment would represent a resolution of the problem;
- iii. an individual or collective decision maker must identify policy alternatives that may contribute to the attainment of each goal and objective;
- iv. an individual or collective decision maker must forecast all consequences that will result from the selection of each alternative;

- v. an individual or collective decision maker must compare each alternative in terms of its consequences for the attainment of each goal and objective; and
- vi. an individual or collective decision maker must choose that alternative which maximizes the attainment of objectives.

First and foremost, in considering the Nigerian Governments globalization initiatives, for these and similar reasons it may appear that the process of making policy recommendations is not and cannot be "rational". Tempting as this conclusion might be, the inability of the individual or collective decision maker to satisfy the conditions of the simple model of choice available in the globalization agenda does not mean that the process of recommendation is not and cannot be rational.

Secondly, if by "rationality" we mean a self-conscious process of using reasoned arguments to make and defend advocative claims, we will find not only that many choices are rational; we will also see that most are "multi-rational". This means that there are multiple rational bases underlying most policy choices.

According to Dunn (1994:274), the rational comprehensive theory may be characterized in several ways based on the reasons in which a specific or several choices are made and the goals they are likely to achieve in the decision-making process :

- i. Technical rationality : This is the characteristic of reasoned choices that involve the comparison of alternatives according to their capacity to promote effective solutions for public problems.
- ii. Economic rationality : Economic rationality is a characteristic of reasoned choices that involve the comparison of

- alternatives according to their capacity to promote *efficient* solutions for public problems.
- iii. Legal rationality : This is a characteristic of reasoned choices that involve the comparison of alternatives according to their legal conformity to established rules and precedents.
  - iv. Social rationality : This is a characteristic of reasoned choices that involve the comparison of alternatives according to their capacity to maintain or improve valued social institutions, that is, to promote institutionalization.
  - v. Substantive rationality : Substantive rationality is a characteristic of reasoned choices that involve the comparison of multiple forms of rationality-technical, economic, legal and social as described above in order to make the most appropriate choice under given circumstances.

The above breakdown of the rationality decision-making theory has two common characteristics namely, choices and comparison in any given set of alternatives. In the context of Nigeria's globalization initiatives, the above decision-making approaches as described in this theory could take several dimensions.

Firstly, technical rationality can include choices that will involve Nigeria's participation in highly specialized technical issues at the global level such as choices between solar and nuclear energy technologies. But, owing to several grassroots problems and given the current rate of unemployment and poverty, it may not be a wise choice for Nigeria to be involved in such a venture as there are more urgent pressing needs.

Secondly, in considering economic rationality, an example would be a comparison of alternative medical care programs in terms of their total cost and benefits. Nigeria may need to harmonize their

medical costs and benefits. Expensive medical care may not necessarily be of a high benefit. But, in considering this decision, it may be necessary to bring other needs of the people on board before such a decision is finally made.

Thirdly, an example of the legal aspects of comprehensive rationality is that choices have to be made regarding the award of public contracts according to whether the companies comply with laws against racial and sexual discrimination. Because of the historical past of Nigeria as a nation, racial and sexual discrimination are not emphasized in the current Constitution. But as the globalization process recognizes it, there is a need for Nigeria to draft a holistic policy that will address issues of this nature constitutionally.

Fourthly, one of the best examples of social rationality involves the extension of rights to democratic participation at work. The Nigerian Constitution of 1999, gave backing to the new democratic dispensation, therefore, democratic approaches in public decision-making are already in place in most public and private institutions. But the government needs to see this as contributions by civil society and non-governmental organizations to public decision-making in Nigeria and, not as a force competing with the government.

Finally, in substantive rationality, one can draw an example from the fact that many issues of government information policy involve questions about the usefulness of the costs and benefits of the above-described approaches to decision-making with respect to the Nigerian society, their legal implications for rights to privacy, and their consistency with democratic institutions.



Following the above considerations, it may be easy to conclude that the comprehensive rationality theory of decision-making may be difficult to achieve in all the discussed scenarios with the examples given by Frohock (1989:29) as follows :

- i. Frequently, the decision maker has neither the time, nor the capacity, nor the information necessary to make the in-depth study that this method requires.
- ii. Identifying the global values required by the comprehensive rationality approach can be difficult or impossible to attain.
- iii. All available values have a very high rate of not being considered. Some must be sacrificed in order to achieve others.
- iv. Furthermore, it was observed that there exists some disagreement among the values in the decision-making process using this approach.
- v. Finally, this approach rests on the ambiguous relationship between "means" and "ends".

Given the above problems inherent in the comprehensive rationality approach to decision-making, in the final analysis, the ultimate valued decision can be achieved. However, the usual situation is that one person's goal may be another person's means to achieving an entirely a different goal.

The democratically elected government representatives in Nigeria and their counterparts in civil society institutions may be the only legitimate bodies that can take public policy decisions on issues of globalization initiatives. Representation from all stakeholders that make up the political power centers in Nigeria may come out with minimum negative impacts on the people, now and in the future or

else they will be caught up by the above-identified constraints in the comprehensive rationality approach.

## **2.6 DISJOINTED INCREMENTALISM**

Prior to his work in 1968, Lindblom with Braybrooke had suggested that there are several important criticisms of the rational-comprehensive theory of decision-making. The first of these, known as the disjointed-incremental theory of decision-making, holds that policy choices seldom conform to the requirements of the rational-comprehensive theory (1963:18).

According to Dunn the incremental theory individual or collective decision makers (1994:275-276) :

- i. consider only those objectives that differ incrementally, that is, by small amounts from the status quo;
- ii. limit the number of consequences forecast for each alternative;
- iii. make mutual adjustments in goals and objectives, on the one hand, and alternatives on the other;
- iv. continuously reformulate problems-and hence goals, objectives, and alternatives-in the course of acquiring new information;
- v. analyze and evaluate alternatives in a sequence of steps, such that choices are continuously amended over time, rather than made at a single point prior to action;
- vi. continuous remedy existing social problems, rather than solve problems completely at one point in time; and
- vii. finally, share responsibilities for analysis and evaluation with many groups in society, so that the process of making policy choices is fragmented or disjointed.

Incrementalism as a policy approach described above gives the impression that the administrator specifically considers only a limited set of policy alternatives that are incremental additions or modifications of a broader set of policies that are considered “given”. Similarly instrumentalism is disjointed when it lacks concentration on only a small number of relevant values.

The general features of instrumentalism as described above seem to be opposed to those of comprehensive rationality in the sense that instrumentalism lacks the following attributes (Frohock, 1989:49) :

- i. no hierarchical arrangement of goals or means;
- ii. imperfect and limited information; and
- iii. the elevation of cost as an important consideration.

In defense of instrumentalism, Boss pointed out, that it reduces the value problems, and diminishes the general complexity of the entire process. Problems are handled by marginal comparisons, and the official makes choices only at the margins, rather than having to consider each program or alternative in its entirety. Both empirical analysis and value judgments are considered at the same time (1986:106).

However, the measure of a “good” decision is the degree to which the decision makers are in agreement, while a poor decision excludes or ignores participants capable of influencing the projected course of action. Therefore, if one wants to think of decision models as calling attention to globalization initiatives in Nigeria, this approach is more convenient than the comprehensive rationality approach. This is because, these approaches are appropriate in the case of believe that a policy decision covering a large number of issues and people, where the issues and people affected change

quickly and are quite diverse, and will be more complex than a policy decision involving only a few issues and people. This approach is appropriate for globalization decision-making as the issues and participants form a homogenous family of units within the globe.

## **2.7 MIXED SCANNING**

A final perspective on the issue of decision-making theory is one provided by sociologist Amitai Etzioni. He proposed a strategy of *mixed scanning* as an alternative both to comprehensive rationality and rival viewpoints, including disjointed incrementalism described above. While accepting the criticisms of the comprehensive rationality theory of decision-making, Etzioni pointed to limitations of disjointed instrumentalism (Etzioni, 1967:385).

Mixed scanning may seem to distinguish between the requirements of strategic choices that set basic policy directions and operational choices that help lay the groundwork for strategic decisions and contribute to their implementation. In effect, mixed scanning seeks to adapt strategies of choices to the nature of the problems confronted by policymakers. Because what is rational in one context may not be so in another, mixed scanning selectively combines elements of comprehensive rationality and disjointed incrementalism (Dunn, 1994:280-81). For proper explanation of the three decision-making theories under consideration here, it may be necessary to use the illustration given by the mixed scanning theorist himself.

“Assume we are about to set up a worldwide weather observation system using weather satellites. The rationalistic approach (that is, the comprehensive-rationality theory) would seek an exhaustive

survey of weather conditions by using cameras capable of detailed observations and by scheduling reviews of the entire sky as often as possible. This would yield an avalanche of details, costly to analyze and likely to overwhelm our action capabilities, (for example, "seeding" cloud formations that could develop into hurricanes or bring rain to arid areas" (Etzioni, 1967:389).

Disjointed instrumentalism would focus on those areas in which similar patterns developed in the recent past and, perhaps, in a few nearby regions; it would thus ignore all formations, which might deserve attention if they arose in unexpected areas. Etzioni went further to explain "it is often fundamental decisions which set the context for numerous incremental ones. Although fundamental decisions are frequently "prepared" by incremental ones. In order that the final decisions will initiate a less abrupt change, these decisions may still be considered relatively fundamental. The incremental steps, which follow, cannot be understood without them, and the preceding steps are useless unless they lead to fundamental decisions. Thus, while the incrementalists hold that decision making involves a choice between two kinds of decision-making models, it should be noted that :

- i. the cumulative value of the incremental decisions specify or anticipate fundamental decisions; and
- ii. the cumulative value of the incremental decisions is greatly affected by the related fundamental decisions" (1967:387-88).

In view of the foregoing, the mixed scanning theory brings along with it a number of advantages to the decision-making process. First, it permits taking advantage of both the incrementalism and comprehensive rationality approaches in different situations. Note,

for example, that ranking public officials in Nigeria often focus on the overall picture and are impatient with details, but mixed scanning can be applied to both levels of analysis.

Second, mixed scanning permits adjustments to a rapidly changing environment (such as issues of global concern, namely, global security, poverty and diseases, to mention a few) by providing the flexibility necessary to adapt decision-making to the specific circumstance. In some situations, incrementalism will suffice. In others, the more thorough comprehensive approach is needed.

Third, mixed scanning considers the capacity of the decision maker. All do not enjoy the same ability. Generally speaking, the greater the capacities of the decision maker, the more encompassing the level of scanning he or she can undertake. And the more scanning, generally speaking, the more effective the decision-making process becomes. It is understood here that as the globalization agenda has to do with the planet earth and everyone living in it, highly specialized and capable decision-makers are needed to discuss and take decisions on issues of globalization.

The crucial questions regarding the usefulness of mixed scanning may be categorized in the following two points :

- i. how to determine the conditions under which mixed scanning, rather than the incremental and rational approaches should be used; and
- ii. how to determine the extent to which each of these approaches should be applied.

It may be concluded that different approaches exist in the study of decision-making. Political behavior, the institutional approach,

comprehensive rationality, disjointed incrementalism and mixed scanning, each represents a theoretical explanation of what “is” or what “ought” to be the best method of decision-making. But from what has been discussed so far, governments structures and strategies at the local, state, national and global levels determine and present certain conditions that affect the decision-making process.

Broadly speaking, globalization initiatives may entail holistic decision-making models, which involve the entire globe as a single system, therefore, by nature; it is a highly dynamic process. It was pointed out earlier that a predominantly incremental or mixed scanning approach could greatly simplify the decision process. But in a more stable system, where decisions can be isolated and the programs can be agreed upon, the advantages of the rational approach come into play more definitely. It is imperative at this juncture to point out that given the diverse cultural, political and, religious beliefs as well as the economic and developmental inequalities that exist between countries in the developed world and their counterparts in the developing countries, mixed scanning may be the best approach to deal with unstable and more dynamic global decision-making.

Finally, each of these decision-making processes may be appropriate at one time or another. The responsibilities of the decision makers seem to dictate the degree to which the various approaches will be emphasized. However, the precise combination depends on the nature of problem. The rational comprehensive approach will be more appropriate in the case of problems, which are strategic in nature. Conversely, problems of an operational nature are more appropriately served by the disjointed-incremental approach.

In all circumstances some combination of the two approaches is necessary, since the solution does not lie in adopting one approach and rejecting the other. Rather, the solution may result from a combination of two or more approaches in an effective way in order to achieve a stated public policy program.

## **2.8 PUBLIC POLICY AND PRESSURE GROUPS**

This segment of the study will be concerned primarily with some groupings, and actual hypothetical deductions, which is more important to people's political life coupled with the theories of public policies that go with them. It is important to continue to advance the idea of rationality through this discussion, as it is the basis for public decision-making. But to borrow a distinction from the institutionalized decision-making approach discussed in (2.3), the primary interest here will be in sociological explanations, the behavior of associations of various kinds and the effects of associations on the rational decisions that individuals are required to make in public policy formulation.

Public policy makers certainly do not operate in a vacuum. They belong to a context characterized by a number of specific actors (Wright, 1988:595). This context is in this research called a policy community. A policy community is the aggregate of actors pertaining to a particular policy area. By definition, a pressure group exceeds the boundaries of organizations. Jordan remarks on the notion of "policy community" the policy community idea therefore, seems to rest firmly on the notion that the particular policy of the moment is processed within a context of recognition that there are, and will be in the future, other issues which also need to be dealt with. In a policy community a specific item of business is transacted



within a context where the participants already have mutual needs, expectations, and experiences (1990: 326).

The pattern of thinking about the role of pressure groups in public policy-making has made some substantial contribution to the literature of pressure groups in different perspectives. There is now however, a need to examine just what those contributions are and whether the network approach in which pressure groups are a major player has yet to achieve the theoretical utility that its advocates appear to assume.

According to Fronhock (1989:64), the idea of “clusters” of people in the public policy-making process is as old as political theory itself. Plato’s Republic is an arrangement of intellectually based classes of people. Karl Marx gave the notion of these classes as part of an economic base. Similarly as early as 1952, Earl Latham in his book, the group bases of politics, stressed the importance of groups in politics (1952: 15), which informs completely on the basis for public decision-making and ultimately policy formulation.

Pressure groups in the public policy process are characterized by long-standing social relationship between actors. Granovetter (1985:485) describes how continuing social relationships influence behavior in a specific social context. Actors do not decide and behave like atoms functioning outside a social context. Similarly, there is no escaping the tension between policy and community, between adapting actions and maintaining relationships, between decision and between governing now and preserving the possibility of governing later (Wildavsky, 1979:26).

The behavior and decision making of these actors in the context of social relationships is embedded in the pressure groups. In turn

these social relationships play a role in the actions of the actors, and, consequently the choice of policy instruments. Apart from the degree of goal attainment, the appraisal of policy instruments also depends on the way in which the features of policy instruments support and sustain these continuous relationships within the policy community. None of the actors has any interest in damaging this relationship, especially when a mutual dependence exists between the formation and implementation of future policy. This means that a policy instrument can only be termed to be appropriate when it is a continuation of, or supports, existing positive social relationships among the actors hence these relationships have become an end in itself.

But what precisely do people mean by the expression “public opinion”? Obviously the public has opinions about many things but what is being considered here are how these opinions are translated into practical tools of public decision-making. Key (1961:14) puts it simply : Public opinion is nothing more than “those opinions by private persons which governments find it prudent to heed”.

But more often than not, the political strength of the pressure groups and organizations that form these public opinions may be as strong that the government will have no choice but to heed their policy opinions, whether, prudent or not, or else the government will loose political support or be removed from or voted out of office.

### **2.8.1 The origin of the socialization of policy-making**

David Eaton’s theory of political representation, describing pressure groups as one major factor in political socialization may not be out of place. This is informed by the fact that these groups have several

means and ways to influence general public decision-making. The process can be traced to the day of birth. From the time people are born, they are surrounded by people and institutions that influence the way they will think about parents, brothers, sisters, friends, neighbors, schools, churches and a bewildering variety of other institutions and groups, from the boys Scouts to the gang that hangs out at the drug store or local beer parlor. Ethnic background, geographic region and socioeconomic levels also have influence (Connel, 1975:20-27). These and other factors that constitute pressure groups in public decision-making will be examined hereafter.

#### **2.8.1.1 Family**

The foremost institution through which the individual becomes politically socialized is the family. As the infant grows into a child, the child into an adolescent, and the adolescent into an adult, it is the family that is the first link to the outside world. The family attempts to instill values. The family passes on the culture as a whole. The family also attempts to inculcate in the individual its own view of both the society and the political system by which the society is governed.

People talk about the "generation gap", and there is a general assumption that children tend to rebel against both parents and authority. For example, during the anti-Vietnam student riots in 1968-1969, many people assumed that the students were rebelling against authority, both parental authority and governmental authority. But a surprisingly large number of the leaders of the student revolt were the sons and daughters of politically radical parents (Kenniston, 1968:16).

In the global context generally and in Nigeria in particular, families have been a major factor in forming pressure groups and participating in the public decision-making process. Conversely, the family values and opinions are formed as well to influence political class decision in the course of public policy. Therefore, globalization initiatives in Nigeria will not be different in terms of family orientation and role in understanding the global political stage.

### **2.8.1.2 Religion**

In 1979, American public opinion analysts, Erikson and Luttbeg in their research discovered, that the Jewish community tends to be liberal on most issues, both economic issues and those concerned with liberties and rights. Catholics tend to be liberal on economic issues but less so on the others. Protestants tend to be more conservative on the full range of issues. Jews are overwhelmingly Democrats. Catholics also tend to be Democrats, while white Protestants in the North tend to be Republicans in their ways and approach to public issues and opinion (1979:10-15).

Whether it is the church, mosque, temple, shrine or the already discussed family units that instill religious values, those values also have an effect on political attitudes. One notable development, which indicated the evolution of a more nationally, oriented pressure group in Nigeria was the emergence of the church as a major pro-democracy pressure group. Church leaders such as Archbishop Abiodun Adetiloye, head of the Anglican Church in Nigeria, and Archbishop Olubunmi Okogie of the Catholic Diocese of Lagos who was a long-standing human rights activist, as well as bodies like the Catholic Bishops' Conferences and the Christian Association of Nigeria (CAN), played leading roles as pressure

groups in shaping new Nigerian democratic government (Osaghae, 1999:300-2).

During the military dictatorship in Nigeria, they were vocal against the problems facing the country. They also had international alliances and collaboration aimed at influencing the international community for both economic and political sanctions against the military regime and, at the same time calling for democratic elections.

Similarly, the Islamic Organization Conference (IOC) Nigeria branches, made up of several Islamic Associations in Nigeria, have strong bonds that unite them. These bodies influence most public policy decisions in Nigeria. They are political power centers to reckon with in Nigerian politics from independence until the present day. This implies that religious groups form part of political pressure groups that most often influence public decision-making.

### **2.8.1.3 Academic institutions**

As a pressure group, schools, as one would expect, play a major role in political socialization and public policy-making. No society would tolerate having its schools teaching its children that some other form of culture or social and political system is better. The spectrum of teaching ranges from deliberate indoctrination on specific issues to a rather general inculcation of positive attitudes toward the particular country, its government, and its general culture and attitude system (Siegel, 1968:216). Apart from the influence of schools both junior schools and tertiary institutions in shaping the cultural and sometimes religious beliefs of an individual, they also play some significant roles in calling any erring government to order. For example, the annulment of the 12 June

1993 Presidential Election in Nigeria, widely believed to have been won by Late Chief Moshood Abiola (Osaghae, 1999:296), irritated the University of Lagos student government and the National Association of Nigerian Students (NANS). These students held the state and the federal government to ransom as a result of the political impasse being experienced in the country. Higher schools and universities sometimes express their opinions by rioting or negotiating with government to address a social problem. Therefore, academic institutions are a strong force in the process of public decision-making even in this globalization era.

#### **2.8.1.4 Occupational and class-based organizations**

It is important to note here that apart from the fact that groups can seriously inform the public decision process, people can also associate with each other in a variety of ways, by class, strata, groups, elites and even systems. Sometimes these associations are actually in the form of organizations. In Nigeria and other parts of the world, people do organize themselves into groups, and we can readily identify these groups and how they operate to influence general public policy decisions. Some examples of associations in this category in Nigeria are, the Nigerian Medical Association (NMA), the Nigerian Bar Association (NBA), the Academic staff Union of Universities (ASUU), the national Union of Petroleum and Gas Workers (NUPENG), the Petroleum and the Natural Gas Senior Staff Association of Nigeria (PENGASSAN), to name a few. These associations remained the main fora for civil society action during the military regimes in Nigeria. Their riots and protests provided an outlet for opposition to the political impotence and economic misery during the military dictatorial regimes of Generals Babangida and Abacha (Osaghae, 1999:297).

The above occupational and class-based organizations did function to some extent to counteract some of the forces, as could be seen in the frontline roles played by labour unions, professional associations, students' organizations and other groups within the Nigerian national orientation.

#### **2.8.1.5 Ethno-regional cleavages**

Deutsch in his pioneering work, argued that the nation-state and nationalism arose from a marked increase in social communication over a wider area than in former times and that it resulted in shared states, such as Switzerland, which do not share a single language but may still have a single nationalism. Even though the Swiss speak four languages, they are still one nation. Deutsch went further to argue, because each "each of them has enough learned habits, preferences, symbols, memories, patterns of land-holding and social stratification, events in history and personal associations, all of which together permit him to communicate more effectively with other Swiss than with the speakers of his own language who belong to other people" (1953:75).

In Nigeria ethno-regional rivalry is rife in public policy decision-making. This was one of the major reasons for the failure to "actualize" the 12<sup>th</sup> June 1993 mandate as pointed out earlier. As we saw, the sectoral character of the demands for the actualization led to the resurgence and strengthening of the irreconcilable 1965 / 6-type ethno-regional positions (Osaghae, 1999:300).

Ethno-regional cleavages as major pressure groups in Nigeria have been power centers and are as old as the Nigeria political system. Most of the time, these bodies that constitute Nigerians from the three major ethnic groups, namely, Hausa, Yoruba and Ibo,

influence the general public policy decision process in Nigeria (these ethnic groups are discussed in the next chapter of this study).

Some of the ethno-regional groups that influenced the international community to put pressure on the past Nigerian military government were, the National Democratic Coalition (NADECO), the Campaign for Democracy (CD), and a few others (Osaghae, 1999:301). Similarly, the most recent of these ethno-regional cleavages in the Nigerian political system are the Oduduwa People's Congress (OPC) made up of people from the Yoruba ethnic group, the Arewa Forum (ARF), people from the Hausa ethnic group and the Ohaneze, made up of the people from Ibo ethnic group. These groups are power centers in the present Nigeria democratic dispensation. They use lobbying and other means available to them to influence most national public decisions.

#### **2.8.1.6 The government**

One of the most important members of the policy community as a pressure group is the government. Most scholars tend to ignore the role government plays as a major custodian of public policy and general governance. The unique role of the government becomes apparent when we consider that actions by governmental organizations are characterized by an orientation towards precision, legality, legal protection, democratic justification and legitimacy (Bekker, 1990:16).

Although the government is not an absolute ruler, it still has a distinct position, role and responsibility within the community. It owes its distinct position to its duties, the structures of networks in which it operates, and the rules, which apply within these networks. (Ringeling, 1990:64).



Government as we have seen, is the most important tool in public decision-making, though men and women in the government may use their positions to undermine public opinion under the above-described methods. Based on this premise, the public decision making procedures may seem unfair hence the real public opinion may not be reflected in such decisions. Given the centrality of state power in Nigeria and the state's dominance of critical spheres of the policy community and other pressure groups that constitute the Nigerian nation, the way out of the decline of public opinion at the domestic and the global level lies in the resolution of key issues and problems that will not be an impediment to ensuring that public policies in Nigeria will be a thorough reflection of the majority opinion.

In view of the foregoing, this system of values and attitudes resulting from political or cultural socialization is the base from which public opinion is built. But it is only the base. People's opinions on public policy issues are subject to many additional influences, and the result is not one public opinion but many probably in diverse perspectives.

## **2.9 PUBLIC POLICY-MAKING AND BUREAUCRACY**

Bureaucracy is the systematic organization of tasks and individuals into a pattern, which can effectively attain the ends of group effort. Individual behavior is harnessed into productive channels by rules, sanctions, and exhortation (Pfiffner and Presthus, 1968:19).

A German economist, Max Weber's, ideal-type construct of bureaucracy seems to be the most acceptable among scholars, politicians and public administration practitioners. He pointed out that bureaucracy differs from nation to nation, reflecting the values

and institutions of the society it serves. Within a given society, moreover, bureaucracy is ambivalent, exhibiting both a will to achieve power and growth and a resistance to change (1946:21)

Weber went further to provide an outline of this theory as follows :

- i. "hierarchy : Offices are organized on a hierarchical basis;
- ii. bureaucracy is a term, which applies to both public and private efforts;
- iii. rationalized job structure : There is a rational division of labour, and the legal authority necessary to accomplish the set goals accompanies each position;
- iv. formalization : Acts, decisions, and rules are formulated and recorded in writing (red tape);
- v. management separated from ownership : There is a hired, professional administrative staff;
- vi. there is no property right to office;
- vii. special competence and training are required of the administrative class;
- viii. members are selected competitively on the basis of competence; and
- ix. legal favor : Weber's construct reflects the legalistic flavor attaching to administration. Each office has a clearly defined sphere of competence in the legal sense" (1946:21).

The above concept argues that working to the rules in a hierarchical office in which appointment and promotion go by merit is more rational than making appointments on the basis of patronage. It also stressed the tension between bureaucrats and elected officials in government. The latter may wish to give favors to their supporters in return for votes while bureaucrats may be expected to obstruct this. These explanations, seem to be the most helpful

theoretical models for managing large-scale organizations both in cooperate and public governance.

However, there were other writers on bureaucracy after Weber, but it may be necessary to introduce the contribution of Niskanen who is particularly interested in the motivation of the administrators who hold factual authority over the economic behavior of an agency. This official, denoted as “the bureaucrat” is defined as “the senior official of a bureau with a separate identifiable budget”. According to Niskanen, the main objective of the bureaucrat is the maximization of the budget, which is available for the bureau’s activities. In his view, this objective is instrumental to all the ultimate objectives that enter into the utility function of the bureaucrat, such as salary, perquisites of office, public reputation, power, patronage, and output (1971:26-18).

Following the above explanations on the theory of bureaucracy, this theory is not without some criticisms. Criticisms of bureaucracy include the charge that bureaucracy is unresponsive to popular demands; that bureaucracy has a lust for power; and perhaps most importantly, that bureaucracy is usurping the policy-making role which traditionally has been the prerogative of the legislative branch and the president (Pfiffner and Presthus, 1968:22).

The other main themes of contemporary criticism are that government agencies are unaccountable to the public or its elected representatives. In their massiveness and ubiquity, they have become a law unto themselves. No one has the time nor the resources to move them from their customary channels of operation. Through continuity of tenure, inside knowledge of the ropes, and monopoly of expertise, they can shape the operation of

enacted policies and influence the initiation of new legislation to suit the interests of the bureaucracy (Weiss, 1980: 11).

Before a conclusion is drawn on this segment of the study, it is important to note that the most striking theory contends that bureaucracy is unduly responsive to segmented special interests. More recent criticism may contend that it is unresponsive to anything beyond their own walls, uncontrolled by political leaders, as discussed earlier. Bureaucrats have become active players in the game of policy-making in the public sector and, at the same time contribute immensely to making laws and legislation that control the activities of the private sector. Both in Nigeria and in the global context, it seeks to effect their own ends, their ends are the survival of their agencies and programs and the expansion of their own authority.

A major issue in the contemporary discussion about bureaucracy should be to encourage its reformation process in Nigeria and other parts of the world. Perhaps more adequate control of administrative direction is necessary, reformation will restore effectiveness and efficiency in the Nigerian public service. Those outstanding criticisms may be reduced or evaded completely if the government and the people should sort them out and try to understand the origins and their complex interrelationships.

In the traditional policy-making process, bureaucrats who are the government flag-bearers cannot be excluded from the process of public policy-making or else no government official or institutions will be held responsible for failures in implementing the policies and programs of government. Similarly, the Nigerian government should plan with a deeper insight into the processes that give rise to bureaucratic ills and fashion out appropriate remedies aimed at

reducing or eliminating the bureaucratic problems and thereby enhances its responsiveness.

## **2.10 CONCLUSION**

One may conclude that different approaches exist in the study of decision-making in the policy process around the globe in general, and Nigeria in particular. Each of the decision-making approaches pointed out in this chapter represents a theoretical explanation of what "is" or what "ought" to be the best method of public decision-making in Nigeria and how it could impact on the world at large. All the above-examined approaches also recommend certain conditions that affect the process.

Broadly speaking, however, the evidence as provided for in this study suggests that the nature of the conceived policy and program largely determines the extent to which each approach will be used for decision-making. For an example, it is important to point out that the study discovered that, in our highly dynamic environment of today, which is informed by globalization initiatives, a predominantly incremental or mixed-scanning approach could greatly simplify the decision-making process. Similarly, in a more stable system, where decisions can be isolated and the programs can be agreed upon, the advantages of comprehensive rationality come into play more appropriately.

Finally, although the decision-making behavior of the actors in the public sector can be described by each of these theories in one time or the other in this study, the fact remains that the responsibilities of the legislative, judicial and executive arms of government in Nigeria and anywhere else in the World, seem to dictate the degree to which various approaches will be emphasized. Rigorous

government programs coupled with its bureaucratic tendencies require a more rational approach for appropriate decision-making, while a successful interface with all the interest groups and the major administrative arms of government requires an intergovernmental relationship that will enhance a sound and outcome-based public policy decision-making process for Nigeria in this era globalization.

## **CHAPTER 3**

### **ETHNICITY, RACE AND NATIONS IN NIGERIA :**

#### **A GENERAL BACKGROUND**

### **3.1 INTRODUCTION**

Before any further discussion and / or findings on globalization in the context of leadership and governance in Nigeria, it is necessary to provide a brief historical background of the country, focusing on its geography, its resources, its people and its government. These and other issues will be discussed in this chapter so as to formulate a point of departure in respect of both the private and the public sector's perceptions on globalization. The economic and socio-cultural background of Nigeria will be examined to determine how the country has fared so far in local, regional and international economic integration. If positive this could be a favourable sign for successful world integration.

#### **3.1.1 Geography**

Nigeria is located in Western Africa, bordering the Gulf of Guinea, between Benin and Cameroon. Its geography coordinates are 1 000 N, 800E and its Map reference is Africa. The total area is nine hundred and twenty three thousand, seven hundred and seventy square kilometers (923 770 sq km).

The land covers nine hundred and ten thousand, seven hundred and seventy square kilometers (910 770 sq km) and there are thirteen thousand square kilometers (13 000 sq km) covered by water.

Nigeria is slightly more than twice the size of the state of California in the United States of America. The total boundaries of Nigeria are four thousand and forty seven kilometers (4 047 km) and border countries around Nigeria include, the Benin Republic with seven hundred and seventy three kilometers (773 km); Cameroon with one thousand, six hundred and ninety kilometers (1 690 km); the Republic of Chad with eighty-seven kilometers (87 km) and the Niger Republic with one thousand, four hundred and ninety seven kilometers (1 497 km).

Nigeria has signed several international agreements including those dealing with biodiversity, climate change, desertification, endangered species, hazardous wastes, the law of the sea, marine dumping, marine life conservation, nuclear test bans, and the protection of the ozone layer (General Review on Nigeria, September 5, 1999. Access: <[http://www.crlp.org/Nigeria\\_1.html](http://www.crlp.org/Nigeria_1.html)>.).

### **3.1.2 The people**

The Nigerian population is estimated to be about one hundred and twenty million, eight hundred and twenty thousand, and five hundred and eighty seven (120, 828, 587). The major ethnic groups include Hausa, Fulani, Yoruba, Ibo, Ijaw, Kanuri, Ibidio, TIV, and the major Religious group are Muslim (50%); Christian (40%); Indigenous beliefs (10%). While the major Languages are Yoruba, Hausa and Ibo, the official language is English (Okpu, 1977: 19).



### 3.1.3 The government

The name of the country in conventional long form is Federal Republic of Nigeria and the conventional short form is Nigeria. The Capital city of Nigeria is Abuja. On the 12<sup>th</sup> December 1991 the Federal capital of Nigeria was officially moved from Lagos to Abuja.

The administrative divisions of the Nigerian Government include 36 states and 1 territory, that is the Federal Capital Territory (FCT). The thirty-six states and the Federal capital are as follows:

Abia, Abuja (Federal Capital Territory), Adamawa, Kebbi, Akwa-Ibom, Kogi, Anambra, Kwara, Bauchi, Lagos, Bayelsa, Nassarawa, Benue, Niger, Bornu, Ogun, Cross River, Ondo, Delta, Osun, Ebonyi, Edo, Oyo, Ekiti, Enugu, Plateau, Gombe, Imo, Rivers, Jigawa, Sokoto, Kadura, Toraba, Kano, Yobe, Katsina and Zamfara.

On October 1<sup>st</sup> 1960, Nigeria gained Independence from Britain and that informs why October 1<sup>st</sup> of every year is a national holiday in Nigeria. The 1999 Constitution is operational. The Nigerian Legal system is based on English, Common Law, Islamic Law and Tribal Law and the Suffrage is universal at 18 years of age.

The executive arm of government includes the head of state who is also the head of government, the head of the executive ruling council, the commander in chief of the armed forces and the executive president of the federation. The current elected president is Mr Olusegun Obasanjo, a retired army general who took the oath of office on 29<sup>th</sup> May 1999 from General Abdulsalam Abubakar.

The cabinet of the Nigerian government is The Federal Executive Council. The president is elected by popular vote for no more than two four-year terms. The last elections were held in February 1999 while the next election is expected to be in 2003. The Legislative arm of government includes the bicameral National Assembly, which consists of the Senate with 109 seats, three from each state and one from the Federal Capital Territory. Members of the senate are elected by popular vote to serve a four-year term. The second and the lower arm of the National Assembly is House of Representatives with 360 seats, members are elected by popular vote to serve a four-year term.

The judicial arm of Government includes the Supreme Court, which is the highest court of the land. The Executive Ruling Council appoints the judges. The Federal High court of Appeal is the second judicial authority after the Supreme Court. The federal government, on the advice of the Advisory Judicial Committee, appoints the judges of the Federal High Court of Appeal (Nigerian Web: The Constitution of the Federal Republic of Nigeria, p. 1-13, 1999). Access: <http://odili.net/republic/constitution/constitution.html> and (National Orientation and Public Affairs, May 29<sup>th</sup> 1999. Access: [http://www.nopa/useful\\_inform/cabinetmay99.htm](http://www.nopa/useful_inform/cabinetmay99.htm)).

## THE BASIC LEADERSHIP STRUCTURE OF NIGERIA SINCE INDEPENDENCE

NAME	PORTFOLIO	DATE
ALHAJI ABUBAKAR TAFAWA BALEWA	PRIME MINISTER (ELECTED)	1960 – 1966
NNAMDI AZIKIWE	PRESIDENT (ELECTED)	1963 – 1966
GENL JOHNSON AGUIYI-IRONS	HEAD OF THE FEDERAL MILITARY GOVERNMENT	JANUARY 1966 – JULY 1966
LT COL YAKUBU GOWON	HEAD OF THE FEDERAL MILITARY GOVERNMENT	1966 – 1975
BRIG GENL MURTALA MOHAMMED	CHIEF OF THE SUPREME MILITARY COUNCIL	1975 – 1976
LT GEN OLUSEGUN OBASANJO	CHIEF OF THE SUPREME MILITARY COUNCIL	1976 - 1979
ALHAJI SHEHU SHAGARI	PRESIDENT (ELECTED)	1979 – 1983
MAJ GENL MOHAMMED BUHARI	CHIEF OF THE SUPREME MILITARY COUNCIL	1983 – 1985
MAJOR GENL IBRAHIM BABANGIDA	PRESIDENT (MILITARY)	1985 – 1989
MAJ GENL SANI ABACHA	PRESIDENT (MILITARY)	1989 – 1998
GENL ABDULSALAM ABUBAKAR	CHAIRMAN OF PROVISIONAL RULING COUNCIL AND THE HEAD OF STATE (MILITARY)	1998 – 1999
MR OLUSEGUN OBASANJO	CIVILIAN PRESIDENT (ELECTED)	29 <sup>TH</sup> MAY 1999 - DATE

*Source : AUTHORS OWN SCHEDULE*

### **3.2 ETHNICITY IN NIGERIA**

The ethnicity of Nigeria is so diverse that there exists no clear definition of a Nigerian beyond that of someone who lives within the borders of the country. The boundaries of the formerly English colony were drawn to serve commercial interests, largely without regard for the territorial claim of the indigenous people. As a result about three hundred ethnic groups comprise the population of Nigeria, and the country's unity has been consistently under siege. Eight attempts at secession threatened the national unity between 1914 and 1977. The Biafran War was the last of the secessionist movements within the period of about sixty years (Okpu, 1977:19).

The concept of ethnicity requires definition (Okpu, 1977:10) calls an ethnic group a group of people having a common language and cultural values. These common factors are emphasized by frequent interaction between the people in the group. In Nigeria, the ethnic groups are occasionally fusions created by intermarriage, intermingling and / or assimilation. In such fusions, the groups from which they are composed maintain a limited individual identity. The groups are thus composed of smaller groups, but there is as much difference between even the small groups as the late Chief Obafemi Awolowo put it, "as there is between Germans, English, Russians and Turks" (Okpu, 1977:11).

The count of three hundred ethnic groups cited earlier, overwhelmingly emphasizes ethnic minority groups that is, those, which do not comprise a majority in the region in which they live. These groups usually do not have a political voice nor do they have access to

resources or the technology needed to develop and modernize economically (Okpu, 1977:11, 21). Therefore, they often consider themselves discriminated against, neglected or oppressed. There are only three ethnic groups, which have attained "ethnic majority" status in their respective regions : the Hausa-Fulani in the North, the Ibo in the South East and the Yoruba in the South West. One must be very careful to avoid the use of the term "tribe" to describe these ethnic groups. "Tribe" Ukpo pointed out is largely a racist term. The Ibo and Hausa-Fulani of Nigeria are each made up of five to ten million people, a figure comparable to the number of, for example Scots, Welsh, Armenians, Serbs or Croats. Yet Nigerians do not refer to the latter groups as "tribes". The term "tribe" is almost exclusively and very indifferently applied to people of native American or African origin. It is a label which emerged with imperialism in its application to those who were non-European and lived in a "colonial or semi-colonial dependency ... in Asia, Africa and Latin America". As Nigeria is attempting to remove the prejudices of imperialism it is in everybody's interest to avoid using the term "tribe" when referring to the ethnic groups of Nigeria (Okpu, 1977:14).

With all that in mind, brief definitions of the major ethnic groups of Nigeria are outlined below. The majority groups, as stated above are the Hausa-Fulani, Ibo and Yoruba. The first, the Hausa-Fulani, are an example of a fused ethnic group as they are actually made up of two groups, not surprisingly called the Hausas and the Fulani's.

### 3.2.1 The Hausas

The Hausas are themselves a fusion, a collection of Sudanese people that were assimilated long ago into the population inhabiting what is now considered Hausa-land. They believe in the religion of Islam. Their origin is a matter of dispute. Legends trace them back to Canaan, Palestine, Libya, Mecca and Baghdad, while ethnologists hold them to be from the Southern Sahara or the Chad Basin. Once they arrived in Hausa-land, they became known for setting up seven small states centered around "Birni" or walled cities. In these states the Hausas developed techniques of efficient government including a carefully organized fiscal system and a highly learned judiciary that gave them a reputation of integrity and ability in administering Islamic laws (Okpu, 1977:20).

The Fulani's are also Muslims and like the Hausa, although their origin is more or less an open question. Once a nomadic people they believe themselves to be descended from the Gypsies, Roman soldiers who became lost in the desert, a lost "tribe" of Israel, or other groups such as the relatives of the Britons or the Tuaregs, who inhabit the Southern edge of the Sahara in Central Africa. Scholars claim that the Fulani's are related to the Phoenicians or place their origin in shepherds of Mauritania that were looking for new pastures. Whatever their origin, the Fulani's are known to have arrived in the Hausa states in the early 13<sup>th</sup> Century. Since then they have inter-married with the Hausas and have mostly adopted the latter's customs and language, although some Fulani's decided to stay "pure" by retaining a nomadic life and animist beliefs. The Fulani's are instinctively known for a dispute that developed between them and the local king of Gobir, a

spat which developed into a religious war or Jihad ending with a Fulani conquest of the Hausa states (Okpu, 1977:20-21).

### **3.2.3 The Yorubas**

The second ethnic majority group to be discussed here are the Yorubas. It is, like the others made up of numerous collections of people. Those who are identified as Yoruba consider themselves to be members of the Oyo, Egba, Ijebu, Ife, Ilesha, Ekiti or Owu people. The Yoruba are united, however, by their common beliefs in the town of Ife as their place of origin, and the Ooni of Ife as their spiritual and traditional leader. Their mythology holds that "Oduduwa" created the earth and present royal houses of the Yoruba Kingdoms trace their ancestry back to "Oduduwa", while members of the Yoruba people maintain that they are descended from his sons. Yoruba society is organized into kingdoms, the greatest of which was called Oyo and extended as far as Ghana in the West and the banks of the River Niger in the East. The Oyo Empire collapsed in 1830 when Afonja, an ambitious governor of the state of Ilorin, broke away but lost his territory to the hired mercenaries of the Fulani. Despite the fact that this event occurred in close temporal proximity to the Fulani Jihad, it was not associated with (Okpu, 1977:29-30).

### **3.2.4 The Ibos**

The third majority ethnic groups are the Ibos who, like the Hausa-Fulani, are a synthesis of smaller ethnic groups. In this case, the smaller groups are the Onitsha Ibo, the Western Ibo, the Cross River Ibo and the North-eastern Ibo. Their origins are completely unknown

as they claim to be from about nineteen different places. They do maintain an “indigenous home” however, in the belt of forest in the country to the East of the Niger Valley. This home was established to avoid the Fulani’s annual slave raids that were conducted on cavalry that was unable to explore very deeply into the forest. The Ibo thus generally inhabited inaccessible areas, although during the 19<sup>th</sup> Century they began to assert ancestral claims to Nri Town “the heart of Ibo nationality” (Okpu, 1977:32).

The Ibo established a society that was fascinating in its decentralization. Their largest societal unit was the village where each extended family managed its own affairs without being dictated to by any higher authority. Where chiefs existed they held very restricted political power and only local jurisdiction. The villages were democratic in nature, as the government of the community was the concern of all who lived in it. Here the modern-day thrust towards decentralized, more self-reliant local economic development should find many rural supporters among the Ibo people.

These three major ethnic groups comprise only fifty-seven percent of the total population of Nigeria. The remainders of the people are members of ethnic minority groups that include such people as Kanuri, the Nupe and the Tiv in the North. The Efik / Ibibio, the Ejaw and the Ekoi in the East, and the Edo and Urhobo / Isoko to the West, along with hundreds of other groups that differ widely in language, culture and even physique. The specific groups mentioned above are distinct in that they were found in the 1953 census to have exceeded a hundred thousand members. As the population of Nigeria has doubled to over one hundred million people in 1982 (from approximately thirty-



one million in 1953), it is safe to assume that these groups are now much larger (American Heritage Dictionary, 1982: 1 509).

It is clearly a formidable task to govern such an incredible variety of people. Nigeria is an area the size of the state of Texas in the United States of America but in which over three hundred different languages are spoken, and in which the same number of separate cultures desperately try to retain their identity. One can easily imagine the ensuing complexities.

In any case, there are several available alternatives to be discussed within the confines of this study that will attempt to minimize the difficulties encountered by government and the people of Nigeria in this era of globalization. These diversities in culture, language and religion could be put to remarkable advantage, that is, strength and unity in diversity instead of the envisaged difficulties. Empowerment of the local people at grassroots levels and their participation in issues that concern them might be a solid way forward.

### **3.3 NIGERIA : A REVIEW OF ECO-SOCIO-POLITICAL RELATIONS IN AFRICA**

Nigeria is Africa's most populous country. It also has substantial quantities of oil. Like Algeria and Libya it is a member of the Organization of Petroleum Exporting Countries (OPEC) and like them, it has sought to influence and shape its regional and continental environment. Nigeria's interests have led it to develop an important role in the Northern tier as well as beyond it. Yet, Nigeria was slow to assume the role that its powerful resources appeared to hold out to it.

Despite the grandiose statement of its first foreign minister who declared in 1960 that “our country is the largest single unit in Africa ... we are not going to abdicate the position in which God Almighty has placed us ... The whole black continent is looking up to this country to liberate it from thralldom” (Shaw and Aluko, 1983:205).

In fact, Nigeria has pursued a rather modest foreign policy until the mid-1970s. It did send a military contingent to the Congo as part of the United Nations (UN) operation, but otherwise the country’s early leaders were sufficiently absorbed by domestic politics to steer clear of any continental or global initiatives. The first prime minister of the Federal Republic of Nigeria, the late Sir Abubabakar Tafawa Balewa, limited his efforts through 1965 to debunking the unity proposals of Ghana’s former President, Kwame Nkrumah. Then, military coups and the Biafra-secession stunned the country, obliging Nigeria to limit its diplomacy to the requirements of the civil war (Osaghae, 1998:50).

Only after containing the secession did Nigeria begin to exert itself as an African power, in part to settle some scores from the civil war period. Although most African States had abstained from recognizing the Biafra rebels, and a few states – Tanzania, Zambia, Cote d’Ivoire, Dahomey (now Benin Republic) and Gabon – gave diplomatic or military support to the secessionist cause, Nigeria came to view the French influence in West Africa as a threat sufficient to reduce France’s role in the region. With oil revenue gushing into the treasury, Nigeria could readily imagine itself as the economic core of a huge West African hinterland. Nigerian economic integrationists like Adebayo Adedeji, then serving as commissioner for economic development, pressed the idea of a West African common market as a lever to pry

French neocolonial influence out of Nigeria's potential hinterland. Nigeria thus embarked upon a sustained diplomatic offensive to create ECOWAS, the Economic Community of West African States (Ojo, 1980: 34).

It took Nigerian leadership, extensive efforts in national coalition formation and even more intensive and difficult regional negotiations and coalition formation to get ECOWAS inaugurated. The decision to work for a regional common market was an important step in redefining West African geopolitical space, for it implicated Lagos in matters beyond economic cooperation. In assuming a leadership posture in the region, Nigeria had to respond to security concerns as well. As Niger Republic, Mali, Senegal and Cote d'Ivoire were all uneasy about Libyan policies and feared the broad destabilizing effects from the collapse of Chad, Nigeria projected itself into the various efforts to mediate a Chadian settlement.

It also sponsored a series of meetings in Kano and Lagos designed to work out a compromise. Moreover, as part of the first Kano accord Nigeria dispatched a peacekeeping force to Chad that became more involved than the Chadians wanted. Later, it briefly imposed an oil embargo to bring pressure upon the local parties. These interventions were signs of more activist diplomacy of which the ECOWAS leadership was but one component (Ojo, 1980: 34).

The broad policy of diplomatic activism had become more pronounced after the overthrow of General Yakubu Gowon in 1975, which brought to power Brigadier General Murtala Mohammed. When General Mohammed was killed in an abortive coup, General Olusegun Obasanjo

succeeded him. The Muhammad / Obasanjo government (1975 – 1979) generally expanded the conception of Nigeria's interests in Africa, most notably in Southern Africa. An early expression of this "Afro-centric activism" is the decision by Lagos to recognize the leftist MPLA government in Angola. Under President Obasanjo, Nigeria assumed a place as virtually a sixth member of the Southern group of front line states which originally comprised Tanzania, Zambia, Mozambique, Angola and Botswana (Shaw, 1983 : 213).

The South African policy was a logical extension of the drive to build a structure of influence in Western Africa. At the core of both initiatives was a nationalist "Africa-for-the-Africans" impulse noted in the knowledge that Nigeria was potentially Africa's greatest power. Afro-centrism implied the expulsion of non-African influence from the continent: that of France from its immediate regional environment, that of Portugal, Great Britain and European settlers from the unliberated South. In a continent purged of the vestiges of the colonial era Nigeria's human and petro-chemical resources would provide room for their full development (Shaw, 1983:213).

The continent as a whole would assume its rightful place in global affairs and Nigeria's voice would be extremely important in representing Africa. Regional leadership accorded Nigeria continental (and global) credibility, whereas continental activism reinforced its legitimacy at the regional level. The two sub-systems, trans-Saharan and Southern, were linked in a praxis that went beyond an abstract pan-Africanism. It is important to discuss here some details of Nigeria's specific front line initiatives in the globalization process. The Obasanjo government put its weight behind pressure on Western

governments, notably those of the United States and Great Britain, to assist in the decolonization of Rhodesia and Namibia. It exerted power most directly by nationalizing British petroleum assets on the eve of the 1979 commonwealth conference in Lusaka that was to formulate a policy on Rhodesia. In these initiatives, Nigeria spurred on the process that brought Robert Mugabe's patriotic front to power about twenty years ago. Nigeria insisted on its right to be consulted as a frontline state despite its geographical distance from the "front line". The cultivation of national prestige was an integral component of this southern strategy (Osaghae, 1998 : 106, 109).

Given the above review of eco-socio-political relations in Africa, Nigeria thus emerged as a major actor in the trans-Saharan system. It has backed its claim to regional leadership with financial commitments such as contributions to the completion of the trans-Saharan highway (this route, which will one day connect Algiers and Lagos is itself a manifestation of the development of a trans-Saharan system) and the road from Lagos to Cotonou in Benin. These contributions to regional infrastructure are part of a drive to enhance trade so as to translate the ECOWAS concept into economic reality. The convening in Lagos of the OAU's economic summit in 1980 applied this regional aspiration to the continent as a whole. It was appropriate that Nigeria should host this occasion for the ambitious Nigerian diplomacy of the late 1970s and early 1980s was premised on its emergent economic strength. The subsequent collapse of oil prices and the return of political instability slowed Lagos' push for continental leadership. Yet Africa's most populous country remains a major actor especially in the trans-Saharan sub-system, as its role in the Liberian civil war and other conflicts in Sierra Leone and the Democratic Republic of the Congo as

the United Nations peace-keeping clearly shows (Chazan, et al., 1992:335).

President Obasanjo has appeared once again on the Nigerian political scene but this time as a democratically elected president of Nigeria. Since he took the oath of office on 29<sup>th</sup> May 1999, his role in both regional and continental issues has been considerable. He has assumed a leadership position in continental Public affairs through working in collaboration with other heads of states and government.

### **3.4 NIGERIA : AN OVERVIEW OF ECONOMIC DATA**

Information from the following discussion was sourced from : 1999 World Facts Books on Nigeria and ([http://www.nopa/useful\\_inform/cabinetmay99.htm](http://www.nopa/useful_inform/cabinetmay99.htm)). The basic economic data of Nigeria are very important in the current context of globalization. This will provide an indication of how far the country has gone economically and especially of the level of economic concentration in the overall economy.

The oil-rich Nigerian economy continues to be troubled by political instability, corruption and poor macro-economic management. Nigeria's unpopular military rulers failed to make significant progress in diversifying the economy away from over-dependence on the capital-intensive oil sector which provides 30% of the GDP, 95% of foreign exchange earnings and about 80% of budgetary revenues. The government's resistance to initiating greater transparency and accountability in managing the country's multi-billion dollar oil earnings continues to limit economic growth and prevent an

agreement with the International Monetary Fund (IMF) and bilateral creditors on a staff-monitored program and debt relief. The largely subsistence agricultural sector has failed to keep up with rapid population growth and Nigeria, once a large net exporter of food, must now import food.

The World Bank Group profile on Nigeria indicates that the country has taken out 98 loans since independence in 1960 (Vanguard Business, 2000:9). The World Bank first opened its office in Nigeria in 1970 but the profile shows that the country first sought assistance from the bank for basic infrastructure to upgrade the railways in 1958 and the Papa Warf in 1963. The World Bank group comprises the following :

- i. IBRD : The International Bank for Reconstruction and Development.
- ii. IDA : International Development Association.
- iii. IFC : International Finance Association.
- iv. MIGA : Multi-lateral Investment Guarantee Agency.
- v. ICSID : International Center for the Settlement of Investment Disputes.

The above arms of the World Bank were founded differently and in various years but remain the single largest provider of development loans to middle income developing countries and sometimes raise similar financing from other sources. IFC and MIGA have also been active in sourcing credit facilities for Nigeria through support for private enterprise in the form of loans and equity financing, and a range of advisory services that are billed or paid for as consultancy services.

However, many states in the federation especially in the northern part of Nigeria were heavily indebted to the IDA and IFC credit packages under the military rule. The federal government had to provide collateral for and had to condone loans until 1984 when negotiations for loans abroad were suspended at state levels. Further information on World Bank group capital inflow shows that since 1964, IFC had given a total loan amount of US\$110 million to private enterprises in Nigeria while the total funding in loans and credit currently allocated, but not yet drawn by these states remained at US\$1.7 billion. Sources in the Federal Ministry of Finance in Nigeria disclosed that the ninety-eight loans and credits involve a total commitment of US\$6.8 billion. Apart from the World Bank group other multi-lateral creditors to which Nigeria is indebted since independence includes :

- i. the Paris Club;
- ii. the London Club;
- iii. none-Paris Club bilateral;
- iv. Venice Club;
- v. ADB / ADF loans;
- vi. ECOWAS Fund loans; and
- vii. European Investment Bank loans.

According to the Publication of the Federal Ministry of Finance Abuja Quarterly Review, in May 2000, The Paris Club holds the lion's share of the estimated US\$28billion external debt stock. It is important to note at this juncture that some past finance ministers and the Central Bank of Nigeria governors as well as heads of state made government sign various terms of agreement with the Paris Club.



Most of these agreements have no bailiff relief, either on the principal loan or interest rates. These various rescheduling options were mercy relief packages, which contributed to the suffering of the majority of Nigerians until today. Mostly because of the unsteady political environment, these agreements were signed without any careful study of the long-term implications. The present government of Nigeria led by Chief Olusegun Obasanjo has been campaigning for total debt forgiveness. Up until now the creditors have not given any word on these requests.

### **3.5 CONCLUSION**

In Nigeria, there have always existed diverse socio-cultural differences and constant political instability. The government has failed the people on several occasions, thereby resulting in about four military interventions and seven military heads of states in the politics of Nigeria (see 2.1.3, The Government, and the basic leadership structure of Nigeria since independence). It was also discovered that Nigeria has played a significant role in both regional and continental projects such as the establishment of ECOWAS, and participation in both regional and continental peace efforts.

An investigation of economic data reveals that petroleum remains the mainstay of the country's economy. Therefore, there is a need for more proactive public policy aimed at diversifying the economy into various spheres, which would not only develop more healthy local economic activities, but will also create and improve the living standards of the people. Indeed, there seems to be a strong case for a greater localization policy by the Nigerian government rather than one,

which will force full participation in a single global free-market economic system, as globalization currently demands.

## **CHAPTER 4**

### **GLOBALIZATION AND INSTITUTIONALIZATION : AN OVERVIEW**

#### **4.1 INTRODUCTION**

This chapter briefly describes the general nature, the origin and forms of the debate on the subject of “globalization” and relates certain key aspects of governance and economic development to this currently controversial issue.

A general understanding of not only the conceptual nature but also of the potential dangers of globalization, is essential for guiding the inter-governmental relationships between nations, on the one hand, and the geo-political and socio-economic development among the international communities, on the other. This will also help to understand in a meaningful way, the type of developmental process that may emerge from these globalized inter-governmental relationships. It is important to note that the anti-globalization protesters who disrupted the Seattle WTO trade talks in 1999, Prague in 2000 and Quebec in 2001 were in defense of poorer countries on the one hand and against the big businesses on the other. However, they are right about two issues. The protesters are right in that the most pressing moral, political and economic issue of our time is third-world poverty, and they are right in believing that the tide of “globalization” powerful as the engine driving it may be, can be turned back or at least be counter-balanced by greater localization (The Economist, The Case for Globalization, September 23<sup>rd</sup> 2000:7). It is important to note that the key focal

point on the issue of globalization is the impact on the local people, how their living standards could improve and how poverty could be reduced or eliminated globally.

#### **4.2 DEFINITIONS OF THE CONCEPT OF GLOBALIZATION**

Many commentators, authors, private and public sector practitioners have given definitions or descriptions of the concept of globalization. The term “globalization” is essentially a product of the 1990s. Collier defines it as “the process of integration in product markets and financial markets” (Collier, 1998:1).

As the concept of a “Global Village” increasingly becomes a reality, mainly as a result of technological advancement in transportation and communications, the world faces several questions of sustenance, peace, economy, stability and survival. The globalization of tourism is indeed one of the many factors responsible for the above. It has been described as a “mega-trend” which is associated with different dimensions and consequences-both positive and negative (Adejuwon, 1996:16).

Robertson described “Globalization as a form of institutionalization of the process involving the universalization of particularism and the participation of universalism” (1999:6-10). This definition offers a bifurcated view of globalization, that is, the collaboration between the leading nations and the main agents of global involvement in the New World economic order.

Globalization may be referred to as the interplay, cooperation and integration of the various financial systems of the world via international trade, investment and the distribution of vital information aimed towards the creation of synergy in world markets, production processes and general economic development (Shabir, 1999:7-10). The above definition by Shabir tends towards unifying the new world economic order and suggests the use of international trade as a major apparatus to achieve this global objective while banks and other financial institutions will act as facilitators in developing the programs. Globalization also involves an increasing interrelationship among major policy influences on the world economic system with monetary policy affecting trade policy and feeding back into both monetary and fiscal policies (Okonkwo, and Afolabi, 2000:11-15).

It may be necessary at this point to recognize some important advice given to the global community by the Director of the Human Development Report Office of the United Nations Development Program (UNDP). He says : "As long as globalization is dominated by economic aspects and by the spread of markets, it will put a squeeze on human development" (Sakiko, 1999: 3-5). This advice calls for the rewriting of several collective approaches to governance in this globalization era. It suggests a range of options from the international community, from a demand for the global (reform of the United Nations and World Trade Organization) through the regional or group of countries to international negotiations in trade and other areas such as social protection against the negative effects of globalization.

It may be necessary, at this point, to see Globalization as explained by Patricia Pitchon, a process that entails the free movement of capital,

goods, services and labour around the world. Currently, both capital and goods do move freely and services such as banking, telecommunications, media and advertising will do so increasingly. Human resources mostly move freely, either in the managerial category or sadly, at the increasingly desperate end of the scale with illegal migration (1999: 15)

In view of the above, several definitions of globalization, it can be observed that globalization has different meanings for different commentators, authors, researchers, and public and private sector practitioners. Much depends on the perspective from which the concept is viewed. Some see it as a new drive by Europe, America and the other first world countries towards a new mindset for all nations, regions, continents and economic blocks. Others look at it as a strategic vision of the developed nations. Yet others say it is a new approach to global capitalism couched in a new broader system of the indirect governance of all nations by the group of wealthy economies.

To a large extent, it means also that the functions of government should be re-assessed to fall into place within the globalization process. Therefore, governments in every nation including, Nigeria are accountable for the delivery of services to local citizens within the context of a globalized economy and governance.

Globalization as a concept should be an option that provides several developmental alternatives to nations and should not be made compulsory. All the foregoing suggests that Nigeria might well need a new approach to governance, one that utilizes the advantages offered by global markets and competition while also allowing for human,

community and environmental resources that will ensure that globalization works for the people and not just for profits.

Since 1990, the United Nations Development Programme has commissioned an annual Human Development Report by an independent team of experts to explore major issues of global concern (United Nations Human Development Report 1999:1). The Report specifically looks beyond conventional per capita income as a measure of human progress by also assessing other factors such as :

- i. average life expectancy;
- ii. literacy;
- iii. standard of living; and
- iv. overall well being.

The authors of the report also argue that human development is ultimately a process of enlarging people's choices. Therefore, every government of the day in all nations, including Nigeria, should view globalization from the local people's point of view, in terms of their benefits, and not as a battle for market and economic competition which may stifle the internal objectives of the developing countries.

It is important to note here that many countries and governments, development agencies, the United Nations and their administrative organs recognize the importance of all sectors in the globalization process. To that end, the coordinator of the report "Globalization Needs a Human Face" advised, "we must bring human development and social protection into the equation of local governance in the context of globalization" (Jolly, 1999:1). This implies that such a

program could be managed successfully through the prioritization of the particular needs, environmental and others, of different nations.

Viewed from another perspective, global efforts may refer to the coordination and integration of projects between and among nations and non-governmental organizations. Every nation and state therefore needs to have a major stake in policies and programmes that will enhance their own development and improve their own living standards. This will constitute direct and fair governance as the needs of the people can be better identified at the grassroots level than in a global context.

### **4.3 ORIGIN OF THE GLOBALIZATION CONCEPT**

#### **4.3.1 An exogenous process**

As already indicated in the introduction, a concern of this study is whether globalization is an exogenous process with its own inexorable logic (driven by technology, economic organization and related social and cultural change) and enjoying the independence of international relations or whether it is itself a creation of international relations and the behaviour of states (Clark, 1997:1-2). What causes globalization and how did this concept come into being?

#### **4.3.2 Pervasive westernization**

Some professionals, researchers and writers agree that this global economic and social integration is no more than “pervasive westernization”. From this viewpoint, the world revolution of



westernization brought together, in inescapably intimate and virtually instant interaction, all the people of the world (Von Laue, 1987:3).

#### **4.3.3 Modernity**

For many others, globalization is simply the spread of the characteristic features of modernity. It is the spread of the nation-state system, the world capitalist economy, the world military order, and the generalized international division of labour (Robertson, 1992:141-142). Thus Robertson conceives the globalization concept as a package. Probably that was why Giddens see globalization as “an enlargement of modernity, from society to the world” (1985:263, 291).

#### **4.3.4 Idealists views**

In the view of the idealists, globalization is not only irresistible, but also to be heartily welcomed (Hurrell and Woods, 1995:3). This view does not only see globalization as an irresistible force towards reform within the global context but also contends that there is nothing any government or people could do “not” to accept the principle of globalization. This view sounds very absolutist and leaves the international community with no options or choices.

#### **4.3.5 Liberal views**

The theorists and contributors to the liberal view of globalization believe in the progressive impact of globalization within the context of the economic, political and social behaviour of states (Gill, 1995:405).

This view, however, may sound impressive but may also have some constraints since the view is based on the “positive” economic assumption, that is, markets without any distinctive ideology. It provides no restrictions or conditions for participation in any global economic activities. Therefore, there could be widespread abuse in liberal practice.

#### **4.3.6 The functionalists' views**

The functionalist view can be seen as a deviation from other views on the grounds that their approach focuses on technical cooperation in the management of specific material problems (Jones, 1993:2). This would not only provide for technical interdependence among states but it would encourage material development and favourable technical competitiveness.

#### **4.3.7 Historical views**

The globalization concept has drawn two opposing responses namely, the orthodox views, that is, the proponents and the supporters of globalization and the critics' views, that is, the critics and opposing views against the concept of globalization.

The historians' views popularly known as “in between” views represent scholars, writers and researchers, those who are neutral about globalization. These groups hold one common view, that globalization is not a new concept but is rather a linear extension of the old global way of handling things (Waters, 1995:4). It neither supports nor opposes the globalization program.

This view encourages a focus on the multi-faceted nature of global national commitment that have existed for hundreds of years. There are, however, some interpretations that sit uneasily with the perspective set out in this group. This is the case with those who restrict globalization to the very recent historical period and specifically to the second half of the twentieth century.

Based on the historical views, one might well ask the key questions: What is globalization? What are its central dynamics? Despite one bold claim that the historical views show that the history of the last two hundred years is one of “broadening, deepening and accelerating globalization” there is fundamental disagreement about what it is and, indeed, about whether it is actually taking place at all. At the very least, there is recognition that part of the problem in any systematic treatment of globalization is the fact that it is inescapably a multi-faceted process.

In view of the foregoing, globalization can be seen as a composite of four elements :

- i. technological change;
- ii. the creation of a global economy;
- iii. political globalization; and
- iv. globalization of ideas (Bretherton and Ponton, 1996:3, 12).

The above four elements are helpful as they constitute a reasonable historical assessment of the nature of globalization.

#### **4.4 THE ORTHODOX VIEW**

The liberal versions of globalization adhere to the generic orthodox view which states that “governments are bystanders to globalization : the real driving forces are markets” (Hurrel, and Woods, 1995:448). Going by the above assertion, how then might globalization be shaped by international or domestic political forces if the states and governments are not able to influence its process?

While many writers are sympathetic to such a general perspective they often retain substantial disagreements about the precise nature of this relationship. To illustrate this diversity, we may differentiate among five interpretations of the primarily international determination of globalization, which the orthodox view is basically all about.

##### **4.4.1 Westernization**

According to the first school within the orthodox view, globalization has been shaped by the major international trend of the past several centuries, namely westernization. It was the economic and military incorporation of the world by Europe that created the precondition for an integrated global system. It was Europe that first brought about the economic and technological unification of the globe (Bull and Watson, 1984:2).

Bull and Watson added that it was the European-dominated international society of the nineteenth and early twentieth centuries that first expressed its political unification (1984:2). In terms of these perspectives, globalization could only develop once the territorial

integration of the world had been brought about by European power. Once that occurred it could be subjected to western technology and rationality.

#### **4.4.2 Global balance of power**

The second view usually categorized as orthodox also emphasizes the global balance of power but pursues a more general direction. A one-off historical process did not trigger globalization (e.g. westernization), but is rather fostered and hindered by general fluctuations in the distribution of international power. This is a clear assertion of the essentially dependent rather than the autonomous nature of globalization (Hirst, 1995:2-3).

Any prevailing system of international economic relations in the new millennium would have taken a long time to develop. Such systems are transformed by major changes in the politico-economic balance of power. The conjunctures that affect these shifts have been large-scale conflicts between the major powers. In this view, the worldwide international economy has been determined in its structures and the distribution of power by the major nation-states (Hirst, 1995:2). It would follow that the economic independence of all nation-states should be encouraged rather than a single global economy.

#### **4.4.3 Hegemonic balance of power**

A third view emphasizes not the balance of power in general but a specific hegemonic balance. Dominant states, if their interests are served by open international orders, create, by their own national

power, the essential preconditions and support for the activities that we recognize as constituting globalization.

Jones, gives a detailed account of the necessity of prior political determination before interdependence and globalization can occur. He gives pride of place to the central role of political purposes and processes in the generation of contemporary international interdependence and globalization (Jones, 1995:15).

Similarly, in discussing the historical hegemonies of Britain and the United States, Jones, notes that frequently a sympathetic political environment is created by a dominant political and economic actors (1995:171- 2).

This view calls attention to the need for common global objectives in all aspects of hegemonic power balance, or else globalization dividends will still be dominated by the powerful nations.

#### **4.4.4 The national policy**

The view focusing on national economies is less concerned with the distribution of power internationally and more with the residual and powerful resources of states in general. Dickens, an exponent of globalization that can be classified as orthodox, nonetheless remains convinced that states, while constrained by globalized economic activities, are far from powerless in confronting them. On the contrary, globalization is itself directed by the varying fortunes of national economies and state policies, which underpin them (Dickens, 1992:149).

Such a general perspective is given specific illustration by account of integration in post-war Europe. Rather than seeing a zero-sum relationship between state power and integration, it is firmly of the view that the latter is a product of the former and that the two are mutually reinforcing processes. Integration was not the super-cession of the nation state by another form of governance as the nation state became incapable, but was the creation by the European nation states themselves for their own purposes, an act of national will (Dickens, 1992:18).

#### **4.4.5 The emerging global policy system**

This school of thought represents an account of globalization that seems initially to be predicated on the determining influence of a global economic system rather than on inter-state relations. On closer examination, however, some autonomy of international politics in shaping globalization is preserved, even if in reduced and modified form. Cox provides the best example of this approach. While devoting most of his arguments to transition in the underlying basis of economic organization, he highlights the contradiction that “the globalizing interdependence principle is strengthened as the territorial national principle is weakened” (Cox, 1996:149-150).

Following the above approach, it is important to state the significance of the fact that ultimately, the security of globalization depends upon military force with a territorial basis. Even as globalization is fostered through the instrumentality of the economic system it has to be sustained by powerful states willing to take military action to preserve it.

#### **4.5 GLOBALIZATION : THE CRITICS' VIEW**

The concept of globalization ran into criticism from the very day it was proposed. It was indicated that globalization places the transformation of the South and the renewed global organization of inequality at the heart of understanding the global order. The world is faced with a worrying trend in the gap between the rich and poor countries, which continues to widen. Even more worrying than the trend itself is the domination of a neo-liberal understanding of the problem in the world's major economic institutions such as the World Bank, IMF and the group of seven countries that defines the discussion of appropriate remedial action (Thomas, 1997:10, 15).

The above assertion typified globalization as nothing else but "global capitalism". It is from this premise that the views of critics originated and different views against globalization became eminent. Many international historians have given prominence to globalization as a theme. This can be described as a "fault line" between the "forces of integration" and the "forces of fragmentation" back to the eighteenth century. It relates this fault line to the Cold War and its aftermath, suggesting that the Cold War was a powerful source of integration (Gaddis, 1992:174). This could be analyzed as highlighting the centrality of integration to the dynamic of international history and also because it poses a central question about the likely post-Cold War experience worldwide.

Similarly, it is possible to view crises of unexpected, unpleasant and unfriendly economic environments as opportunities for adaptation in



the wake of the globalization process. Indeed, many countries and governments will find it impossible to overcome inefficiencies and redirect resources to more productive uses without a major shock to entrenched interests and established policy wisdom. It was basically from the above economic points of view that the critics of globalization originated their arguments. The critics' views do not support globalization as a solution to the world's entire set of policy problems. However, certain perspectives can be used to categorize their arguments.

#### **4.5.1 Idealists' critics**

Following the events in the global history over the years, most commentators are content to present globalization as a long-term process, however much of it may have intensified in the last few decades. Typically, it is asserted that the "linear extension of globalization" that we are currently experiencing began in the fifteenth and sixteenth centuries (Waters, 1994: 4).

This view restricts globalization to history and therefore, does not allow enough room for a better interpretation of the concepts therein. Therefore, it does not give any government or state any options or choices to decide on the issue of globalization as it affects them. However, any policy of global concern should be democratic in nature and leave the states and governments with several alternatives. This is seriously lacking in this view.

#### **4.5.2 The liberals' critics**

The liberal interpretation makes a number of judgments about the beneficial consequences of globalization. It fosters economic efficiency and encourages international institutions and problem solving. Moreover, for those who see democratic capitalism as the end of history, globalization is to be welcomed for the effect it has in promoting "social convergence built around common recognition of the benefits of markets and liberal democracy" (Hurrell and Woods, 1995:449).

In this sense, globalization is not irresistible, but to be welcomed. This view could also be seen merely as an economic assumption that may prove negative when observed for a reasonable period of time. It is this set of beneficent assumptions that have sought to question this view by emphasizing the association between globalization and the perpetuation of inequalities among developed and developing countries, and inequalities among the rich and the poor even within the individual states.

#### **4.5.3 The functionalists' critics**

As the idealists' views sounded too absolute, the functionalist approach argued that technical cooperation in the management of specific material problems would eventually yield a superstructure of political behaviour in which the sovereignty of the nation-state would be steadily eroded and circumvented. It is important, at this juncture, to further echo some of the 1970s literature on the ameliorative impact of interdependence (Jones, 1995:3).

The critics of this school of thought simply say that the functionalists did not look at the technological background of each state, which could give rise to a serious structural problem in the technical aspects of the globalization process.

#### **4.5.4 The contemporary critics and the case against the global economy**

In the fall of 1994, just prior to the vote by the United States Congress on the Uruguay Round of GATT, the vote that would establish the World Trade Organization (WTO), the US government offered a \$10,000 donation to the charity of choice of any congressman who could do the following :

- i. sign an affidavit stating that he or she had read the 500 pages of the agreement; and
- ii. successfully answer ten simple questions about its contents.

Not one single member accepted that offer. That was the beginning of a corrosive effect on the supremacy of domestic procedures including the rights of the Federal, state and local governments to establish US laws (Nader and Wallach, in Amander and Goldsmith et al, 1996:92-93).

It was also reported that on 1<sup>st</sup> December 1994, Congress approved the General Agreement on Tariffs and Trade (GATT) in the House by 235 to 300 votes and in the Senate by 68 to 32 votes without knowing what was in it. Before the NAFTA, which is a US-Canadian alliance, was fully operational, apparently they were sidelined (Nader, and

Wallace, 1996:93). It became obvious that the governments of both countries did not possess the capacity to protect their citizens in the light of the new development. Every government was put in a difficult situation by the approval of that singular agreement which led to global financial and commercial systems run by empowered corporations.

Under the new system local and national governments can no longer take decisions that affect their people without direct or indirect control of the WTO office. The new economic model establishes supranational limitations on any nations' legal and practical ability to subordinate commercial activity to the nations own goals (Nader and Wallace, 1996:97).

It is important to point out here that when serious national and local issues are meant to be decided at a global level before implementation, it may become more of a centralized corporate entity instead of decentralized local governance. If governance is seen at the global level as management of corporate organizations, then the diversity that is a blessing of democracy in itself will become a major barrier. This is because it will be impossible to carry every nation, culture, race and needs along in a single global economic system.

According to Nader and Wallach in Amander and Goldsmith et al, the popular Uruguay conference in 1994 that set the pace for the current debate on globalization contains the following :

- i. institutionalization of global economic and political power;

- ii. institutionalization of global financial and commercial systems;  
and
- iii. corporate globalization, a situation where the whole world is seen as a common market (1996:93).

The implication of the contents of this meeting as was assessed by same Nader and Wallach is that governments must get out of the way so that companies can cross jurisdictional and national boundaries with relative ease. Governments might be too slow for them in terms of economic control and management of trade (1996:95).

This prospect of global commerce without democratic controls suggests impending disaster for every nation. The philosophy behind globalization includes among others :

- i. maximization of global economic liberalization;
- ii. a broad based economic system; and
- iii. broad based social benefits.

GATT obviously promoted the elimination of restrictions that protects people from the “wild corporate interest” while the WTO as its development initiative was tailored to be a global policy enforcer. Terms of reference were agreed upon in 1986 by the WTO to provide the global executive branch office to enforce its rules with sanctions against any erring state.

Accordingly Nader and Wallach the rules include :

- i. small countries must accept trade or forfeit participation in world trade;
- ii. each member shall ensure the conformity of laws;
- iii. laws of member nations can be challenged; and
- iv. WTO tribunal judgement is final (1996:101-3).

#### **4.6 GLOBALIZATION : THE EARLY CASE OF USA-CHINA**

Economist Herman Daly warned, in his January 1994 "Farewell Lecture to the World Bank", that the push to eliminate the nation-state's capacity to regulate commerce "is to wound fatally the major unit of community capable of carrying out any policy for the common good ... cosmopolitan globalism weakens national boundaries and the power of national and sub-national communities, while strengthening the relative power of transnational corporations" (Nader and Wallach, 1996:95).

The philosophy behind the globalization initiative is obviously the thinking that maximizing global economic liberalization will result in broadly based economic and social benefits. This belief brought negative implications to the case of US-China economic relations. It was also reported that in 1994, the Clinton administration ended the historical linkages between favorable trade status and countries' human-rights records. However, early in 1995 when there was a threat to property rights including the lease of the US fast-food chain, McDonald's and the royalties of Mickey Mouse, China was threatened with a billion dollars of trade restrictions. This threat resulted in Chinese government policy changes to enforce intellectual property rights (Nader and Wallach, in Amander and Goldsmith et al., 1996:97-8).

This singular case is an eye-opener to states and governments that would want to consider globalization. Nigerian and other developing nations should begin to initiate programs and policies that will encourage building up truly sustainable economies and begin to shift away from economies that subjugate local initiatives to global pressures.

#### **4.7 SUMMARY**

The implications of these trends on the World, as discussed above, are enormous. If adequate consultation and reformation are not carried out, globalization will continue as a wild dream of its exponents. Since its inception the WTO has become a global enforcer with terms of agreement aimed at providing a global executive branch to enforce these rules with sanctions. It is also important to note here that the WTO provided no mechanism for non-governmental organizations and non-profit making bodies to participate, while permanent organizational structure was given to GATT. This implies that the WTO could have direct contact with the UN.

The role of the WTO in global governance is, however, recognized. But all its harsh rules and un-democratic operational procedures should be removed while governments and states in developing nations including Nigeria are given a chance to make contributions in every policy that affects their people and governments. In fact, issues of development, poverty alleviation and other related matters should not be discussed in the absence and participation of the people concerned.

This is where the WTO and their collaborators are lacking. Anti-globalization demonstrators have on several occasions disrupted WTO meetings, for example, Seattle 1999; Prague 2000; and Quebec 2001. These are testimonies that should prove to the whole world that unless certain drastic but positive measures are taken, globalization will remain an unacceptable global economic policy. It is important to reiterate that in the current globalization agenda, the WTO must begin to advance a reformed policy aimed at accommodating all global stakeholders. These reforms could include :

- i. complete democratization;
- ii. participation of all stakeholders;
- iii. poverty alleviation programs;
- iv. financial aid and grants for local development; and
- v. soft loans at non-commercial rates of interest and strict conditions.

These and other alternatives should be available for both Nigeria and developing nations, and for the enforcer of the global economy to consider a better future for all.

#### **4.8 CONCLUSION**

It seems clear that at least, facile value judgments on globalization should be avoided. Proponents, theorists and writers do not represent a contest between good and evil and neither monopolize moral and political wisdom.



To be sure, certain forms of global divisions such as the unilateralism of the 1930s as discussed in the historical views about globalization, have had highly destructive effects upon human values. However, one should not make blithe assumptions about globalization's role in general: it is itself a politicized process based on specific conditions that creates winners as well as losers. Moreover, globalization may itself induce some professional reactions and should not be regarded as a straightforwardly stabilizing force or otherwise in the international economy and in domestic governance.

Whatever the merits of the specific claims and counter-claims that both the proponents and the critics are making on the subject of globalization, it is unhelpful to analyze the economic dimensions of globalization in isolation. Realistically, not all versions of globalization concentrate exclusively on developments in the international economy. Some theorists emphasize evidence from political change and from the development of a global society. This offers a wider understanding of globalization, not confined to economic activity, but affecting the nature of human understanding, types of identity, and the development of the social system as a whole.

Political globalization may refer to a growing tendency for issues to be perceived as global in scope, and hence requiring global solutions, and to the development of international organizations and global institutions, which attempts to address such issues. More tentatively, the concept also suggests the development of a global civil society in which local groups and grassroots organizations from all parts of the world interact. (Robertson, 1992: 8, 59).

This tends to separate out a “political” realm from wider social and cultural change. Other accounts of globalization see it as a “social process” and thus emphasize the all-encompassing forms of such change. To some, this social change is driven above all by the geographical extension of the impact of industrialization and has the virtue of moving away from the restrictive viewpoint of the narrow post 1945 development.

Central to many of the sociological interpretations of globalization is the notion of culture. Indeed, much of the original theorizing about globalization developed in this area. Roland Robertson asserts that “globalization involves the development of something like a global culture” (Robertson, 1992: 8, 59). His perspectives here emphasize a newfound global “consciousness”, as well as physical compression of the world. This does not necessarily mean a uniform and homogenous culture worldwide, as any such claim would be impossible to sustain. What it implies in a more modest version is that cultures become “relativized” to each other, but are not “unified” or “centralized”.

Culture, in this widest sense, then becomes a potent political force as it may grow to threaten the basis of the current individualistic state. This view potentially challenges statism because culture avoids being located and tied down to any definable physical space. At the same time, and paradoxically, nationalism is one of the components of culture that has been transmitted around the globe that is both a globalized and globalizing phenomenon hence that supports the notion that culture needs to be seen as the sum-total of the way we live.

Such notions are problematic. Many would doubt the viability of the notion of culture without an identifiable community base. In giving a generic conclusion to the concept of globalization within the context of governance, it thus becomes apparent that while globalization features prominently as a concept in many disciplines, its manifestations are described in strikingly different terms, as are the bodies of empirical evidence adduced in support. The same diversity can be found in the analysis of its origins and the level of acceptance in all countries that form the global community.

Nevertheless, the views of Hirst which give globalization a distinctive economic dimension as a qualitative change from an economy which is simply international to one which is globalized, would probably be the most useful for this study, to provide a feel for how globalization could be viewed without political or ideological prejudice (Hirst, 1995:7). Hirst went further to explain internationalized economy as one in which, though there is wide-spread activity among states, the separate national economics continue to predominate, while in a globalized economy distinct national economies are subsumed and re-articulated into the system by international processes and transactions.(1995: 7)

The above concepts do not only portray globalization as an international partnership geared towards local general development but also portray the concept as a system of total global change where no nation or state is globally forced to deal with others on any issue that gives an unfavourable economic advantage.

Certainly, every government and state would have to be very careful on the issues of globalization and what and where these can perform

favourably. We cannot pretend that the vast changes that globalization would bring to the world economy will claim no victims at all, both in developed and developing countries. It will naturally always be hard for governments to persuade workers to trade their immediate job security for a vague promise of future opportunities.

Finally, it is important to note that all views put forward by critics in this chapter ranging from major anti-globalization critics, to the case of China and the United States of America, and the summary given in (3.7) contain both old and new philosophical discourse on globalization with a view to developing a culture of appropriate public policy for good governance in this globalization era. These views lean towards a defense against the widening gap between the poorer nations and the richer ones. Therefore, globalization is seen as a major economic threat to developing nations such as Nigeria. Some of this modern-day globalization philosophy will form the major focus of the next chapter.

## **CHAPTER 5**

### **THE PHILOSOPHICAL DISCOURSE AROUND GLOBALIZATION AND PUBLIC INTEREST**

#### **5.1 INTRODUCTION**

The development of the global economy that has been institutionalized inter-alia through the GATT and the WTO was reportedly designed to usher in an era of unprecedented prosperity for all. However, as the programmes on globalization have gone so far, this chapter will show that this objective is far from being realized. (Mander and Goldsmith, 1996:501).

Since the end of World War II, trillions of dollars have been poured into development schemes by multinational development banks, bilateral aid agencies, and private enterprises. Revolutionary new technologies have transformed the agriculture industry and service sectors alike. Tariffs have been drastically reduced and vast transnational corporations have systematically replaced vast transnational corporations that catered to the domestic economy. Similarly, the nation states have largely replaced small companies that catered to the domestic economy and governments seem to have been ignored (Goldsmith, 1996:501-2).

For example, if conventional wisdom held true then the world should have been transformed into a veritable paradise. Poverty, unemployment, malnutrition, homelessness, disease and environmental disruption should be but vague memories of an

underdeveloped past. But, to the contrary these problems have become more serious and more widespread hence the traditional nation-states service delivery and the social welfare efforts of nation states seem to be too far from being realized.

By signing the Uruguay Round of GATT, governments have further accelerated global economic growth and development by removing all constraints on trade, regardless of social, ecological and moral implications. Instead of accepting the incontrovertible empirical evidence that economic globalization will only increase many of the problems that face the world today, governments under pressure from TNC's insist on pursuing it still further (Goldsmith, 1996:502). This they did without considering the negative impacts it might have on the people.

To solve these problems, Goldsmith, further suggested that society will have to follow almost the very opposite path. Instead of seeking to create a single global economy, controlled by vast and ever less controllable transnational corporations, it should instead seek to create a diversity of loosely linked, community-based economies managed by much smaller companies and catering above all (though not exclusively) to local or regional markets. It is not economic globalization that society should aim for but the reverse "economic localization" to counter-balance today's substantially unfettered globalization (1996:502).

## 5.2 THE GLOBAL PUBLIC ETHICS

In a time when the world is seen as a global village, with neo-liberal capitalism as the only acceptable economic system, ethics has to be situated within relatedness and interrelatedness. Exploring the ethics of relationships reveals what kinds of relationships are being fostered in the world today. In neo-liberal capitalism, relationships are motivated by self-interest and profit.

The free market is seen as a sufficient mechanism to guarantee the well being of all society. At the same time, with the globalization of capital, the traditional concept of the state as a sovereign entity is being eroded, largely due to transnational corporations becoming dominant influences in the market to the extent that they are able to evade political and social accountability. Some economists see the present global market as an historical epoch that will bring about freedom for the individual from institutional relationships (Davidson and Rees-Mogg, 1997:42-114).

This market ideology is being advocated by neo-liberal policy analysts as the only source of salvation for African states. What needs to be considered is that African and other poor countries could well be victimized by this relationship, which is characterized by fierce and vicious competition. The success of powerful countries is often based on their ability to prey on the economic and political weaknesses of poor countries. It is their own prosperity that they are mostly concerned with rather than that of the poor countries. To ensure their own progress, for instance, European countries have mobilized their capital to form a union. The USA has responded by initiating selective

trade agreements with other Third World countries. These initiatives point to the evolution of survival in public governance.

This survival is based on the conviction that all human societies flourish through a process whereby strong countries take advantage of weak countries in pursuit of their own good. The metaphor of the survival of the fittest, of life as a Darwinian jungle, haunts much of our neo-liberal economic language (Radcliffe, 1999:13-15).

The necessary consequence of weakness and failure is extinction. As early as the 18<sup>th</sup> century a Dutch physician, Bernard de Mandeville, suggested strongly that it was greed and other “abominable vices” that enabled the flourishing of wealth. While moralists saw these as private vices, they were also considered public virtues (Mandeville, 1732:18-36).

Politically, the ideal in neo-liberal theory is that the primary function of government is to remove whatever shields protect weak and ill-adapted industries. Our global politics has been caught up with the fatalistic Laissez-Faire philosophy. Galbraith argues that the philosophy of fatalism inherent in Laissez-Faire advocates that any interference in the market will have harmful effects. We must let the market work under its principles and all will come right in the end. “Economic life has within itself the capacity to solve its own problems and for all to work out best in the end” (Galbraith, 1992:79).

This philosophy encourages us to think only in the short term, for, as Keynes noted, in Singer “In the long run we are all dead”. Karl Marx, in turn, in Singer notes the element of Greek tragedy embedded in the



Laissez-Faire market economy “Modern bourgeois society with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer, who is no longer able to control the powers of the nether world which he has called up by his spells” (Singer, 1995:33).

The assumption here is that the market is a given tragedy of our existence. Ethics can be seen in the globalization process as a tool to cushion the ugly effects of selfishness among people, businesses and governments. The implication is that the market system is an inevitable tragedy of our existence. The conviction that has emerged among neo-liberal public policy analysts is that since the market is a phenomenon of tragedy, it also follows that the welfare of society can only be achieved through self-interest. It may be necessary that self-interest and altruism need to be held in balance, with self-interest being the dominant value. This implies that if altruism is given too prominent a role, the likelihood is a political backlash that endangers the very operation of altruism within public welfare (Field, 1999:461-2).

The tragedy is that self-interest is incompatible with altruism. This contradiction becomes an unresolved moral conflict in the sense that one who sacrifices his or her interests for the good of others will end up being seen as acting primarily for his or her own self-interest. But there exist some moral conflicts. To caricature this kind of reasoning, one can say that people should be grateful to the selfish and the greedy individuals of the society. It is their selfishness that sustains altruism. This is clearly a mockery of our moral sentiment and reveals that the doctrine of self-interest is actually built on seriously fallacious

grounds. For good governance to be secured, the interest of the people should be given the first priority in a democratic state in this globalization process.

It should be noted that many scholars believe that globalization entails the universalization of self-interest in international relations. Recently, wars have been fought in pursuit of a certain self-interest. Realists argue that the conduct of international relations is not a matter of applying moral principles to the affairs of nations but pursuing one's national self-interest. Technically, one can argue that there is no ethical principle that guides international relations among states. The idea that nations relate to one another in terms of self-interest is unethical because national self-interest cannot bring about solidarity at the global level.

Gordon Graham argues that the economic policies of a particular country are not concerned with the well being of another country but with its economic self-interest. According to Graham, a politician who goes about promoting the interests of another country will be abusing power in the sense that he / she is not bound to promote these interests. In other words national interest in economic relations is morally neutral – it has nothing to do with ethical considerations (Graham, 1997:26-30).

However, in this form of argument, it becomes difficult to argue for common interest at the global level in the sense that the present reality of globalization seems to go against an ethical theory, which espouses the idea that national interest is neutral. Africa and other Third World countries as having a negative impact on global

relationships have experienced the pursuit of national self-interest by the economically advanced countries. If we see globalization as implying that we are related and interrelated, it becomes nonsensical to talk of national interest apart from the global implications of this interest. Taking into consideration the fact that the world has become a giant market, responsible governments have to realize that their national interests are intertwined. Instead of talking of national interest we should perhaps talk of global interest so that we might be able to come up with global ethics (Kung, (ed.), 1996:12-15).

Furthermore, these global ethics have to arise from a conscious realization of the fact that our existence depends on the well being of the whole. In such a global consciousness there is an ethical attempt to transcend national self-interest and patriotism. Most ethicists tend to see patriotism as the same as altruism but perhaps the two are best distinguished. In patriotism we tend to identify with a group and see its fortunes to some degree as our fortunes. Socially, patriotism becomes an expression of the group's self-interest against the interest(s) of those who are classified as not belonging. Patriotism thus implies seeing one's country or race as possessing some superiority over any other race. The ethical implication is that one feels less obliged to help people of other countries than one's own fellow citizens. The bias in our ethics in respect of loyalty to the group as a whole shows itself in the high praise accorded to patriotism. We disapprove of selfish behavior but encourage group selfishness when it is called patriotism. In contrast, ancient thinkers such as the Stoic philosophers saw their loyalty as belonging to the world community instead of the state they were born into (Singer, 1987:51-52).

However, our contemporary understanding of patriotism is that it rests on the survival instinct. If we take globalization to imply that no one exists outside of relationships, we are also prone to see patriotism as a misplaced sentiment. A world where no one is “outside” becomes one where a patriot cannot avoid communicating with others in many alternative cultural ways of life. To a patriot the dialogic relation established is one that presumes the separateness of the “alien” (Beck, Giddens and Lash, 1997:96).

Thus, to foster a global ethic on the paradigm of relatedness and interrelatedness we need to go beyond patriotism. We need to see ourselves as belonging to a larger reality beyond that which is contextual. We need to learn to think of those people who stay in lands far away from our own as our relatives regardless of language, colour and culture. This can only be possible when globalization is essentially “action at a distance” (Beck, Giddens and Lash, 1997:96).

This idea of “action at a distance” is contradicted by those scholars who postulate the survival of one’s culture as the goal of all living. In this form of reasoning one’s culture is being seen as in a state of competition with other cultures. Its survival is premised on its ability to outsmart other cultures. This is the impression one gets from Skinner: “Our culture has produced the science and technology it needs to save itself. But if it continues to take freedom and dignity rather than its own survival as its principle value, then it is possible that some other culture will make a greater contribution in the future” (Skinner, 1988:181).

The salient feature of Skinner's argument is that of cultural competitiveness as important for national survival. Instead of seeing globalization in terms of cultural competitiveness we should attempt to see globalization in terms of multi-culturalism based on the ethos of dialogic engagement. In this dialogic engagement, we should cultivate an outlook based on the idea that no culture has the monopoly on truth but that each culture is nourished and invigorated by constant dialogue with other cultures.

In practice, this implies a global effort to build a common ethical point of view around the idea of our common belonging – that humankind belong to each other and to the environment. However, any attempt to campaign for a global ethics remains utopian to the arch-advocates of self-interest. Their argument is that the demise of socialism and the resultant globalization of capitalism justify their intuition that self-interest has a survival value in the long run but certainly not in this new globalization era. Self-interest may seem as selfishness in this globalization age while issues of global common interests and objectives will be given priority in the new public policy initiatives.

### **5.3 GLOBALIZATION, THE THEORY OF PUBLIC SELF-INTEREST**

Various post-modernists argue that those countries that are economically successful have a strong moral basis and operate within a strong moral public administrative framework. Their notion of "a strong morality" is actually based on the Darwinian concept of "the survival of the fittest" namely "for human beings it is the struggle rather than the achievement that matters; we are made for action,

and the achievement can prove to be a great disappointment. The ambition, whatever it may be, sets the struggle in motion, but the struggle is more enjoyable than its own result, even when the objective is fully achieved" (Davidson, and Rees-Mogg, 1997:354).

For this reason, the struggle for survival and competition is seen as the primary characteristic of our global relationships. The question is, however, whether there can be an alternative to this global Darwinian jungle? Yes, certainly. Humans need to organize their actions for their own benefits.

Similarly, Neo-liberalists see self-interest as a mechanism of natural selection. They see "Origin of Species". What this means is that, as those individuals who control the rules of the global economy, its language and logic, its resource allocation, its markets, will survive in the long run. It logically follows that poor countries are an endangered species. Indeed it is their perishing which gives progress to the rich countries. Darwin insinuated the undesirability of the existence of the poor when he said that : "With savages, the weak in body may soon be eliminated; and those that survive commonly exhibited a vigorous state of health" (Lux, 1990:12).

According to Darwin as cited in Lux (1990, our humanitarian efforts to build a compassionate and sympathetic society are the very causes for the propagation of endless misery. The ideal would be that poor people should be left for nature to take its course. When bodies such as the International Monetary Fund (IMF) and World Bank advise governments to cut spending on social welfare are they motivated by a

lack of morality, the Darwinian theory of natural selection, or instead by a morality of our common belonging? (Lux, 1990: 15).

According to Lux, global neo-liberal relations an ethic of common belonging remain illusory for the following reasons :

- i. firstly, global relationships are still dichotomized between the G7's affluent "gangsters" and the rest of the world;
- ii. secondly, most Third World countries have been kept in the captivity of perpetual debt; and
- iii. thirdly, the current neo-liberal theory does not concur with the new science and the new biology, which seem to advance the idea that all life is held together with a thread of interconnectedness (1990:15-20).

If reality is related and interrelated to everything else, it would follow that the present dualistic economic and political system should be substituted with another, more holistic model. From denying relationships among people, neo-liberal theory, modeled on the Darwinian paradigm, denies relatedness between people and the environment. The present global socio-economic and political structure encourages the externalizing and objectifying of human beings and the environment. It accentuates the competitive element and equates self-interest with the common good. This juxtaposition also distorts the capacity of objective thinking so that even much of what passes for science is tainted by ideology (Cobb, 1980:448).

In other words, it was self-interest that gave rise to parliamentary politics. The political participation of citizens in policy formulation is

motivated by the need to safeguard and advance one's own self-interest. The role of the government becomes that of protecting the individual's self-interest. Those who see the government, as they're to promulgate laws of its own are misguided in the sense that they simply do not understand this basic feature of human nature. Moreover, any attempt by government to come up with rules to organize society is actually illusory, for the reason that 'man of system' as Smith called him seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges different pieces upon a chess-board (Smith, 1969:456).

Smith went further to analyze the individual interest in the society, as "the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislator might choose to impress upon it" (1969:381).

Smith implies that the wealth of nations is not based on governmental planning but on the freedom of individuals to exchange, specialize and extend their markets. While engaging in the pursuit of their self-interests, individuals or nations end up promoting the common good. This moral paradigm was that of participants in a system that moralized self-interest within a free market system without government intervention (1969:381).

In view of the fore going it may be important to deduce that :

The global market is an expression of relationships in which individuals make political and economic decisions that produce economic and political consequences. When the USA was considering the African



Growth Opportunity Act aimed at creating investment funds and developing a free trade agreement with Africa, President Clinton expressed the spirit of the legislation as follows “we are going to pay more attention to those who are making the right political and economic reforms. We want to help the magnets of change. Sub-Saharan Africa is still a largely untapped market of 600 to 700 million people” (Scholz, 1995:25). Scholz also pointed out that Lawrence Summers is reported to have said to the US Congress that “leaves one with a sense of tremendous opportunity and potential” (1995:28).

In my own opinion, this example shows that economically powerful countries do give shape to the political and economic design of poor countries – be it for good or bad. Therefore, Nigeria and other developing countries should begin to initiate positive local economic initiatives for good governance in the face of this globalization process. Secondly, it is important to point out that there exists two mechanisms, which are used by economically powerful countries to bring about effective change, namely, aid and investment. With these two mechanisms, powerful countries pronounce damnation or blessings on poor countries. Their intention may not be to promote the well being of poor countries, but to persuade them to embrace the liberal market system. The market, being driven by self-interest, cannot accommodate the interests of the majority of people who have no access to a basic livelihood.

In fact “the market depends on a society’s readiness to sacrifice its citizens”. This has been a crucial issue in IMF and World Bank lending policies. At the micro-economic level, these financial institutions insist that African governments should cut welfare spending and not

interfere with the market. At the macro-economic level, governments should allow the mobility of capital. It is only upon the fulfillment of these policies that loans are given, depending on the economic performance of the country in question (Mosley, 1991:70).

The aim of these lending policies is to advance the liberalization of the economy and the mobility of capital – the lending policies are basically modeled on the needs of the liberal economies of the North. The economic dominance of the developed countries thus did not come about as a result of a spontaneous order but through an extensive exploitation of natural resources, guided by the assumption that these resources would never end. However, resources are finite which implies that scarcity of resources will eventually lead to the collapse of the global free market system. An economic system based on self-interest, for this reason, cannot bring about the global common good. Such an economic system will in the long run ultimately militate against itself.

Finally, it will be of help to recognize that an alternative ethical paradigm that is able to address the concerns of globalization has to emerge from a world-view based on relatedness and interrelatedness. Nigeria's economic and political well being in its quests for good public leadership and governance does not lie in subsuming the neo-liberal economic system under the ambit of globalization, rather the government needs to encourage local economic initiatives as an approach to safeguard the general economic interests of all Nigerians.

#### **5.4 GLOBALIZATION : EVIDENCE OF GLOBAL PUBLIC CULTURAL CLONING**

What makes globalization worthy of discussion, despite the vagueness of the term, is its cultural magic. After a long history of extraordinary destruction, we are now told that all societies can become a single society. This contribution raises an important question : from where does the discourse of globalization derive its objectives? The world will quickly discover the close link between the modernization project and the globalization project.

The underlining perception in this study so far has shown that the expected dividends from the globalization process may be more beneficial to developed economies than their developing counterparts. For example, Globalization : the early Case of USA and China discussed in 4.6 of this study is a pointer to this view. The main conclusion is that globalization may neither produce useful results nor help to advance the cause of mankind unless mankind begins to look inwards for local self-sustainable empowerment. But as custodians of people culture and policies that drive every societal change, governments may need to have a re-think in their policy conceptions and formulation aimed at protecting the citizens. The role of governments at all levels in this era of global change cannot be undermined.

The modernization project has failed to westernize the culture of the world. The discourse of modernization – laden with ideological distortions, instrumental policies and strange concepts – has been powerless to assist. In addition, development has been a minefield of

corruption embracing those who do not mind losing their intellectual probity. The discourse of globalization takes its inspiration from such ruins and some professionals believe that the end of history has arrived with the inception of the globalization process.

This contribution aims to question globalization. Criticizing scholarly Western relations with the world is unlikely to please contemporary conservative thinking. It may be important to draw on Roland Robertson's work quite prominently for a number of reasons :

- i. first, on account of its currency in academic institutions;
- ii. second, his analysis is made credible by its balanced tone and unstated creed of the superior West; and
- iii. third, certain values and principles espoused by Robertson as "shared" invite further inquiry into values. As will be seen, a society in which individuals are formed and influenced by the values of the Industrial Revolution appears to be culturally disconnecting in the global field (Robertson, 1992:38).

Thus, this implies that the concept of globalization could not be revived if many ideological patterns exist. Some see the world systems in which the world is conceived as a consequence of the capitalist system of exchange. Similarly, globalization should be centered on such a conception that involves the attempts to take the notion of globality very seriously. Much of the thrust of this thinking centers on attempts to depict the main general contour of the world as a whole. But if one employs the concept of culture more fluidly and adventurously, culture indicates a particular way of sociological specifics and not vice versa.(Robertson.1992:38).

Therefore in this globalization process, culture should be seen as a social representation of the global field that stresses and processes diversity, which have implications for socialization in the contemporary world. From this standpoint every culture will be seen as equal and only to blend with that of others in the globalization process.

Social change is now proceeding so rapidly that if a social scientist had proposed as recently as ten years ago to write a book about globalization he / she would have had to overcome a wall of stony and bemused incomprehension. But now, just as post-modernism was the concept of the 1980s; globalization may be the concept of the 1990s, a key idea by which we understand the transition of human society into the third millennium (Waters, 1995:125–6).

If societies do not think in terms of divergence, globalization becomes “a social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding” (Waters, 1995:3).

This process may be conceived to be the fruit of modernity. But there must be something after modernity. Therefore “globalization cannot be comprehensively considered simply as an aspect of the outcome of the Western project of modernity. It may also be argued that globalization is intimately related to modernity as well as post-modernity and post-modernization. Globalization concepts have had so many critics in wider perspectives just as the previous worlds concepts such as modernity, anti-modernity and post-modernity and its impact on the world.

The Public sector, globally, may be seen as agents of the globalization process hence leaders and governments create all legal and environmental friendly atmospheres in which big businesses thrive. Therefore, further world integration within the globalization process either for profit or for social change, cannot succeed without government inputs.

Globalization may represent the final stage of the World's societal integration. However, in order to simplify complex arguments Westernization may present a minimal model of globalization. Therefore, Nigerians and other developing nations should endeavor to assume a moderate stand towards globalization by thinking towards self-reliance, local economic initiatives or else westernization, imperialism and capitalism will be repeated in the globalization process.

Globalization, as has been established in this study involves the possible integration of the economy, polity and culture of one sphere into another. If this is so, the human endeavour to influence or dominate has been evidenced throughout the ages. Therefore, the globalization process should be embraced with a holistic approach in which there is more concern to create a socio-cultural system in which culture; polity and economy play dominant roles in the world system. Economy and polity are not excluded from the world system, but help to energize it *"negatively or positively"*.

In such a world system, individuals, societies, the system of societies and humankind, are to be treated in terms of one coherent analytical

framework; hence there is a need for better leadership and governance to administer these changes.

In the light of the above, if adequate care is not taken, it may be necessary to predict a surprising result where, in a globalized world, there will be a single society and culture occupying the planet. This society and culture will probably not be harmoniously integrated although it might conceivably be. Rather, it will probably tend towards high levels of differentiation, multi-centricity and chaos. There will be no central organizing government and no tight set of cultural preferences and prescriptions.

In so far as culture is unified it will be extremely abstract, expressing tolerance for diversity and individual choice and more importantly, territoriality will disappear as an organizing principle for social and cultural life, it will be a society without borders and spatial boundaries, and if care is not taken, without policies that will be relevant to the needs of the people. In view of these, it is worthwhile for governments all over the world to be more protective of their local culture than making them more vulnerable to others in the name of global integration.

If our world turns into something little short of a nightmare, our research will not be worth the paper it is written on unless it is an outstanding and visible benefit accrued to the people and governments in the developing world. There must be well-articulated models in good governance that will show how economy, polity and culture work together in the new world system and particularly diffuse the idea that culture is superior to everything else. The emphasis should be that, in

all political systems of the world much of good leadership and governance aimed at local people centered development, is the only hope for global economic survival. This implies that culture will inevitably dovetail with economics and governance because culture has always been politicized, such as in Japan-US relations where the US culture is seen to be superior to that of Japan even in their trade agreements. Therefore, if economic aspects and profits should only drive the globalization process, the world has proceeded without "cultural guidance" and that economy and politics have not been strong enough to globalize existing reality.

## **5.5 CONCLUSION**

The views expressed above give a picture of globalization from both a political and religious point of view. Each view tends towards cultural cloning of the entire world in the name of change and modernization. For example, if Islamic ideas and values should press Muslims to attack the world system, we need more than a single set of alternatives to prevent the world system from being victimized; an alternative, which would please, major actors. That is so because it is difficult to agree that Islamic ideas and values are the best for all or vice versa. Therefore, societies must go further in dynamizing a societal order in relation to a global order, which almost automatically means that political-ideological and religious movements arise in deference to the issue of defining societies in relationship to the rest of the world and global circumstances as a whole.

Furthermore, to be in the business of globalization is to be in the business of culture and vice versa. For example, in terms of culture



the process implies that Arabs and Jews must discuss their differences and adopt alternatives that bring them closer to a single global order. Islam, Confucianism and Western liberal democracy contest one another for dominance at the contemporary world socio-political scene. In terms of polity and economy the process also involves international organizations and transnational movements whose aim is to have the upper hand rather than the advancement of humankind. Consequently, under the Western umbrella where organizations and multinationals play a dominant role, globalization will be no more than the disorganization of non-Western cultures and structures.

There still exist some schools of thought whose assumptions are that all real knowledge rests only with the West. The globalization process should seek to stress multiculturalism rather than xenophobia and race-oriented nationalism, the interdependence of various histories and denounce, in practical terms the idea of Western superiority.

Indeed, it is now evidenced that globalization originated from Western thought in the same way as the discourse of modernization, and this can be better termed as global cultural cloning. Western intellectuals still see themselves as the best in the field despite the West's diminished capacity for spinning intellectual stories about non-Western places. Indeed, it shows that the North is more conscious about the globe than the South. This raises the question of whose influence will shape the present and future welfare of the earth's inhabitants. Freedom and equal justice should be an overriding factor.

It is also understandable at this point, that the process of advocating change appears endless. For the last two hundred years, countries

that pride themselves on having reached an advanced stage of development, of being post-industrial, of being “developed”, still constantly require accelerating change from their privileged population but now this apocalyptic scheme seems to be the apogee of all changes since Adam. In a globalized world, the world should accept change in order to become a united society with a high level of inter-relatedness in culture, religion and commerce but not to impose them on the disadvantaged third world countries in any manner or fashion. The strong should become global players and the rest should learn to adjust to these players' performance according to availability of resources at their disposal.

The new version of change is also about competition, in which the rich alone will be rewarded and esteemed, provided it is done with openness and clear developmental intentions. Therefore, if globalization is not a form of cultural dominance by the West then every nation, including Nigeria, should be left to dictate the pace and limits of its own involvement. However, globalization is not a self-operating machine but requires a great deal of co-operation from those involved, especially when the problem relates to cultural identity. Therefore, the entire project demands a hegemonic organization capable of diffusing, enforcing and protecting the harmonious interaction of economic, political and cultural processes. The problem is that good hegemonic power (whose goal is co-operation and liberation rather than colonization and domination) is hard to define in the modern world, given that international relations can be easily abused and subverted for national interests.

Similarly, as national governments and their leaders have the traditional role of serving the interest of their people, it will not be out of place for them to protect the same interests in matters of global concern and at the same time have good global relations with other sovereign states. However, the existing international policy prescriptions are not universal in application and even if they were, leadership and governance scenarios are not the same all over the world and this poses a serious administrative threat in the globalization process.

Thus, the concept of powerful global actors must be organizational, for example, the body of the United Nations (UN) and its agencies is in a position to making sure that every global decision must be in the interest of the people and not for a few economically privileged countries or/and individuals. It is important to note that policies and programs of developing nations need to be focused on public service delivery in aspects that pose serious threats to the society namely :

- i. primary health-care in dealing with deadly diseases such as
- ii. Acquired Immuned Deficiency Syndrome (AIDS), Tuberculoses (TB) and Malaria;
- iii. education, which gives a boost to people's empowerment, training and development; and
- iv. poverty alleviation programs.

These and many other issues may not be priorities for developed countries at this stage, but they are serious realities that impede several developmental efforts in developing countries. Unless these issues are viewed in proper perspective, the survival chances of

Nigeria and other developing countries in the proposed cultural, socio-economic cloning in the name of globalization, may be slim. The next chapter will provide a study of Nigeria's democratization and state building mechanism in this globalization era.

## **CHAPTER 6**

### **GLOBALIZATION, DEMOCRATISATION AND STATE BUILDING MECHANISMS IN NIGERIA**

#### **6.1 INTRODUCTION**

Democracy has come to be seen world wide as the only legitimate and viable alternative to an authoritarian regime of any type. Nigeria has not neatly followed the pattern of democratic governance like most countries of the world today, but is currently facing what others have gone through in the area of transformation and transition from military rule to a democratic system of government. Instead of pursuing democratic policy-making processes electoral systems became more non-representative and more divorced from popular needs. Authoritarianism was on the rise everywhere and repression had become a routine feature of civilian rule in Nigeria (Osaghae, 1998:296-297).

In turn most democratic states in Africa became very repressive and non-representative. The Nigerian system can be different if this chance towards democracy is properly managed in the new era of globalization. It is obvious that Nigeria is a corporatist society with soft pretensions to democracy. More power is slipping over every day towards the corporatist groups. That is the market place ideology of passive acceptance of whatever form globalization happens to take (Obadina, 1999:36-37).

The grassroots majority constitutes the larger number of the Nigerian population and they are no longer willing to accept, fatalistically, exploitative or repressive regimes and state structures, or a development paradigm that excludes them. They may not be concerned with the capture of state power and “big bang” revolutions. Yet, they may in reality be building, consciously or unconsciously, a countervailing power to the dominant state power. This is one of the reasons that prompted minority revolutions and tribal clashes in Nigeria when it became obvious that the gap between the rich and the poor is widening.

Dramatic changes in the global political economy in the 1990s have encouraged widespread enthusiasm among liberal scholars to engage in debates / ideas such as the “end of history” (Fukuyama, 1992:1). These debates suggest that the future of developing countries such as Nigeria as a democratic state may lie in the construction of a liberal democracy, the promotion of market capitalism and the linear movement towards modernity.

Yet, continuing transformation in the global public policy and administration also poses major challenges to established theories, assumptions, prescriptions, frameworks and concepts in several interrelated fields such as the public economy, public development studies, comparative public foreign policy and public security studies. These create new opportunities, indeed imperatives, to define and redefine many dominant theories and notions. More importantly, these changes motivate academics and activists, policy-makers and politicians to search for alternatives to established as well as emerging

dogma and to expand the current agenda beyond structural adjustment and political democracy.

Given the ongoing process of globalization of the entire world economic activities, in which Nigeria is of necessity, a role player, this chapter seeks to identify the future of Nigeria both in the globalization of major factors of production, finance and distribution and also in the world of democratization of governance. In essence, how sustainable is the new Nigerian democracy likely to be in economic as well as political terms?

Contrary to the current optimistic liberal views as expressed in this chapter will cast serious doubts on the prospects for constitutional democracy in Nigeria. It goes beyond the simplistic stereotypes of both anarchic and developmental orthodoxies. In addition to challenging neo-liberal hegemony, this "revisionist" analysis aims to provide a critical evolution of the prospects for constitutional good leadership, governance and democracy in Nigeria.

Focusing on the role and policy lessons for democracy and developments in Nigeria, this chapter will also argue that a large number of Nigerian states are likely to witness a general breakdown of democracy (i.e. a reversion to authoritarianism or corporatism or what is popularly known as a military regime) in Nigeria if there are no outcomes-based policies and programs that will impact positively on the lives of Nigerians.

## **6.2 GLOBALIZATION : POLICY LESSONS FOR DEMOCRACY AND DEVELOPMENT IN NIGERIA**

Any plausible analysis of economic development and democracy in the newly democratic system of governance in Nigeria has to begin by recognizing and evaluating transformation in the global political economy and especially in Nigeria itself.

Central to any understanding of the current unprecedented structural changes at the global level (and also at the local, state and the national level) is the ongoing process of globalization of production, finance and distribution. This section recognizes several meanings of globalization and analyzes their implications for democracy and economic development in Nigeria.

Globalization can be said to be a process of expanding market capitalism across the globe. Nigeria has witnessed several military interventions in politics since its independence in 1960, and as result, most laws and policies were tailored towards military dictatorship. State capitalism and the non-capitalist path of development with market economies began to come up following the introduction of Structural Adjustment Programmes designed by the two most powerful macro-economic strategists, The World Bank and the International Monetary Fund (IMF). These have been instrumental in the entire process of expanding capitalist relations of production in Nigeria.

With mounting debt burdens, Nigeria has been forced by the international donor community to engage constantly in restructuring its economy and to create an environment for the triumph of market



capitalism (United Nations Research International and Social Development, 1995:9).

In other words, the recent transformation of the global economic system is creating a new form of transnational structure in which the state is constantly engaged in sharing its decision-making powers with the global forces of production and finance. In the Nigerian context this is already happening; foreign investors are being seriously considered for any potential investments whether industrial or commercial. In addition, tremendous advancement in science and technology – particularly in the field of communication and computer technologies – is expanding the networks of transnational linkages both at the formal and informal levels. Nigeria is also experiencing the emergence of non-business, non-state actions with transnational linkages, many of which have enormous influence over national policy-making.

In brief, the proliferation of transnational socio-economic functions and the intensified power of global forces of production are rapidly changing the post-war international order in which state sovereignty used to be the central feature. It is becoming increasingly evident that traditional patterns of state activity in Nigeria are assuming a global character and the autonomy of states in regard to national decision-making is shrinking. For example, over the years Nigeria's National budgets were tailored to conform to the International Monetary Fund (IMF) directives, this has been detrimental towards poverty alleviation programs and job creation.

Generally, Nigeria is witnessing a breakdown of social services. Under intense pressure from the international financial community the government of Nigeria is rapidly abandoning their role as a service provider. Given growing balance-of-payments problems, the government is simply unable to maintain their post-colonial standard of public service provision (United Nations Research for International and Social Development, 1995:36–38). Their immediate priority is quickly shifting from fulfilling popular demands to the removal of market “barriers” which has resulted in a significant loss of state distributive capabilities. With a growing inability to meet public expectations and the promises made by the leaders to the electorate during the election campaign, state-society relations in Nigeria have recently been highly confrontational, thus clouding the future of democracy and development in Nigeria.

The globalization process is not only going to erode the state of Nigeria, but will also internationalize domestic politics, economy and society. In particular, it is increasingly becoming problematic to analyze domestic politics in Nigeria without giving adequate emphasis to the socio-political changes that are taking place outside the boundaries of Nigeria. Is there any government that can provide an engaging explanation as to why one should pay particular attention to the international system when analyzing domestic politics?

The globalization of productive processes and capital markets, the liberalization of trade barriers, the rising influence of international financial institutions and Non-Governmental Organizations (NGO’s) and other related phenomena have all but obliterated the capacity of Nigeria or subject populations to act in isolation from the international

system. Both politics and the standard of living of most Nigerians today are influenced by the government's international commitments in the past. Any account of democratization in Nigeria, for example, needs to address the growing pressures of the international financial community, and the related ability of western states and non-governmental organizations to exercise leverage over domestic political choice and outcomes. This statement does not only outline the changing concept of state sovereignty such as in Nigeria, but also highlights the diminishing analytical distinction between national and international politics, given the context of globalization as it affects Nigeria.

### **6.2.1 Globalization in the new democratic Nigeria**

While the contemporary literature on democratization offers a variety of frameworks for analysis, it rarely deals with changes in the external environment in order to address the recent global movement towards democracy. With a clear focus on domestic factors, the literature, which is dominated by the liberal perspective, develops its perceptions about political and economic reforms in Nigeria. More importantly, although the literature finds a positive link between economic and political liberalization in Nigeria, it fails to understand the underlying tensions between structural economic reforms and political democracy in a country like Nigeria that has experienced nearly two decades of military dictatorship. Also, it is important to offer support towards popular struggles for democracy and development in Nigeria. However, the liberal perspectives often neglect the role of popular organizations in greater socio-political change.

The Odua Peoples Congress is made up of mainly Yoruba ethnic indigenes, the Ohaneze Congress are mainly of Ibo indigenes and the Northern Peoples Congress, is made up of mainly Hausa / Fulani ethnic groups. The Saro-Wiwa group of Ogoni in Rivers State were among many organizations used as tools for political change backed up by international communities to demand democracy from the previous military regimes in Nigeria (Osaghae, 1998:300-303).

Many of the writings on democratization in Nigeria centered primarily on questions of consolidating democracy and the promotion of a democratic culture in Nigeria. Key questions include the prerequisites for institutionalizing democracy in developing countries such as Nigeria and the possible contribution of the Western world to global transitions towards democracy. Also, central to the understanding of democratization is the link between democracy and the creation of market economies in which all the citizens will benefit.

It is possible that the globalization concept and its attributive successes may not be achieved in the absence of a sustainable democracy. And for discussion on democracy to begin, it has to start with a procedural definition. For example, drawing from the ideas already expressed in this study, (1.11.4), democracy can be referred to as a system in which multiple forces compete inside an institutional framework, that is, if one of the major purposes of democracy is to create a conflict resolution mechanism for subjecting all interests to competition.

Within a similar paradigm, Diamond et al. emphasize the contribution of a system that :

- i. allows political organizations to freely compete with each other;
- ii. ensures political participation of all members of a society in their effort to choose leaders and policies; and
- iii. provides a structure for the maintenance of extensive civil liberties (1997:5-10).

Democracy can, therefore, be defined as a process of creating the formal institutions of governance through the majority mandate. It generates competition among rival political groups and develops a mechanism to reduce the likelihood of a breakdown of the social contract. In particular, democracy ensures that the status quo will be maintained through the achievement of stability. It is no wonder that such an understanding of democracy offers the majority nothing but the right to vote in local and national elections. Clearly it does not provide the people with a tool for effective control of the environment in which they live. Neither does it explain how the right to vote will improve the standard of living of ordinary people, nor how it will put to an end to the structural deprivation and powerlessness of the majority.

Much of the dominant literature on democratization sees the current globalization issue as a process of creating political systems that are open to broad competition for political office. This process may be the beginning of a construction of alternative sources of power and structures to the existing state institutions. That is, the idea that an expansion of civil society poses the most effective challenge to the

hegemony of the state, focusing on the notion "state versus civil society". "Civil society" can be said to be as a political space outside the state" (Diamond, et al., 1997:122). In order to protect people

from the institutional oppression of the state, it emphasizes the creation of adequate political space in which non-state actions organize themselves freely and promote diverse socio-political interests. Thus, not only will civil society play a key role in promoting democratic political culture but it is also expected to defend individual rights against governmental violation.

It is important to emphasize the role of “autonomous civil society” due to the increasing emphasis placed upon the linkage between economic liberalization and political democratization. The two concepts are very important and play vital roles in development, democratization and globalization as well.

In view of these, both policy-makers and mainstream academics have begun to share the idea that market-oriented economic reforms and political liberalization towards constitutional democracy are mutually reinforcing. It is believed that “modern democracies are normally oriented toward market economies” (Diamond, et al., 1997:10.122). Diamond went further to suggest that indeed, political democracy is considered, as the form of government most conducive to the spirited flow of ideas, people and resources, which enhances the dynamism of market economies (1997:10-122).

Economic liberalization on the other hand, creates the demand for broader political participation in decision-making, which eventually leads to democratization. While it is not clear whether economic liberalization contributes to democratization or vice versa, an autonomous, if not vibrant civil society is a prerequisite for the promotion of both market capitalism and democratization, since civil

society is instrumental in protecting individual rights and private ownership (Fukuyama, 1992:117).

More interestingly, this view usually assumes that both economic reforms and political liberalization reduce the traditional domain of state activity and therefore facilitate the growth of civil society. Thus, in the final analysis, the bottom line focus here is on the expansion of political space for civil society, which rests solely on the assumption that political liberalization, and market-oriented economic reforms are complementary. Having established the widely accepted assumption that political liberalization and market-oriented economic reforms are complementary, it would be of importance to establish that this is logic that “inspires” the key donor agencies and countries including USAID, Germany, the Netherlands, OECD and International Financial Institutions (IFIS), especially the World Bank and the IMF, to use foreign aid as a tool for the promotion of democracy and the strengthening of civil society.

Since 1985, when the military government of Nigeria led by General Ibrahim Babangida took an IMF loan, the standard of living and the aggregate economic activities of Nigeria have been sluggish and bilateral aid donors have been pushing the Nigerian government to introduce political and economic liberalization programs. By channeling a considerable amount of aid money through non-governmental organizations, the international actors are actively involved in both initiating political reforms and accelerating the formation of an autonomous civil society hoping to inculcate a democratic political culture (Diamond, et al., 1997:125).

But how could this principle apply in a non-elected government of Nigeria at that time? In practical terms, even the loans in question, which plunged the economy into serious difficulties, until today, were politically motivated. Hence, no identified international (NGO's) were mandated to manage these funds. It went into private pockets and could not enhance economic growth, employment opportunities and the general welfare of Nigerians for which the funds were intended.

Such a process of "democratization from above" helps the external actors to overthrow state socialism and subsequently reduce popular resistance to the expansion of market-oriented economic reforms. It would be worthy to note here, that most international financial institutions, particularly the World Bank and the International Monetary Fund (IMF), were established in the "common spirit" of globalization. Yet most developing World including Nigeria has no visible economic progress as a result of loans and advances from those institutions.

With growing criticism about the failure of structural economic reforms tagged as the Structural Adjustment Programme (SAP) in Nigeria and other victims of the IMF loan, the world introduced the concept called good governance as the political conditionality for foreign aid. Putting aside its traditional exclusively economic agenda, the bank began advocating the need for developing countries including Nigeria to practice democratic norms and values in order to solve the crisis of development in the country. In its 1989 document entitled Sub-Saharan Africa : from crisis to sustainable growth, the bank identified the "lack of good governance" as a primary cause of continued



underdevelopment and growing poverty (World Development Report, 1989:60) in Africa including Nigeria.

The World Bank document states : "History suggests that political legitimacy and consensus are a precondition for sustainable development ... by governance is meant the exercise of political power to manage a nation's affairs ... dedicated leadership can produce a quite different outcome. It requires a systematic effort to build a pluralistic institutional structure, a determination to respect the rule of law, and vigorous protection of the freedom of the press and human rights" (World Development Report, 1989:60–61).

If the above statement is anything to go by, why did the IMF in the context of Nigeria grant a loan that is meant for the developmental efforts of good governance, to an illegitimate undemocratic military dictatorship at that time? Where then lies their allegiance to democratization and its guiding principles? Thus, democratization becomes "a new orthodoxy" in official Western aid policy and development thinking. In view of the foregoing, it would be important to note that democratization as the world's most acceptable system of governance can be typified in different political, social, cultural and normative perspectives, based on the angle pursued.

Democratization in Nigeria: In view of the above, it may be important to note that the process of democratization may typically start on the following suggested principles :

- i. firstly, a dramatic political event that prompts the authoritarian regime to hold national elections and to transfer power to a

- democratically elected civilian group within a stipulated period of time.
- ii. secondly, the transition towards democracy ends largely with the departure of an authoritarian but democratically elected authority. In this case, even the democratically elected government does not apply democratic principles in their day-to-day running of government; and
  - iii. thirdly, also in order to foster a complete transition, democratization would need to involve promulgation of a new constitution that provides a legal framework for governance in the country.

These and other attributes of good leadership and governance may be the only alternative to achieving sound public policy and ensuring adequate consolidation of democratic values in Public administration. Consolidation of democracy In Nigeria: It is important to note here that most developing countries, including Nigeria, are not yet used to democratic values in public leadership and governance. They find the system very difficult to consolidate and sustain owing to their political history or their ignorance of the "game of governance".

Such a transition from authoritarianism to democracy however, does not automatically lead to the consolidation of democracy. For example, the government of Nigeria is currently a democratic one but not yet a consolidated and sustainable democracy. Consolidated democracy can only be achieved in Nigeria if the three cardinal democratization principles as suggested above are critically put into practice followed by the introduction of several democratic structures to enhance a consolidated and sustainable democratic government in Nigeria.

Issues such as holding free and fair elections, the installation of democratic authorities and institutions, and the creation of a new constitution are simply the preliminary steps towards democratic consolidation.

It can be argued that the consolidation of democracy depends upon the success of institutionalizing democracy, meaning the development of a conflict resolution mechanism. The process of institutionalization requires an elite consensus on the rules of the game. Since the inception of the new democratic government on 29<sup>th</sup> May 1999, there have been reports of rising religious and ethnic conflicts in the Northern parts of Nigeria. Unless adequate mechanisms and grass roots resolutions are implemented, these will always continue to derail the consolidation of democracy in Nigeria.

It is of importance to note that the central question in the consolidation of democracy is the ways through which it is sustained and / or made. The contemporary literature on democratization usually suggests that transitions should emerge from negotiation since this enhances the possibility of constructing a viable political democracy. Negotiation is essential for the consolidation of democracy and in view of this, all transitions to democracy are negotiated, some with representatives of the old regime and some only among the pro-democratic forces seeking to form a new system. Negotiations are not always needed to extricate the society from the authoritarian regimes but they are necessary to constitute democratic institutions. Democracy cannot be dictated, it should emerge from bargaining.

The above submission may have been the crux of democratic consolidation in Nigeria. There has never been grassroots negotiations and bargaining devoid of both ethnic and religious influences, which if applied properly would certainly open a wider and sustainable door towards the consolidated democratic development in the entire Nigerian body politic. The emphasis would be more results-oriented if there exists room for what I may term as “reformers and moderates”. These two key groups must be in full control and in the forefront of every negotiation. In order to enhance the possibility of consolidation, the hard-liners should either be excluded from negotiations or be assigned to an insignificant role in any transition towards the consolidation of democracy.

In a similar vein, negotiations and / or agreements should be regarded as the basic methods of democracy. As indicated earlier, the dominant liberal literature does not view civil society as the domain of any real change in terms of democracy or development. In order to prevent political space from becoming too radical, liberal scholarship seems to put a limit on popular participation. This encourages participation of civil society groups only when the latter agree to work within the constitutional framework to promote democracy and market capitalism.

This is exactly why scholars such as Diamond, Linz and Lipset have begun to argue that the revolutionary spirit of ordinary people might prove to be dysfunctional for democratic consolidation. However, some others have emphasized the ethics of tolerance in successful democratization (Diamond, et al., 1984:24).

For instance, too much emphasis on the concept of civil society seems to distract one from focusing on democratization, public leadership and governance. Therefore, taking these few major democratic consolidation issues into serious consideration, bringing a better application of grass-roots bargaining and negotiation mechanisms into play would seem to be of primary importance. Therefore, appropriate application of these concepts could then contribute towards bringing political, religious, ethnic and cultural tranquility to Nigeria for sustainable economic and democratic development. This may in the near future, begin to impact positively on the general living standard of the people and on aggregate growth in the Nigerian economy.

### **6.3 GLOBALIZATION : PROSPECTS FOR SUSTAINABLE DEMOCRACY IN NIGERIA**

The current global experiments in political democracy – notably formal multi-party constitutions, elections and governance – will not be sustained unless they are supported and complemented by the concept of “democratic development” that is, the reinforcing of dynamic civil societies at the local, national and global levels. Thus it is important to recognize that a transition towards constitutional democracy only gives people the right to vote in an election.

The conventional notion of democracy hardly appreciates the importance of creating political space for the majority of people to control in an effective manner the material and institutional conditions under which they exist (Diamond, et al., 1997:124). There has been a growing consensus that democracy can only be a meaningful concept if it provides an environment in which marginalized groups can exercise

their right to be empowered. In the Nigeria of today, this concept is imperative as many groups, that is, both the so-called minor and major groups have felt marginalized for too long and therefore have no place in the present democratic government.

However, there is a positive prospect for the constitutional promulgation of a material and institutional-friendly environment that can accommodate every single unit of these groups. In other words, the young democracy in Nigeria should strive to encourage people to raise their voices against all kinds of deprivation and exploitation, structural as well as informal.

Democracy here will also need to allow people to participate in and to determine together, those decisions that profoundly affect their lives. This clearly indicates that the existing conventional notion of democracy in Nigeria needs to be redefined and expanded to allow it to reflect the peculiar indigenous nature of Nigeria. Thus the concept of sustainable democratic development in Nigeria should take the agenda beyond popular participation in elections to popular participation in every major decision that affects the entire nation.

Involving community and traditional leaders, opinion leaders and civil society groups can achieve this objective and by so doing, the government would have carried people along with its developmental process. Therefore, linking democracy and development in Nigeria would offer a framework that focuses on the sustainable livelihoods of the people, on the one hand, and on the other, emphasizing the need to bring vulnerable and disadvantaged groups such as the rural poor, peasants, women and the elderly into the developmental process.

It should also seek to ensure people's participation in conceptualizing their development needs and in development decision-making with regard to the control and use of scarce resources.

#### **6.4 GLOBALIZATION : THE NIGERIAN GOVERNMENT PERSPECTIVES**

The present democratic government of Nigeria led by President Olusegun Obasanjo, a retired army general, was inaugurated on the 29<sup>th</sup> May 1999. According to the Nigerian government web site President Obasanjo enumerated his targeted objectives on the 5<sup>th</sup> November 1999 in an article titled "My Mission". These include, among other things, the revamping of the Nigerian economy through some globalization apparatus. "We must remember that nobody is obliged to invest in Nigeria".

Investments would flow where they are attracted by the possibility of safety of assets, security and good returns ... we will encourage a policy that will be situated at the congruence of free enterprise and public purpose" (National Orientation and Public Affairs, May 29<sup>th</sup> 1999: Access <[http://www.nopa/useful\\_...presidential\\_speeches/29may99.htm](http://www.nopa/useful_...presidential_speeches/29may99.htm)). President Obasanjo made the above statement on the 29<sup>th</sup> May 1999 during his inauguration into office. It conveys a clear message of globalization and internationalization of Nigerian economic activities. It is an open encouragement of the market enterprise economy and trade liberalization by the present government in Nigeria. It was also a call for foreign investors to take advantage of the Nigerian new democratic environment that provides a friendly atmosphere for economic growth and development.

As pointed out in the previous chapter, the present democratic government in Nigeria, unlike their military predecessors, does not work in isolation from the global community. In an article titled "Many Trips of Mr President" the Guardian Online of the 19<sup>th</sup> September 2000, Hope Eghagha portrays many reasons why President Obasanjo had undertaken many trips to Europe, America and Asian countries. She indicated that it was done in the spirit of globalization but specifically for Nigerian re-integration into the global community and for the signing of both bilateral and multi-lateral economic treaties, which would enhance :

- i. political stability;
- ii. economic restructuring;
- iii. integration of Nigeria into the mainstream of the global economic market;
- iv. lifting of economic and trade sanctions imposed on Nigeria because of various previous military dictatorships and the high level of human rights violations during those periods; and
- v. debt forgiveness for both Nigeria and other poorer countries.

These are the five cardinal points that emerged from the many trips of President Obasanjo within his nearly 18 months in office. It would also be of importance to review the economic direction of the present government with a view to finding out to what extent it has taken the globalization concept to heart.



#### **6.4.1 The present Nigerian government's policy direction**

On assumption of office, the President Olusegun Obasanjo administration immediately took steps to put in place an enabling environment for the nurturing of democracy and regaining international respectability and credibility, thereby, putting the economy on a path to sustainable growth and development.

Some specific measures were taken which includes :

- i. presenting to and passing the anti-corruption bill by the national assembly;
- ii. reviewing and suspending contracts whose award lacked merit;
- iii. curtailing excessive and extra-budgetary spending by government;
- iv. adopting measures to achieve fiscal prudence, transparency, minimal deficit and efficient resource use;
- v. mounting domestic and international campaigns to recover looted public funds lodged in foreign banks; and
- vi. introducing universal basic education to wipe out illiteracy and ignorance (Nigeria Economic Policy, 1999–2003, 1999:1-10).

It is important to note here that the Nigerian economic direction is basically of greater global and international concern and with particular attention to the areas of comparative economic advantage. This indicates that the concept of globalization is also on the agenda of the government of Nigeria. The overall economic strategy of the present

administration in Nigeria includes among other things (Nigerian Economic Policy, 1999:1-5) :

- i. private sector - led economic growth;
- ii. poverty alleviation;
- iii. fiscal, monetary, income, trade and debt policies; and
- iv. broadening the productive base of the economy.

The above are the four cardinal elements of the overall economic strategy of the Obasanjo administration. While (i) and (ii) appear to be more domestic in content, (iv) is of more global concern which could also meet local expectations if well articulated and implemented.

#### **6.4.2 The new trade policy in Nigeria**

To boost the tempo of economic activities, a new policy for trade namely, global internationalization, has been put in place by the new government with a view to removing all trade and investment barriers in the country (The Guardian Online, Thursday, 12<sup>th</sup> October 2000:1). The main thrust of the policy according to President Olusegun Obasanjo at the opening of the Nigerian Investment Market International Forum on Tuesday, 10<sup>th</sup> October 2000 at Abuja is “to encourage production and distribution of goods and services to satisfy both domestic and global markets”. Prior to that Forum, the present government had, among other things, put in place appropriate macro-economic policies to deal with the distortions and obstacles to investments in Nigeria by the global community.

These measures include :

- i. firstly, The abrogation of restrictive laws such as the Enterprises Promotion Decree of 1995, which limited the ownership of any business in Nigeria by an undisguised investor to a maximum stake of about 40%. However, the new enterprises promotion (Act 106 of 2000) provides that any investor in Nigeria whether indigenous or foreign has the right of a 100% stake in his/her investment or whatever he/she may choose. This is quite contrary to the former policy and clearly in the spirit of globalization; and
- ii. secondly, the establishment of the Nigerian Investment Promotion Commission in May 2000 was a step ahead of the abrogation of the former enterprises promotion decree of 1995. This policy initiative is aimed at a new emerging global market to attract investors to Nigeria and promoting the country's sustainable economic growth (Guardian online, 2000, October 12<sup>th</sup>).

#### **6.4.3 Summary**

In conclusion, it is clear that the so-called "Many Trips of Mr President" together with the promotion of new trade and investment policies and the abrogation of restrictive laws, trade barriers, and institutionalizing the government's intentions in the emerging global market with a commission namely, the Nigerian Investment Promotion Commission, are all pointers that the present government of Nigeria is strongly in favor of participating in the process of globalization.

The above indicates that various measures would be adopted to broaden the productive base of the Nigerian economy as a strategy to achieving a strong and virile economy. Hence, sectoral and intra-sectoral linkages are already being pursued vigorously. Value-addition would have to be adapted to boost domestic economic activities, including production, and exports. The potential of the informal sector will be harnessed to boost economic activities in the real and service sectors of the economy. Technology, communication, information and extension services are being employed and the state and local governments are being encouraged to adopt measures towards integrating the informal sectors into the mainstream of the local economic market.

With regard to fiscal, monetary, income, trade and debt issues are the major issues on the globalization agenda today. The present administration in Nigeria will have to identify these issues as major goals aimed at encouraging competition in the aggregate of economic activities. Monetary policy will basically rely on indirect instruments of control that promote optimal liquidity in the system and financial intermediation. These issues should be completely deregulated so as to increase productivity of labor and encourage local initiatives. In fact, trade policy will likely minimize the benefits from globalization, and promote domestic industries and value-added exports (see 5.4.1).

In view of the foregoing, it is well evidenced that the present democratic government of Nigeria is fully in support of the globalization program. Already, the overall economic strategy has made provision for the benefits expected from globalization. Yet, an adequate and critical look in respect of possible areas of direct

government domestic rejuvenation programs was never undertaken. This is very necessary today because there are likely to be huge casualties in a developing economy like Nigeria if it should mortgage all domestic economic activities to the global economic process.

It is clear that the government of Nigeria is poised for the country's full involvement and participation in global economic activities, which are regarded to be of substantial developmental advantage to the country. The considerable current debate on the pros and cons of globalization, especially for developing countries, has had almost no impact on the formation of the Nigerian new economic policy direction. This is an important conclusion for this study. Later on some proposals will be made to support an alternative view that the economic interest of Nigeria would be much better served by pursuing a greater degree of balance between globalization and localization.

## **6.5 GLOBALIZATION : PRIVATE SECTOR PERSPECTIVES IN NIGERIA**

### **6.5.1 Introduction**

Since the end of the 1970s, the government of Nigeria has privatized many state owned enterprises, put public services to tender, deregulated utilities and other industries, reduced bureaucracies and sought to limit participation and interference in economic units within their borders. On the international scene, Nigeria has witnessed the creation of the World Trade Organization (WTO) and the new concept of globalization, the South-South Economic Corporation, the European

Economic Community (EEC), and more recently, the emergence of the Euro currency.

Rapid development in high-tech communication has made restrictions on capital flows almost impossible. Networking multinationals are creating a borderless economic world such that it has become very difficult for any nation, including Nigeria, to pursue its own economic policies. Serious attention has to be given to the new trends in the global financial system (Shabir, 1999:7-10). In view of the foregoing, it is important to review the perspectives of the private sector on the globalization process and the general views of the Nigerian financial system with reference to the banking industry and information technology. An assessment of the above two industries in the financial sector of the Nigerian economy would provide some useful information for the private sector and for Non-governmental Organizations (NGO) perspectives about the globalization process.

### **6.5.2 The Non-governmental Organizations (NGO) in Nigeria**

Different views and explanations have been given regarding the term "Non-governmental Organization". In fact no universally acceptable definition exists. The European Commission documents that gave rise to government thinking in involving civil society in development does not attempt to enter into the debate of defining the NGO, rather they confine themselves to its characteristics.

Even the council in charge of regulating the co-financing of NGOS did not attempt a definition either as Clarke (2000:51-34) states that

Non-governmental Organizations are first and foremost social instruments. This view sees the non-governmental structure as a mechanism or vehicle for affecting or mobilizing change and development in any given society.

The Non-governmental Organizations and Community-based Organizations (CBOs) are voluntarily established by private individuals in the interest of their members or community, or in the public interest. This view simply views Non-governmental Organizations as civilian property, the purpose of which is to serve their own or the public interest. The Report of the Non-governmental Organizations' Week Conference (1996:155), noted that Non-governmental Organizations are by nature non-profit service organizations dependent on voluntary contributions but independent of government.

Accordingly, this definition highlights two important dimensions of non-governmental bodies namely :

- i. non-profit seeking; and
- ii. free from the state's direct sphere of influence.

For the purpose of this study, and according to the Non-governmental Organization Report (1996:155), the concept of Non-governmental Organizations should be understood to refer to organizations that are not part of government and pursue activities that promote development, thereby reducing suffering especially in the lives of the majority of ordinary citizens.

### **6.5.2.1 Globalization : the prospects for NGO's in Nigeria**

While NGO's differ from one another in terms of political ideology, social objectives and their specific place in the global political economy (globalization concepts), NGO networks have shown some considerable potential for both greater socio-political change and democratization in Nigeria. In addition to their traditional engagement in delivering welfare services and in community development programs, NGO's (especially third generation NGO's which are largely involved in advancing socio-political change towards sustainable development) attempt to reorient public policies in favor of vulnerable groups.

The NGO sector can effectively organize underprivileged people and give them a voice against all sorts of socio-economic injustices imposed on them (Aloo, 2000:58). For instance, the Grameen Bank, a leading and well-known development institution in Bangladesh, has successfully changed the traditional place and role of women in rural Bangladesh over the past two decades. Aloo went further to say that by supporting income-generating enterprises of marginalized groups, especially rural women, the bank has enabled them to break out of stereotyped female occupations in a traditional society which is still dominated by religious and patriarchal values (2000:58-59).

This concept may not be peculiar to Bangladesh. There is a high likelihood that this idea would succeed considerably in Nigeria, if well applied and coordinated. In order to put to an end to structural deprivation and discrimination, some NGO networks in Nigeria (in the present democratic dispensation) may need to challenge the state institutions by focusing on the importance of developing an alternative



basis for democratic development. They should be making efforts to generate popular power, to give people the right to control the institutions, which shape their lives.

Apart from developmental and democratizing activities in Nigeria, NGO's can make a big difference in peace-building operations. Long before any conflict takes place, NGO networks can successfully promote confidence and mutual trust between rival groups and prevent them from descending into violent conflict. In particular NGO's with a grass-roots base have the ability to remove potential causes of conflicts and to resolve differences between the contending groups through political negotiations. Not only do they have a better understanding about the psychological and cultural aspects of conflicts but they also have the know-how for conflict resolution based on traditional culture and wisdom.

However, in some crucial cases, given the peculiar and complex nature of Nigeria, NGO efforts may be insufficient to promote cooperation between hostile groups because of the serious nature of their disputes. Nevertheless, they can still prevent a disaster by sending early warnings to the government, international organizations, the media and other concerned parties. Together with the media as well as "old fashioned" cooperative and labor groups, these constitute a "civil society" which increasingly exists at local, state, as well as the national levels of the Nigerian society.

### 6.5.3 Summary

If the contemporary process of government's efforts on both political and economic globalization could consider developing regional and global civil societies as one of its main objectives, then it is most likely that Nigeria should find a firm route to a sustainable democratic development process which will not only be recognized at home but also by the international community. The emergence of transnational networks of civil society groups in Nigeria, will certainly bring together a wide range of NGO's working in the fields of peace, security and development across national boundaries. Against both the interests and exploitation of the global forces of production and finance, these transnational NGO networks activities in Nigeria will begin to ensure meaningful participation of civil society associations in international decision-making.

Furthermore, in addition to advancing resistance to the current orthodoxy of neo-liberalism concepts in Nigeria, these emerging transnational networks of voluntary organizations in Nigeria will then be actively involved in creating alternative routes for development which will bring government nearer to the people by inviting them to participate on issues that concern them.

In the long run, the proliferation of so many strong and committed civil society groups in Nigeria, the prospects of sustainable democratic development can become a reality. Indeed, the new democratic dispensation in Nigeria constitutes a promising period for the country's new direction and renaissance as the hegemonic position of neo-

conservative policies is challenged in the new democratic global values.

It is also important to note that since the early eighties until the present, most developing countries including Nigeria, have been involved in serious structural economic adjustment programmes which came about as a result of conditionalities attached to IMF and World Bank loans. In Nigeria, the government has been preoccupied with debt servicing and has been confronted with seemingly inseparable problems (Diamond, et al., 1997:308).

Diamond, et al., are of the view that the combination of prolonged economic recession and depression in Nigeria as a result of economic liberation, which was part of the conditionalities, has given cause for great concern. The IMF and the World Bank began to doubt the appropriateness of the structural adjustment program (1997:313-315). However with a renewed focus on jobs, and economic growth, rather than on deficits, some form of social democracy is likely to become more result-orientated and acceptable by most Nigerians.

The past military administration in Nigeria, whose government originally took these loans, has induced an unanticipated choice for much of the economy either to escape from the dictates of the adjustment “paradigm” or to reduce the growing tension between political and economic liberalization. The new government can indeed change the tide of economic woes confronting the nation at this point. It can begin to escape from restrictive conditionalities and redefine it’s own development direction with much focus on “local economic initiatives rather than seeking local economic initiatives from abroad”.

This would be feasible particularly if those grass-roots mechanisms, associations and bodies that constitute civil society in Nigeria, are revived and rehabilitated, thus constituting an energetic source of alternative policy innovation and program implementation. These prospects have to be widened further by the construction of regional and global economic coalitions outside the purview of inter-state organizations.

## **6.6 GLOBALIZATION AND THE NIGERIAN BANKING INDUSTRY**

Before taking a look at the likely consequences of globalization in the Nigerian banking industry, it would be pertinent to consider some basic precedent conditions that could either encourage or discourage the private sector in the practice of banking within a global context.

### **6.6.1 Entry of foreign banks into the Nigerian system**

Following the state of the banking industry during the previous decades under several military governments, Mr M Hayyatudeen, the managing director of FSB International Bank stated "the banking sector did not develop that level of sophistication that would enable it to perform optimally within the national economy. The factors that contributed to non-optimal performance were inadequate capital base, inappropriate lending policies and practices which resulted in large amounts of doubtful debts, concentration on short-term lending and the shortage of technically qualified manpower which was a major cause of poor quality of financial services" (Hayatudeen, 1999:11-15).

With the exception of short-term lending, the banks appear liable on all other accounts. The above opinion of a professional banker is not viewed as a generation of the banking activities but to point out the urgency for improvement. To withstand the high level of competition in trade liberalization that accompanies globalization, considerable improvement is indeed required in the industry. And the new entrants in the banking industry in this globalization era could pose a serious professional threat to the existing ones in the following areas :

- i. quality of services : The new entrants will surely bring to the market better/ improved systems of banking operations, better work culture by employees and consequently better quality of end products;
- ii. wider product range : The foreign affiliation of the new entrants will ease their ability to offer a wider range of efficiently delivered products especially in the area of international trade transactions;
- iii. better franchise : The standing of most entrants especially those from Europe and America may be such that it will give them an advantage in terms of larger balance sheets and wider networks across the globe. Their stability as viewed by the banking public is likely to generate more goodwill than that of the home grown ones; and
- iv. edge in information : The more developed countries have banking technology organizations that are advantaged by sophisticated information technology when operating in the third world Nigerian setting.

It is important to note that entry by more efficient parties in the Nigerian banking sector of the economy in the spirit of the globalization process, will more significantly compel banks to improve on their roles as media of exchange creators and as facilitators of trade and production processes through the mobilization and channeling of funds within and outside the boundaries of Nigeria.

An argument has often arisen that such global and local competition among the banks and other private sector institutions, while leveling the playing field of aggregate Nigerian economic activities, may stifle local development as the indigenous Nigerian private sector. This situation has been described by Dr Pius Okigbo (Chairman, Magnum Trust Bank Limited) "as weak and fragile" (Hayatudeen, 1999:10-15). Such an initiative has also been described in a paper delivered in the World Economic Forum, as "capable of destroying local initiatives, jobs and ultimately culture" (Schwab, 1999:2).

However, the push of a globally unifying force may be too pervasive for a growing economy like Nigeria or, indeed any one nation to contain without the fear of becoming isolated. The government of Nigeria, the organized private sector, the participants in the globalization process and the banking industry cannot deny the general public cheaper and better services simply because they want to maintain their own existence. Each one must make a proactive response to the situation.

In view of the foregoing, for the local banks in Nigeria, a positive response in the following areas may ensure both their survival and relevance in the new globalization process :

- i. product innovation;
- ii. improved professional service;
- iii. efficient internal control system; and
- iv. consistent manpower development programmes to provide staff with the competency to deliver efficient and courteous services.

The government of Nigeria needs also to provide a certain environmentally friendly platform to enable banks to function well in the new globalization programme. The expected roles of the present Nigeria government in this era may be described as follows :

- i. Consistency in policy formulation and implementation : The withdrawal of public funds from the banking sector and the sudden direct debit of accounts of banks with the Central Bank of Nigeria in the past may need to be discouraged. This policy took both the industry and the general public by surprise. It created a lot of short-fall on bank deposits and created a negative influence on the banking public (Ezeuduji, 2000:8). This kind of policy must be implemented with greater care and concern so as not to extend such embarrassment to the globalization process as it could make the whole world loose instant confidence in the Nigerian banking sector.
- ii. Efficiency in the cheque clearing system : The long waiting period for clearing instruments at the Central Bank of Nigeria (CBN) has to be continuously improved while only virtual autonomy of the CBN will reduce government interference. The clearinghouse needs more decentralization and a national cheque authentication and verification institution should be

established to aid the backlog experienced presently on the clearing system (Anyanwu, 1999:3).

- iii.* Formulation and enforcement of government laws : Formulation and enforcement of legislation as well as accelerated litigation on banking, the entire financial system and other private sector economic activities would enhance a hitch-free transition of the economy into a more globalized concern. Issues like money laundering lanes, which would help sanitize the financial system, have to be functional and operational. Government needs to ensure speedy litigation of financial crimes.
  
- iv.** Protection of local initiatives : Government should also seek to ensure responsible globalization by ensuring that excesses of competition do not completely stifle local initiatives. For operators that may seek to find markets overseas the key is also to develop a highly efficient operating system that will enable them to withstand competition in overseas environments. Aside from the third world, most other countries have offshore banking services, technological and economic development. Hence only a niche in those areas of chosen services will enable the Nigerian banks to make a success of investing in foreign markets.

#### **6.6.2 Foreign banks in Nigeria : some policy implications**

In the six years preceding 1998, Nigeria walked the path of a pariah nation unwelcome by the international financial community. There was major intervention in the political life of Nigeria in 1999 when a newly



democratic government took over the mantle of power. This has brought the country back into the fold of the international community. Hence the economic environment has once again become attractive to foreign investors.

The Nigerian financial system comprises :

- i. the development banks;
  - ii. the merchant banks;
  - iii. the commercial banks;
  - iv. the insurance companies;
  - v. the community banks;
  - vi. the finance companies;
  - vii. the Peoples Bank of Nigeria;
  - viii. the Nigerian Stock Exchange;
  - ix. the Bureau de Change;
  - x. the discount houses; and
  - xi. the Central Bank of Nigeria, which sits at the apogee
- (Source : Quarterly CBN, Economic Review, June 2000:15-20).

These constitute a structural definition of the Nigerian financial system. In reality, as a market, the numerous intermediaries and relationships between and among institutions are part and parcel of the market. Foreign banks here would be understood to be banks whose capital is provided wholly or, in part by foreign nationals and the composition of the board of directors of the bank consists wholly or, in substantial numbers, of foreign nationals. Its capital defines the proprietary right to a company and hence the directional flow of the ultimate reward of enterprise, returns or dividends. Composition of the

policy organ defines, among other things, the objectives of the company, its value system and its character and vitality.

It is worthy of note that the scourge of the Structural Adjustment Program (SAP) introduced by the military government in 1985 as a pre-condition for the IMF loan, created a huge problem for the Nigerian capital inflow. In the late eighties and early nineties, the boom of the seventies had created, in Nigeria the feeling of the “giant of Africa”. Quite a few public policies that affected capital flow and formation were formulated under this illusionary state of satisfaction which some believe led the country to abridge unduly free entry and exit from the Nigerian economy under the various pieces of indigenisation legislation (Othman and Williams 1999:15).

The core argument then, was that political independence was meaningless with economic power entrenched in the hands of foreign nationals. It is doubtful whether this argument is less persuasive today than it was in the early seventies. The argument was and is beyond reproach. Yet, it seems that the critical issue should be how to take affirmative action that does not amount to appropriation of the proprietary right of one economic / racial group to redress the economic disadvantage of another social / racial group.

The excursion into the broad area of indigenisation policy which came into effect in 1976 by a military government then led by the present democratically elected President Olusegun Obasanjo, provided that all companies must have a majority share holding by Nigerians. This reveals where control over both the government and economic activities came from (Osaghae, 1998:101).

Even though, entry of foreign banks into the Nigerian market seem beneficial to the development of the country's financial market, the fact remains that the "tyranny" of corporate rule will apply hence they would maximize profit and may not bother to develop the local communities. Therefore, the need to encourage the erstwhile Nigerian Community Banks and the introduction of a community currency system should become the government priority during this globalization era, otherwise the local communities will be unavoidably forgotten by both the government and the business giants. It is important to note that the financial system is but a subset of the economy.

The question of the entry of foreign banks into the Nigerian financial system touches on the central issue of free entry and free exit into and out of the Nigerian economy, which constitutes the cornerstone of the Nigerian private sector perspectives on the issue of globalization. The argument for controlled market-led economies will make little sense if barriers are unnecessarily erected across boundaries. This will be even more disadvantageous to countries doing so given the influence of telecommunication mentioned earlier. The central concern of protecting local manpower and ensuring that the domestic economy derives actual benefit from such international relationships can be addressed through "regulation" rather than "exclusion". In this regard, the instrumentality of the stock exchange and public quotation of stocks is one area whose maximum potential is yet untapped by public policy makers.

The imperative of meeting and sustaining the developmental expectations of a growing population has forced (government and

corporate groups) to appreciate better the ancient wisdom that “no man is an island”. Nigeria needs others even as they guard their patrimony. All affirmative political action, which takes the position that you have to dispossess one economic group of its proprietary interest to redress another disadvantaged group, is in contradiction with the soul of private enterprise and free private capital flows.

The presence of foreign banks in the Nigerian financial system will act as lubricants of the restoration of international confidence in the domestic economy as well as better conduits for foreign private capital inflows amongst other positive values. Political managers of the economy can effectively ensure value-added international corporate relationships through liberal regulation and not exclusion. As the world moves into a central market square, Nigeria must quickly establish its own coordinates in this emergent global market. The worldwide great corporate mergers that are the current phenomena have only one message – “Business has no Borders”. The Nigerian economy cannot be indifferent to the rhythm of the world economy. But the question remains “How can the poor benefit from the global banking linkages?” If Nigeria follows the rest of the world, attention should be given to local economic initiatives so that the non-banking poor majority will not be left behind.

## **6.7 CONCLUSION**

Attempts were made to review the trend in global integration made possible by developments in the Nigerian banking sector in the utilization of productive resources through improved competition and innovation. Also, while the ability of developing countries to take full

advantage of the information technology-induced globalization, is severely restricted by the stage of development in Nigeria, the study has indicated that the development has transformed the scope, range, pace and the procedure of financial services delivery in Nigeria despite the fact that it is still a developing economy. The effects of the development on the Nigerian financial system have come in the form of cost reduction, enhanced speed at carrying out financial activities, introduction of many computer-aided products, improvement in the transaction in the nation's capital market and opportunity to access the global market for enhancing capital base by some financial firms, among others.

In spite of the numerous benefits that can be derived from globalization induced by advances in information technology, the study has noted that the development poses many challenges to the regulators / supervisors, the operators in the financial market and the economy as a whole. In particular, the current wave of innovation, liberalization and globalization poses a threat to the stability of a nation's financial system with its attendant negative consequences on the overall economy. In order to avert or at least minimize the dangers posed by this development, given the relative attraction of the economy to foreign investors arising from the democratization of the economy, there is the need for the regulators / supervisors to evolve a regime of supervision that will be efficient, effective, up-to-date and relevant to the ever changing complexities of modern banking and finance.

Similarly, there is a need to intensify efforts at building supervisory capacity to cope with these challenges, a need to strengthen

cooperation amongst different supervisory bodies on a cross-market and a cross-country basis in view of the emergence of financial conglomerates, as well as the need to enlist the market mechanism by encouraging a greater degree of transparency on the part of operators with respect to their preferred spot on the risk-return frontier as well as disclosure at regular intervals, as a powerful and effective tool to instill discipline, among other things.

On the part of operators, there is the need for the development of management strategies that would enable them to identify all such risks as environmental risks, process risks and operational risks that are normally associated with their activities. For the economy as a whole, there is the need, on the part of government, to pursue economic policies that will put the economy on the path of sustainable growth and development with a view to putting the peoples' "interest first" before that of the business organizations in which banks and information technology industries represent. In this regard, the current efforts at deregulation, privatization and liberalization, under a democratic setting, should be cautiously pursued to enable the economy benefit maximally from opportunities offered by technology-induced globalization but not to the detriment of the poorest of the poor.

In view of the foregoing, and based on the premise of this study, it will be of immense importance to note that the banking industry was examined as a private sector within the operation of the Nigerian economy, and they seem to be opting for and encouraging the newly acclaimed globalization program, but that does not imply that the economy of Nigeria in which their industries operate should function on

the dictates of foreign institutions or bodies. They only tend to encourage global participation in both international banking and information technology, but not to function under isolated global economic activity.

## **CHAPTER 7**

### **NIGERIAN GOVERNMENT'S GLOBAL ALLIANCES**

#### **7.1 INTRODUCTION**

Globalization, as explained in the early chapters, entails the free movement of capital, goods, services and labour around the world (Pitchon, 1999:15). In the current situation of globalization it is worthy of note that both capital and goods do move freely, and services such as banking, technology, media and advertising will do so increasingly. Therefore, Nigeria as a country will very likely face both negative and positive aspects of these global movements of both goods and services described above. For example, on the one hand, the negative implication will be that, it will cost Nigeria more to import goods and services from Europe or the United States given the lower strength of their local currencies compared with the European Euro or the U.S dollar. On the other hand, Nigeria will be able to buy those goods and services that they lack in their home country.

Since the days of independence, Nigeria subscribed to several international economic and political alliances aimed at improving her image abroad. But the new globalization agenda is more than "image creation" with the international community as indicated in the previous chapters of this study.

The engine that drives the globalization process is the function performed by the multinational corporation. There are some 37 000 multinationals world wide and between them they account for four-



fifths of world trade. About 75 per cent of all trade in the world is between multi-national companies. Many of them are wealthier than entire nations. Of the 100 richest organizations in the world, 60% are nations and 40% are multinational companies (Hirst & Thompson, 1996:124).

The powerful nature of these companies is a strong indication that they indeed drive trade and investment policies and have powerful social, economic, political, environmental and cultural impacts on any nation in which they operate. Nigeria will not escape this global movement. Although Nigeria serves as a focal point to examine the effects of globalization, reference will also be made to other African countries. This makes it possible to obtain useful comparisons in establishing the general effects of globalization on a developing economy such as Nigeria. Attention will also be devoted to the possible effects of globalization on various dimensions as the economic, social and technological.

Its few supporters worldwide may accept globalization as a "fait accompli". However, this does not imply that all countries of the world are adequately prepared for the global involvement or derive the same benefits from international and super national bodies. Many African countries obtained independence from colonial powers since the 1960s. Nigeria obtained independence from Britain on 1<sup>st</sup> October 1960. Internal conflict, civil war, lack of infrastructure and lack of administrative and governmental experience have had a detrimental effect on the ability of these countries to make the transition to globalization at the same rate as countries in the Northern Hemisphere. Thus, their experience of globalization may differ

considerably from European and Northern American states (Obadina, 1999:37).

Nigeria serves as an example of a country that only entered the international arena in 1999 after more than a decade of military dictatorship that was not recognized by the international community.

This paved the way for the country to renew her membership of, among others, the United Nations, European Union, Commonwealth and the Organization of African Unity (OAU). The current political situation in Nigeria therefore allows room for external benefits from the abovementioned international bodies including having the opportunity to obtain access to funding from, for example, The World Bank and the International Monetary Fund (IMF), or the re-negotiation of the terms of debt payments owed to these bodies by Nigeria, or indeed to ask for outright debt forgiveness.

## **7.2 SOCIO-POLITICAL LIAISONS FOR NIGERIA**

Nigeria became an independent state on the 1<sup>st</sup> October 1960 and a republic in 1963 when the first democratically elected government came into power. Since 1993 when the government of General Ibrahim Babangida annulled a democratic election, the country was cut off from the international community. Political and economic sanctions were placed on Nigeria resulting in limited international trade. Politically, the country became internationally unacceptable and it lost its membership of the United Nations and its various organs and had to cancel its membership of the Commonwealth (Diamond, et.al.1997:326).

Furthermore, Nigeria was unwelcome as a member of the Organization of African Unity (OAU). Nigeria had diplomatic ties with only a limited number of countries. The democratization process and the return of the country to a democratic state in 1999 brought Nigeria out of isolation and opened the way for its re-entry into global internationalization. Under the new democratic government, Nigeria has become an active participant in West African regional initiatives, the continental body and international bodies and institutions.

### **7.2.1 The Commonwealth of Nations**

The Commonwealth of Nations consists of all countries formerly under the direct rule of Great Britain (South African Yearbook, 1999:197). Nigeria was re-admitted to this supra-national body and became eligible to participate in matters of common interest. As a member of the Commonwealth Nigeria participates in the Biennial Commonwealth Heads of Government Meetings (CHOGM) and other ministerial meetings.

The Commonwealth as one of the international bodies to which Nigeria belongs is not geographically defined, just like the non-aligned movement and the G15. Public attitudes in Nigeria to the Commonwealth have sometimes been ambivalent and reservations have been expressed about Nigeria's continued membership of the organization. This is not the position of the present Nigerian government, which sees the Commonwealth as a unique combination of states with capacity to contribute positively to global events (Offor, 1995:11).

What is often overlooked is that the Commonwealth, composed as it is, of developed and developing countries, is a standing forum for North-South dialogue. The Commonwealth, therefore, serves as an arena for the sharing of concerns not only between its members but also between their respective economic associations. This advantage is further underlined by the fact that the Commonwealth derives its members from all the geographical regions of the world. Since the creation of the Commonwealth Nigerian ministers, government representatives, organized businesses, private sectors, politicians, professional associations and NGOs have joined these meetings on several occasions to discuss co-operation between the Commonwealth and the member states. One of those meetings was that of Commonwealth Heads of state and governments from 13<sup>th</sup> to 15<sup>th</sup> November 1999 in South Africa. During this meeting the outgoing Secretary General of the Commonwealth Mr Emeka Anyaoku, made it clear that the Commonwealth will take a hard-line approach on any nation-state that violates human rights or transgresses other internationally accepted norms. Pakistan was also suspended as a result of the military rule that was instituted after a coup d'état earlier in 1999. Strong criticism was also expressed against one member state for its intolerance of sexual preferences (South African Yearbook, 1999:197).

For example, during the Nigerian civil war from 1967–1970, Nigeria was denied membership. Similarly, in 1995, under the late military dictator Sani Abacha, Nigeria was suspended from Commonwealth of Nations because of reported killings and human rights violations by that government.

Recently in 1999, concern was expressed at the Commonwealth Head of Government Meetings (CHOGM) in Durban, South Africa regarding the Commonwealth's relevance in the present circumstances. One delegate maintained that the Commonwealth failed to recognize the existence of Aborigines within its member state in Australia. (Wongibe, 2000:29). Emmanuel Wongibe further pointed out, that another delegate argued, that the future would tell, "whether the Commonwealth can be turned from an Old Boys Club into a truly international peoples' organization" (2000:29).

The above-mentioned examples serve to indicate that globalization contributes to efforts to promote democracy and to ensure personal freedom and the acknowledgement of basic human rights. As is the case with the United Nations, the Commonwealth through its CHOGM expressed concern about its inability to enforce its decisions on member states that fail to comply with decisions of the supra-national body. It could also be deduced that the Commonwealth will have to reconsider its focus and operations if it wishes to remain legitimate in the eyes of, especially the developing countries or else the wave of globalization will sweep across nations without any benefit for the citizens.

### **7.2.2 The European Union**

Nigeria entered the arena of super-national bodies operating on an inter-continental basis when membership of the European Union was obtained. The country immediately gained access to the experience of a number of European countries in trans-national trade and co-

operation. Some tariffs were abolished so as to enable Nigeria to have good business deals with the Union members (Offor, 1995: 7).

Early in 2000 in Abuja, the European Union group held a multi-lateral conference to renew the re-acceptance of Nigeria into the fold and further negotiation of multilateral business agreements was undertaken. It was obvious that globalization through transnational bodies such as the European Union appear to ease trade among members. However, vested interests could hamper the implementation of several agreements. It could, therefore, be argued that countries, should develop policies based on transnational or international perspectives as far as, for example, trade is concerned. It should also be accepted that the products normally considered as the exclusive property of that country have to compete internationally. Quality should be the deciding factor to determine a purchaser's preference and not necessarily the country of origin's brand name (Morrissey, 2000:27).

The African Caribbean Union and European Union (ACU-EU), which European Union uses in reaching out to the developing world, has made tremendous contributions towards Nigeria. In the words of Chief Phillip Asiodu the Nigerian Chief Economic Adviser to the president "the ACP-EU partnership, has made a considerable success of its role of promoting and defending the democratic process through dialogue, debate and consultation" (Morrissey, 2000:28-29).

In view of the above, it may be important to note that the 30th session of the ACP-EU joint assembly took place in Abuja, Nigeria for several reasons :

- i. Nigeria was hosting the assembly that had for many years issued resolutions condemning its military regime.
- ii. Its location was a tribute to the democratic government, newly returned to civilian rule after almost two decades of military dictatorship.
- iii. Timing, that is, just after the Lome IV Convention and with the view of striking new agreements aimed at moving the member countries forward.

Following the success of this Abuja conference the European Union restarted development projects abandoned in Nigeria several years ago as a result of the military dictatorship, but in the new democratic dispensation, some new projects were signed for implementation and includes (Morrissey, 2000: 28-29) :

- i. Micro projects in Delta State were signed to the value of 21 million Euro. This is an oil-producing area from which the bulk of Nigeria's wealth comes. But it is also an area of tension and conflict where the poor have a profound sense of grievance that the oil wealth has by-passed them. They have also suffered the environmental damage caused by drilling. The project is aimed at improving living standards, for instance installing water supply systems, village transport and health clinics. This is not by any means the poorest region in Nigeria but it was pinpointed because of its huge potential for conflict. Included in the project is a conflict-prevention dimension. Micro projects include a strong element of local participation as the community decides on its own needs.

- ii. The second project, worth 10 million Euro, aims to improve Nigeria's economic management capacity. It will help to strengthen the Federal Office of Statistics and the Federal Ministry of Finance and Auditing to increase economic transparency. It is not just a technical programme to make government work better. Rather the purpose is to help make Nigeria's oil money translate into better lives for Nigerians.
- iii. The third agreement, worth 1.8 million Euro, is earmarked for a programming study on how development assistance can best help Nigeria.

This will provide guidelines for future EU-Nigeria cooperation and serves as a clear example of the effect of membership in a transnational body. It should however, also be noted that access to funds from a donor implies that the donor has the right to lay down general or specific conditions for the utilization of such funds. "Whosoever pays the piper, calls the tune".

Thus globalization implies that the autonomy of a government to make policy decisions should be reviewed. An independent country has to accept that its independence and autonomy are not in jeopardy but that policies and programs have to take cognizance of the policies of the body of which it is a member. Furthermore, it has to abide by the conditions set by the transnational body and has to take note of the sentiments expressed by other member states.

Going by the new EU projects and others taking place in Nigeria, one might be tempted to say that these are in the spirit of global



internationalization. But one question remains unanswered: Who are the real beneficiaries of globalization? Will the removal of trade barriers and investing foreign exchange in local projects improve things? The above questions will be addressed in the course of this study. However, it is important to note that free trade and the demolition of borders may contribute in reducing poverty, but it is only one element on its own.

### **7.2.3 The Organization of African Unity (OAU)**

The Organization of African Unity (OAU) was established in 1963 to :

- i. promote solidarity amongst African states;
- ii. co-ordinate cooperation; and
- iii. enhance socio-economic development and quality of life on the continent (South African Year Book, 1999:197)

Nigeria's wish is for a close cooperation and solidarity amongst African states. In spite of mounting skepticism about its utility, the OAU has served a useful purpose on the continent. Given the fact that most African countries are small in the global power configuration, the OAU has served as a collective voice and has increased the bargaining power of the African group in the wider global arena. In this context Nigeria has also worked with the OAU in pursuit of objectives such as decolonization and the fight against racism (Osaghae, 1998:51).

Nigeria also sees the OAU as a useful vehicle for conflict resolution on the continent. The inclusion in the OAU charter of the principle of inviolability of colonially inherited borders was one aspect of this.

Clearly, the continent has benefited from the observance of this principle given the ever-present dangers of irredentism. The principle of inviolability of colonially inherited borders reflects one of Nigeria's firmly held views that there should be regional solutions to regional problems. This has underscored Nigerian participation in various mediation panels established by the OAU and in peacekeeping operations in Chad, Rwanda and Liberia. Recently, the OAU has taken further steps in seeking regional solutions to regional problems by establishing a permanent organ for conflict resolution and prevention. Nigeria and South Africa are both members of this body (Offor, 1995:9).

Mr Offor, in the same paper explained that the area of emphasis for Nigeria within the OAU, is economic cooperation. Right from the onset the organization was intended as a forum for promoting economic ties within the continent. However, preoccupation with political matters has kept economic issues in the background until the African economic crisis of the 1980s. That crisis caused the OAU to adopt the Lagos Plan of Action (LPA) for the economic development of Africa in 1980, and the African Priority Programme for Economic Recovery in 1986 (1999:8). As the name indicates, the former document was adopted at a summit of African Heads of States that was held in Nigeria in 1980. Similarly, underscoring Nigeria's commitment to African Economic Cooperation, the treaty establishing the African Economic Community was adopted in Abuja, Nigeria (Offor, 1995:10).

It can be deduced from the above that members of the supra-national body are afforded the opportunity to learn from other states and / or

help one another in issues that border on peacekeeping, conflict resolution and good governance.

#### **7.2.4 The Non-aligned Movement**

The non-aligned movement should be considered as a movement of supra-national nature. Presently it consists of 113 member states within the United Nations including Nigeria. Its main aims include :

- i. the reduction of tensions amongst major powers;
- ii. the right to self-determination; and
- iii. economic and cultural equality among nations  
(Chazan, et al., 1992:298).

#### **7.2.5 The Economic Community of West African States (ECOWAS)**

It may be deemed unnecessary to discuss the role of the ECOWAS in the sub-region to which Nigeria belongs since it was discussed in detail in earlier chapters. Yet, the overview of Nigerian global internationalization will not be complete without throwing some light on the Nigerian role and involvement in this sub-regional economic body. The existence of such an organization could indeed be viewed as the first step in globalization since it provides an initial stage of cross-national co-operation. Presently, 16 countries in West Africa are members of ECOWAS (Ojo, 1980:34).

The ECOWAS aims at establishing integrated development in the sub-region. Although vast disparities exist amongst the countries due to,

among others, civil war and socio-economic conditions, members can potentially benefit from one another through regional integration and co-operation. Should the West African sub-region succeed in reaching its goals through the ECOWAS, it could be a driving force within Africa and within the OAU. In turn, this body could exert pressure on the United Nations and its organs to devote particular attention to the problems experienced by African countries and, Nigeria in particular.

ECOWAS was established in 1975 through the pioneering efforts of Nigeria and Togo. Economic integration in West Africa enlarges the market and therefore allows for specialization and the exploitation of economies of scale. Should trade creation take place within ECOWAS members and citizens of the regional grouping stand to benefit from a corresponding improvement in their welfare (Falola, 1999:146).

Like South Africa, Nigeria also considers the development of mutually beneficial relations with its neighbours to be of paramount importance. As such, ECOWAS deals not only with economic issues but also with matters of security and peace in the region. In this context, Nigerian troops served alongside those of other West African states in the ECOWAS Monitoring Group (ECOMOG) in Liberia, Sierra Leone and others. About 80% of the ECOMOG troops are members of the Nigerian armed forces. This singular Nigerian commitment to the region is a pointer that the country will also be able to keep its promises in the global fora.

### **7.3 GLOBAL POLICY REVIEW : A CASE OF NIGERIA AND SOUTH AFRICA**

Prior to the end of apartheid, mainly the Nigerians uncompromising opposition to the obnoxious regime in South Africa characterized relations between Nigeria and South Africa. This opposition took several forms, including :

- i. support to the South African liberation movements such as the African National Congress (ANC) and the Pan African Congress (PAC); and
- ii. diplomatic isolation of the apartheid regime and the mobilization of the international community for the imposition of economic, military, cultural and sporting sanctions against South Africa.

Diplomatic ties between both countries were restored at the end of apartheid and the election of a democratic government in South Africa, followed by the establishment of high commissions of each country in Lagos, Nigeria and in Pretoria, South Africa (Offor, 1985:10).

South Africa's resolve to obtain foreign investment and other resources to support the Reconstruction and Development Programme (RDP) is well understood. Offor went further to explain that South Africa's priorities include close cooperation with its partners in the South African Development Community (SADC), and that South Africa's fortunes are indeed very important towards playing a leading role in the continental arena. The wave of economic refugees to South Africa since May 1994 suggests some proof of these roles (1985:11).

Nigeria has for many years shouldered the responsibilities of peace and security in the ECOWAS sub-region and on the continent in general. It participated in the UN peacekeeping operations in the Congo in the early 1960s and in UN verification missions in Angola (Chazan, et al., 1992:341-345).

### **7.3.1 Policy bilateralism**

In October 1999 South Africa and Nigeria established the South Africa-Nigeria Bi-national Commission (BNC) thereby formalizing a strategic accord between the two countries. Promoting the FDI in both Nigeria and South Africa is a key rationale behind this new forum. The two governments see the bi-national commission as an effort to elaborate on a workable and achievable plan to ensure the development of both countries' human and natural resources (Williams, 2000:15-18).

These are aimed at maximizing socio-economic development through economies of scale, global competitiveness and for specialization based on comparative and competitive advantage. It is also aimed at establishing the mechanisms for putting the benefits of economic cooperation to achieve peace, stability and social integration in other parts of Africa. The establishment of the BNC by two of Africa's economic superpowers bodes well for the continent's future, provided of course that South Africa and Nigeria take other lesser powers' interests into account and forge working alliances with them as well.

### **7.3.2 Globalization concept : a comparative perspective of Nigerian and South African governments**

Presidents Thabo Mbeki and Olusegun Obasanjo's first year in government suggest that their primary objectives have to do with confronting their countries' massive socio-economic challenges, promoting effective regional integration and reintegrating Africa into the world economy.

There are common threads that run through the external economic policies of Presidents Obasanjo and Mbeki administrations over the past year and a half. The policy directives of both governments have stressed the necessity for attracting foreign capital, anti-corruption, promoting accountable and good governance, privatization of state and public enterprises, and strengthening the capacity of law enforcement agencies. Both leaders have elevated themselves to international spokespersons on important economic matters concerning West African and southern African countries. It is incumbent on Nigeria and South Africa to take on board the genuine fears and concerns of other states and, above all, win over their confidence. In short, support of other states for Presidents Mbeki and Obasanjo's role on the continent may not be difficult (Williams, 2000: 15-32).

#### **7.3.2.1 Dealing with the issue of globalization**

Both Presidents Mbeki and Obasanjo are placing strong emphasis on efforts to grapple with the ramifications for Africa and the South of the

globalization of the world economy. They are apprehensive about the lack of regional and continental cooperation and the growing economic gap between the North and South. President Mbeki's administration views the first challenge of globalization as the need to channel its forces for the elimination of poverty and the empowerment of human beings to lead fulfilling lives (Williams, 2000:26). On the other hand, President Obasanjo is of the opinion that "in the quest for a better and fairer management of a globalized world economy, it is now incumbent on us (Africa and the South) to direct our energies to the unsatisfactory evolution of the multilateral trading system" (Williams, 2000:17).

Williams, went further to stress that for those who glorify globalization as the panacea for the world's socio-economic ills, President Obasanjo asserts that "globalization, in its various manifestations, is experiencing a troubled relationship with the imperatives of development". The Nigerian leader maintains that Africa, "the least developed of all regions and the least able to cope with external shocks, has borne the brunt of the adverse effects of the globalization of the world economy" (2000:18-20).

In taking their message to powerful international bodies, the two leaders face enormous external impediments such as the fact that support from the North is, of course, not a given. In fact, Northern powers have displayed their abilities to make many grand but empty promises. The Cologne Debt Initiative serves as a good example of these promises (Williams, 200:20).



In his further analysis, Williams explained that President Obasanjo, like President Mbeki, laments the fact that in spite of African states pushing ahead with externally and self-imposed structural adjustment programmes (SAPs), the marginalization of the African continent has turned into de-linkage from the global scene. African governments, notes President Obasanjo, “are forging ahead with the implementation of far-reaching economic reforms and the maintaining of macro-economic stability, particularly through the introduction of a more open and business-friendly investment environment, and the provision of incentives to attract FDI (Foreign Direct Investment)” (2000:20-25).

President Obasanjo justifiably bemoans the lack of dividends stemming from Africa’s self-imposed SAPs. On the other hand, President Mbeki admonishes that, despite African states pushing ahead with trade liberalization, the strengthening of the rule of law, improvements in legal and other instruments as well as the telecommunications and transport infrastructures, “Africa’s share of FDI has declined from 11 per cent in the period 1976–80 to 4 per cent in 1996–97”. Moreover, Africa suffers from the capacity-deficit problem.

In his address to the United Nations (UN) General Assembly on 23 September 1999, President Obasanjo noted that “Africa’s trade prospects continue to be hampered by the non-implementation of the special and differential provisions that favour developing countries” (Williams, 2000:25-28).

For President Mbeki, “the critical question of our time is how humanity should respond to the irreversible process of globalization while

addressing the fundamental challenges that it faces". For him these issues include, among others, poverty, underdevelopment, and the ever-increasing gap between the North and South. He is in favour of an urgent review of the functioning of bodies such as the International Monetary Fund (IMF), the World Bank, the determination of the agenda and the manner of operation of the World Trade Organization (WTO) and the assessment of the role of the Group of Eight most industrialized countries (G8) (Nzimande, 1999:3).

President Mbeki's administration concedes that no country is "untouched by the forces of globalization" (Nzemande, 1999:3). However, this implies that the government's position is to face the challenges posed by globalization and at the same time seize the available opportunities while minimizing the risks. There is no guarantee that the global financial institutions would come to terms of overhauling themselves soon. If anything, they may end up defending the status quo because change might go against the gain of their interests.

### **7.3.2.2 Bridging the policy gap**

Both Presidents Obasanjo and Mbeki have openly attempted to occupy "bridging roles" between Africa and the developed north. President Mbeki has punted the idea that South Africa will, in fact, also play such a bridging role in the South and between the developing South and developed North. Thus, the two countries view themselves as architects to extract commitments from the North that would accelerate the development and economic growth of Africa and the South (Williams, 2000:30).

Furthermore, while President Obasanjo has focused more on playing the role of bridging the gap between Africa and the North, President Mbeki has increasingly been calling for a “new economic world order”. During President Jiang Zemin’s visit to South Africa in April 2000, the two leaders called for greater strategic cooperation between their two countries and, in fact, called for a G77-China alliance (Williams, 2000: 31).

Williams further pointed out that, President Mbeki’s vision of a new world economic order also involves the tackling of the “digital divide”. He has maintained that there is a need to prevent the Information Technology (IT) revolution from widening the gap between the rich and poor. During the recent G8 Summit in Okinawa, Japan, leaders from the developed countries undertook to establish a Digital Task Force to develop IT policies and regulations and lower costs. It remains to be seen whether the world’s powerful nations will deliver on yet another promise (2000: 31).

During his recent official visit to the United States President Mbeki took the Clinton administration and other officials by surprise when he stressed that he was also there in his capacity as an African leader of the South’s premier institution, the Non-Aligned Movement (NAM). President Mbeki explicitly promoted the idea that he was there as a spokesperson of Africa and the South (Williams, 2000: 30-32).

### **7.3.2.3 The massive debt burden**

Both Presidents Mbeki and Obasanjo have campaigned and lobbied the world community for a greater focus on African affairs in the form of

debt relief and greater market access to the North for Africa's trading goods. At the recent G8 Summit in July 2000 held in Okinawa, Japan, President Thabo Mbeki (who chairs the Non-Aligned Movement), President Olusegun Obasanjo (chairman of the developing nations grouping, the G77, and Algeria's President Abdelaziz Bouteflika (past chairman of the Organization of African Unity (OAU) made a formal appeal for Africa's debt relief. At this meeting, leaders of the G8 recommitted themselves to helping to settle Africa's massive debt burden. However, if we consider how the G8 reneged on their undertakings at the Cologne, Germany, and Summit in 1999 then African leaders should not brace themselves for miracles. They may have to prepare for yet another disappointment (Williams, 2000:30-32).

According to Williams, for President Obasanjo, the "chronic debt burden is without a doubt, the biggest monetary and financial obstacle" confronting Africa and the developing world. Debt relief for developing countries is not merely a plea for charity, but an urgent matter of social and economic justice. It has to be effectively addressed if there is to be peace and stability in the 21<sup>st</sup> century. President Obasanjo is in favour of definite debt cancellation, not just reduction or rescheduling of the debt service regime and debt cancellation that favours ordinary people. He has also urged the international community to assist Africa to deal with what he terms illegal capital flight from Africa (2000:30-32).

By this view, Williams asserts that "Africa's wealth has been illegally siphoned out of the continent by corrupt regimes and unpatriotic individuals working in close collaboration with foreign partners". Such

perpetrators include the late past Presidents Mobutu Sese Seko of Zaire and Sani Abacha of Nigeria and others (2000: 32). Williams also pointed out that the Nigerian leader is convinced that many “African countries would be able to pay off large portions of their debts if only they could recover some of the capital illegally stashed abroad”, this he said, prompted President Obasanjo to call on the UN and the broader international community for the establishment of an international convention for the repatriation to Africa and the developing world of all capital illegally transferred from these countries (2000: 32).

As regards his South-South and North-South strategy, President Mbeki has made a commitment to “start working jointly with other African countries and other partners in the developed world to elaborate a common agenda for a special programme for Africa’s renewal” (Mbeki, 2000: 4). He has repeatedly maintained that there can be no African Renaissance if the debt crisis is not resolved. President Mbeki’s government has gone so far as to suggest that South Africa’s foreign policy should be geared towards supporting the goals of the African Renaissance which can simply be defined as an agenda for Africa’s political, economic and social renewal. The gaining of market access abroad for Africa and seeing its debt burden cancelled are two major objectives of his scheme (Mbeki, 2000: 4).

#### **7.3.2.4 Africa’s regional integration**

According to Williams, in a September 1999 address to the UN General Assembly, President Obasanjo announced that his “administration has initiated policies aimed at revitalizing the economy in order to create

an enabling environment for investment and economic growth” (2000:25). Attracting FDI has been a major preoccupation of the Nigerians, as it has been for the South Africans. President Obasanjo has committed his government to “putting in place, appropriate legal frameworks for the protection of foreign investments and the repatriation of legitimate profits” (Williams, 2000:25-30).

President Obasanjo has a strong instrumental approach to regional cooperation and integration. In March 2000, President Obasanjo told the 35<sup>th</sup> ordinary Session of the 16-nation Economic Commission of West African States (ECOWAS) “we should ... all resolve to dismantle all physical barriers to free movement of persons, goods, and services along our community roads” (2000:1-7). This is clearly an attempt to win over the confidence of fearful smaller neighbours. Like President Mbeki, President Obasanjo has been traveling the region trying to drum up support for his strategies. President Obasanjo is keen to see Nigeria becoming a gentle African giant.

President Mbeki has put the issue of the overhaul of southern Africa’s regional institutions – including the Southern African Development Community (SADC) and the Southern African Customs Union (SACU) – squarely on the agenda. He has stressed the importance of South Africa acting in genuine fashion so as to enhance the prospects of regional integration as opposed to being a “regional superpower” and predatory state. President Mbeki has instructed all government departments to devise programmes that promote Africa’s economic renaissance.

In view of the foregoing, it is understood that President Mbeki is seeking to cultivate “strategic partnerships” between southern Africa and regional blocs such as the European Union (EU) and the Nordic countries. For him there can be no regional integration unless Africa brings to an end its intractable civil wars (Williams, 2000:30).

South Africa and Nigeria will have to delicately attempt to win over regional friends to support their integration initiatives. They should be sensitive to the concerns of smaller states. They also have to tread carefully and recognize that essentially they are members of deeply balkanized regions. Economic integration imperatives often play second fiddle to political and security dimensions. At the very least, the two should be in harmony. In collaboration with regional partners they should continue to try and end the region’s protracted civil wars. They may be expected to take the lead on initiatives such as restoring peace in Angola, the Democratic Republic of Congo (DRC) and Sierra Leone. South Africa and Nigeria will have to play a central role in getting commitment from the Northern powers for peacekeeping in Africa.

#### **7.3.2.5 Setbacks about undemocratic past**

Both Presidents Mbeki and Obasanjo have lamented the devastating effects on Nigerian and South African societies of decades of apartheid and military dictatorships. Their foreign economic policies are therefore also an attempt to deal with the legacies of their autocratic past (Williams, 2000:30-32). President Obasanjo recently said that the Nigerian economy is yet to experience the necessary critical structural changes that would guarantee rapid economic growth and sustainable

development. The infrastructural facilities are in a state of decay. The economy remains mono-cultural as it depends on the sale of crude oil. The president maintains that Nigeria is today one of the poorest countries in the world with a paltry Gross Domestic Product (GDP) per capital of about \$300. This should be compared to 1980's rate of \$1 000. Real economic growth over the past four years has been 2,8 percent on average. Agricultural sector development constitutes 32 per cent of GDP. The external debt burden stands at \$28,04bn. The incidence of poverty stand at 65,8 percent. The United Nations Development Programme (UNDP) ranks Nigeria 146 out of 179 countries on the poverty level. Thus, it is among the 30 poorest countries in the world (William, 2000:30-32).

Williams also pointed out that, President Obasanjo has set for himself the mammoth target of attracting some \$10bn in FDI per annum. This is a daunting challenge; foreign captains of industry do not generally heed the calls of their governments to flock to Africa and put up shop. Many investors are beginning to mutter about crime conundrums, small markets and growing Afro-pessimism that is prevalent in the west. President Obasanjo also wants to reduce Nigeria's debt burden through negotiations with the Paris Club.(2000:32). In turn, South Africa has its own problems. While it is by far the most developed economy in Africa of a size and scale four times that of Nigeria, its society remains under overwhelming stress. President Mbeki has poignantly described South Africa as a country of "two nations". The one nation is largely White, much smaller but with living standards similar to that of Spain. The other nation is the mainly Black, chronically underdeveloped majority population with a standard of living similar to that of Congo-Brazaville. South Africa is competing



with Brazil for the infamous price of the world's most unequal society (Williams, 30-32).

Williams, also pointed out that the South African economy is experiencing jobless growth and has shed between 750 000 and one million jobs between 1994–99. President Mbeki has therefore, understandably made poverty reduction both at home and abroad, the main feature of his economic diplomacy. During his speech of the Budget Vote in the National Assembly on 13 June 2000, he said that some of his government's biggest challenges are dealing with deeply entrenched poverty affecting millions of our people especially the Black majority; a racially divided society in which the distribution of wealth, income and opportunity favour the White minority; and a society marked by intolerably high levels of violence, corruption and a crisis of social morality. His government wants to deal with the "all-round disempowerment of the Black majority" that was persecuted in a systematic fashion by the apartheid state (2000:32).

#### **7.4 CONCLUSION**

Why did South Africa and Nigeria, under the leadership of Presidents Mbeki and Obasanjo articulate such bold foreign economic policies? Both Presidents enjoy respect in the North and the South. They view this respect and "goodwill" from abroad as an opportunity to spearhead the efforts to reintegrate Africa into the global economy and to lead the battle for its upliftment. The two leaders are also convinced that Africa's marginalization in world affairs and the global economy are not merely economic debates; they are harsh realities.

For far too long the North-South debate was characterized by mutual acrimony that amounted to little more than a dialogue of the deaf.

The two leaders want to engage their Northern interlocutors more openly and more forthrightly. They want to effectively utilize the channels of communication at their disposal. Presidents Obasanjo and Mbeki are also presiding over deeply divided societies and are members of divided regional institutions. Foreign economic policies are tools at their disposal to try and make some inroads into both these considerable challenges. Yet to what extent will their efforts alleviate the suffering of the poorest of the poor in their countries and regional block? However, local alternatives and less dependence on foreign economies will save both parties from being beggar nations.

## **CHAPTER 8**

### **GLOBALIZATION TODAY : SOME STRATEGIC POLICY LESSONS FOR NIGERIA**

#### **8.1 INTRODUCTION**

Following upon the discussions and arguments of other relevant literature in previous chapters of this study, it is important at this stage to pull various strands together. All the pro-globalization actors are creating problems in the international political economy to the detriment of everyone living on this planet. By contrast, the critics' views aim at a workable defense against the widening gap between the rich and the poor as pointed out in (3.5) of this study.

Some key issues discussed by major critics of globalization will be highlighted. Some implications for the specific nature of the Nigerian society will also be suggested as possibly strategic inputs for Nigeria. A focus on Localization initiatives to counter-balance the adverse implications of globalization on Nigeria will, form a major part of discussion. At a deeper level, some of these issues have to do with the perception of modernity as a base for positive change.

#### **8.2 MODERNIZATION**

In the modern world today most young people - teenagers in particular are ashamed of their cultural roots and are desperate to appear modern (Norbert-Hodge, 1996:33). The above view is also a reality among the young people in the present Nigeria and government seems

to follow the tone of the eagerness of the youth to appear modern in all they do. At present, Nigeria has become one of the countries in the Southern Hemisphere where the general dressing patterns no longer depict the fact that they are Africans. Hence, the majority of people now wear western clothes in order to appear modern. Most of this way of learning comes from watching television programs that tend to portray the western dressing and cultural identity as if it is the most acceptable way of life (Clarke, 1996:306).

It is clear that local appearance and indigenous ways of life contribute much to identity. Nigeria should check the above trend with the urgency it deserves before it gets to a point of no return. Otherwise, the implications may result in a regrettable loss of social, political and economic identity to the West, mostly the USA.

### **8.3 ECONOMIC DEPRIVATION**

In 1992 Alan Durning divided the world into three consumption patterns aimed at driving home his basic points on the question of how serious deprivation would have to be in order to make an impact on people and the economy. The three categories (Durning, 1992:16-20) include :

- i. Over-consumers, sustainers and marginals. The marginals and over-consumers world-wide are about 20% of the world population who live in absolute economic deprivation, while the remaining 80% are sustainers and marginals. The sustainers and marginals are mostly found in the third world countries.

- ii. Furthering this argument on the economic injustice of globalization concept, it may be important to use Former President Clinton's Administration in the USA as an example. The labour Secretary Robert Reich, in his book *The Work of Nations* (1991) states that the use of economic globalization by the Bretton Woods institutions has advanced very successfully and has served to separate the "interests of the wealthy classes from a sense of national interest and thereby from a sense of concern for and obligation to their less fortunate neighbors" (Reich, 1991:56).
- iii. This is pure economic injustice and deprivation. The illustrated figures were based on national averages and not by individual income; therefore, the example above may be more serious than is perceived. It is important to note that, if genuine account is taken of the very rich countries, the total income of the richest 20% of the world's population will be approximately 150 times those of the poorest 20% (Korten, 1996:183-191). This simply implies that the gap between rich and poor people is widening as well as between poorer and richer nations. Nigeria cannot afford to be part of the present consequence of economic marginalization, injustice and deprivation as a result of globalization.
- iv. Already about 75% of the Nigerian population live below the poverty line. A class situation has already been created and any further official participation by the country in the globalization process will not only widen the gap between the rich and the poor but will also create unhealthy rivalries among different

economic classes. The multiplier effect of these “classes” may heighten several economic, social and political problems in Nigeria to the point that protection of cooperative organizations which globalization intends to nurture may turn out to be highly elusive.

#### **8.4 THE TYRANNY OF CORPORATE RULE**

The struggle between two extreme ideologies has been a central feature of the twentieth century. Communism called for all power to the state. Market capitalism calls for all powers to the market-today a euphemism for giant corporations (Korten, 1996:25).

These two aspects lead to their own distinctive forms of tyranny towards nation-state governments and to smaller corporate organizations. The system of multi-national corporate rule, which globalization favors, does not only pose a threat to the governments which give them access to do business in their countries, but also, stifle the survival expectations of smaller businesses whose activities are more locally focused than theirs.

The former Soviet Union may be a good example. Trying to run an economy without markets has turned out to be a disastrous venture. However, there is a fundamentally important distinction between markets and free markets (Korten, 1996:25). The market is said to be “free” when it has no government restrictions or a minimum level of government control - popularly known as deregulation. A market is regulated when it has some level of government control via legislative regulations.

The broader issue of globalization involves not merely the participation of government in running a free-market economy on a global scale, but also its ability to recognize that an economy cannot be separated from running a government that is, economics and governance go hand-in-hand. To counter-balance the effects of the current tyranny of multi-national corporate rule, the government of Nigeria should play a leading role in protecting local community interests first before other considerations. Markets do need government control to function effectively in order to obtain broad national goals.

Government powers in Nigeria should be structured in such a way as to exceed those of multi-national corporate organizations so as to enable them to have a grip on managing the activities of these external institutions. In other words, the government will do a great deal of injustice to the ordinary people of Nigeria if, for any reason, these corporate bodies continue to enjoy the many privileges over the people's own interests. The freeing of international corporate organizations from domestic control as a major element on the globalization agenda is very likely to be against the interests of the people and therefore, should be carefully investigated in Nigeria. Failure to investigate this trend in the past is most likely one of the reasons why the Nigerian government over the years has failed in their role of service delivery with better living standards for the people, as a result of their undemocratic past pointed out in 7.3.2.5. The result has been a breakdown in the Nigerian traditional family unit with many finding "greener pastures" outside the country.

## **8.5 BREAKDOWN OF THE TRADITIONAL FAMILY**

In traditional culture, largely all over the world children benefited not only from continuous contact with both mother and father but also from a way of life in which different age groups constantly interacted. It was quite natural for older children to feel a sense of responsibility for the younger ones. A younger child, in turn looked up to the older ones with respect and admiration and sought to be like them. Growing-up was a natural, non-competitive learning process (Norberg-Hodge, 1996:42).

The pressure to modernize, especially by inter-acting beyond the traditional national boundaries for all citizens, both young and old, has put much pressure on families. This is causing a breakdown in the traditional family unit whereby adults now go beyond the boundaries of their countries in search of better lives; and children are split into many age groups in schools, churches and public institutions, thereby removing them from the older ones from whom they can learn a great deal (Norbert-Hodge, 1996:43).

In many other cases, girls are separated from boys. The western model of the nuclear family is now seen as an acceptable way of life in many communities and countries including Nigeria. Norbert-Hodge also indicated that many family members have lost contact with each other in the name of the borderless world of globalization and modernity. It is important to note here that there does exist some natural and powerful bonds of relationship between parents and their children and every other members of a family unit. Therefore, any method of governance or policy that will sever this relationship will



very likely have a negative impact on the traditional family unity (1996:43).

In my opinion, this may result in permanent separation, loss of culture and identity. Nigeria needs to resist this trend before it is too late. It is also important to note that the entire Nigerian nation-state started from family units. Therefore any breakdown for an extended period of time may lead to the extinction of the country, as it has been known in cultural terms.

Globalization will undermine the traditional family bonds and its values will be broken down. Similarly, the current craving for foreign-made products in Nigerian families carries the danger of making the country a dumping ground for the unwanted and hazardous products from the developed world.

## **8.6 THE NEED FOR CONSUMER PROTECTION**

Today many trans-national corporations have shifted their production operations to the third world where safety and environmental regulations are either very lax or non-existent. Some of these corporations are also concentrating their sales efforts on the markets of the third world, where they can sell lower-quality products or products that are outright toxic and thus banned in the industrialized countries (Khor, 1996:49).

Examples of these hazardous products include pharmaceutical drugs, contraceptives and pesticides banned in Europe, America, Japan and other developed countries but sold by companies of these same

countries to the third world. Khor, went on to say “it is estimated that forty thousand people in the third world die from pesticide poisoning each year and millions of babies have died of malnutrition or illness from diluted or contaminated baby formula pushed by transnational companies that persuaded mothers to give up breast-feeding on the argument that the infant formula is a superior form of nourishment” (1996:49).

The above illustration is clear evidence that the indigenous technologies and products are fast being replaced by foreign ones that may in fact, be sub-standard and hazardous. This trend has taken place in Nigeria over the years and there has been a need to discourage these detrimental practices by strong government legislation. This approach will prevent the danger faced by Nigerians on the issue of using the country as a dumping ground for hazardous and unwanted products from the developed countries. Nigeria should also introduce laws and policies that will prevent the “drain” of their human and material resources to the developed economies of the North in the name of “exporting for foreign exchange”.

## **8.7 DRAIN OF LOCAL RESOURCES FROM THE DEVELOPING TO THE DEVELOPED WORLD**

With their powerful technological capacity and their domination of the new global system of trade and finance, the industrial countries have rapidly sucked out forests, minerals, and metal resources from the third world and used its land and labour resources to produce the raw materials that feed the machinery of industrialism (Khor, 1996:54).

It was pointed out in the introductory part of this chapter that the widening gap between the rich and the poor in Nigeria has reached alarming proportions. Yet, the developed North continues to drain resources from the South and, in turn export the end products of these resources back to them with a large profit. In Nigeria today there are many environmental disasters associated with this practice, ranging from massive soil erosion in the South as a result of petroleum and the exploitation of other minerals, desertification in the north, pollution of the water supply and poisoning from industrial accidents.

Examples of the negative impacts of these include :

- i. transfer of physical resources such as industrial woods derived from trees; and
- ii. transfer of financial resources, yet goods can be bought cheaper in the third world where they originate than to where they are exported.

Locally focused and self-reliant mechanisms need to be put in place by making sure that both exploitation and management of these resources are handed over to local managers and marketers. This involves one of the major reasons why the North is fronting the globalization program. A situation where expatriates exploit, refine and market mineral resources, for a nation-state in any fashion or manner is surely not in the overall interest of that nation. If such a trend continues, one may be right to ask if there can be sovereignty in the context of globalization?

In the course of this economic exploitation the north also uses its technological mechanisms to influence the south, especially by creating a scenario that portrays their own culture as better than that of the south.

## **8.8 HOMOGENIZATION OF GLOBAL CULTURE**

Satellites, cables, walkmans, videocassette recorders, CDs and other marvels of entertainment technology have created the arteries through which modern entertainment conglomerates are homogenizing global culture. With the toppling of the Berlin wall and the embracing of free-market ideologies in the former communist countries, literally the entire planet is being wired into music, movies, news, television programs and other cultural products that originate primarily in the film and recording studios of the USA (Barnett and Cavanagh, 1996: 71-72).

Going by what is observed in every developing country today, it is obvious that the developed world entertainment industries may have overgrown their home countries, more especially the USA. These may be the propelling forces for globalization supporters. The damage this industry is doing to the whole world is more than pursuing the homogeneity of global culture; it is rather another form of cultural cloning (Barnett and Cavanagh, 1996: 71-72).

Humans, by nature, want change and excitement. And more often these entertainment products provide this excitement, particularly to the younger generation. Such entertainment changes their perspectives about their immediate local environment and makes them

crave and aspire to reach out to the broader and the larger globe. Presently, the government, families and tribal structures in Nigeria are thrown into crisis by this sweeping “cultural cloning”. It should be checked by the provision of alternative entertainment products that can be equally exciting but with much more local relevance, otherwise the future of the nation state of Nigeria will be swept aside by western culture and will lose its own identity.

## **8.9 DEREGULATION**

Until recently multi-national corporations were limited in their efforts to cut costs by a host of national regulations that protected the interests of labor, the unemployed, the poor and of course the environment. To the hard-nosed businessperson these regulations were bureaucratic red tape, serving only to increase costs and reduce competitiveness and profit (Goldsmith, 1996:88).

Goldsmith also observes that capitalists are using the above ideology to dismantle the control of businesses by national governments as a disguise towards supporting effectiveness, efficiency and competitiveness. But in practical terms, this approach destroys the traditional role of service delivery by every government through exposing them towards “thinking of profit” on behalf of the people. Large corporations and businesses are usually the crusaders of deregulation and globalization by mounting pressure on governments to get rid of any regulations that would not be in favor of their business interests or laws that could refuse them access to certain “green areas”. They do everything within their powers to declare such areas “trade free zones” (1996:88-89).

Nigeria is already in the forefront of deregulation in their economic policies. These policies contributed to the country's present economic predicament. The negative consequence of increased competitiveness and deregulation can be found in Nigeria and in most third world countries. Since 1985 till the present day, Nigeria has been subjected to the brutal International Monetary Fund (IMF) World Bank "Structural Adjustment Program" (SAP). Conditions given to the Nigerian government by the Bretton Woods institutions among others include :

- i. deregulation of the economy;
- ii. privatization of government companies;
- iii. reduction of the government work force; and
- iv. increase in daily oil production (Osagahe, 1998:48).

However, the socio-economic consequence of these loans lingers until this day. They range from high inflation, devaluation of the currency (Naira), high unemployment, Nigeria becoming a commodity market, to making Nigeria a dumping ground for all kinds of products and losing control over overall economic activities by government. It is clear from the above that deregulation of the economy, as a consequence of the globalization program, should be considered with great caution in the Nigerian economic environment.

#### **8.10 THE GLOBALIZATION PROCESS : SERIOUS UNDEMOCRATIC TENDENCIES**

From start to finish, all elements of the negotiation, adoption, and implementation of recent globalized "free trade" agreements were

designed to foreclose citizen participation (Nader and Wallach, 1996: 93). Contemporary critics' opposition to globalization as discussed earlier in this study (3.5.4) is based on the premise that the entire process started behind closed doors where corporate lobbyists exerted tremendous influence over the entire negotiation. Nader and Wallach cited an example, that the USA has over the years institutionalized corporate lobbying functions, which are kept from the public. Yet the USA is seen as a "global police for democracy and human rights". It is important to note that the globalization thrust emerged despite unified opposition by :

- i. USA citizens;
- ii. organizations;
- iii. environmental and labour groups;
- iv. major family farms; and
- v. consumer, religious and civil rights associations (1996:99).

In view of the above, it is obvious that from the beginning, there was strong majority opposition to the globalization concept and its rules, the WTO still went ahead to agree on this issue without the participation of the people concerned. There is no record of proof that the WTO consulted any international organization or regional economic blocks such as UNO, NAFTA, NATO, ASEAN, OAU, SADC or ECOWAS before their negotiations resulted in firm agreements and their enforcement on sovereign states. This is totally undemocratic and should be carefully considered by Nigeria. Nigeria is already a victim of various internal problems caused by undemocratic governments in the past, and it will face more problems if, for any reason, it gives support to any undemocratic global policies. Nigeria should call upon the WTO

to reform its policy formations in order to accommodate all stakeholders with a genuine agenda for people-centered local economic development through democratic processes. Only then will the WTO regain its lost popularity and, in turn, Nigeria would have shown the world their commitment to genuine democracy and the rule of law.

### **8.11 NEW TECHNOLOGY AND “JOBLESS GROWTH”**

A new technological revolution is fast replacing human beings with high-tech machines in virtually every sector and industry in the global economy. Already, millions of workers have been permanently eliminated from the economic process, and whole work categories have largely or totally disappeared. Towards the end of the 20<sup>th</sup> century, global unemployment had reached its highest level since the great depression of the 1930s. Worldwide, more than eight hundred million people were then unemployed or underemployed. And that figure is likely to rise sharply towards the turn of the new century (Rifkin, 1996:108).

Rifkin, went further to indicate that the new wave of technology is sweeping across the globe both in the developed and the developing world are facing “Technological unemployment”. Multi-national corporations build state-of-the-art, high-tech production facilities and shed millions of low wage laborers who can no longer compete with the cost-efficiency, quality control, and speed of delivery achieved by automated manufacturing (1996: 109).



Many jobs have already been lost in Nigeria due to this trend and much more is on the line. Unless the government of Nigeria takes full control of its economic policies labour to guide this trend, labour loss and unemployment will reach a level at which the government may simply lose control. With the high growth rate in population, Nigeria should aspire to technological development like other countries but should not replace humans with machines in the work place at any cost. If globalization encourages less labor and more machines, then it is not the way Nigeria should go. Counter-balancing policies should be seriously considered.

Going further with this argument, India continues to be ruled in the English way, but without English rulers. This is the tragedy of India, and there was no end in sight. The industrialists, the intellectuals and the entrepreneurs, in collusion with the government saw the salvation of India in her subordination to the policies of the World Bank and WTO. They see India as part of the global economy working hand in glove with the multi-national corporations (Kumar, 1996:424).

Until very recently in India, biodiversity was something held entirely in common by local communities of people. Resources and knowledge about forests and of agricultural properties were freely shared. Whether they were seeds of the farm or plants on the forest, all were clearly understood to be part of the cultural, spiritual and biological commons. The idea that the commons could be divided up, purchased, and owned by individuals or companies for their own commercial purposes was unknown to Indian farmers until the early 1960s, when national conventions established "plant breeders' rights". These new "rights" allowed commercial plant breeders to take

traditional indigenous varieties of seed, for example, improve them, patent and commercialize them, eventually selling back the patented seeds to the communities that first provided them freely (Shiva and Holla-Bhar, 1996:146-147).

This was a clear message that joblessness could multiply when only the interests of commerce are fronted without considering the majority interests of the people. Kumar, went ahead to point out that, the farmers in India are still agitating for the patenting of their seeds by multinational companies and as the Swedeshi is the local self-reliance economic initiative, the majority of Indians opted for it hence the WTO, World Bank sponsors programs failed (1996:424).

The failure of this policy formed abroad and delivered to the people of India, faced a strong opposition to the WTO demands and therefore, the government of India opted to operate outside of the WTO rules in the interest of securing the jobs of its large population.

## **8.12 FOOD IN A GLOBALIZED WORLD**

The global economy poses threats to food security in many ways. Firstly, people who eat food are separated from the farms that produce it by great distances-economic, political and physical. Secondly, the rules of the global economy place the world's food supply under the control of the multi-national corporations that have no allegiance to countries or their citizens. As a result, family-farm agriculture and the rural communities that depend on it are destroyed. Finally, the global economy threatens the biological wealth of the planet (Lehman and Krebbs, 1996:123).

Food, as one of the most important basic needs, should not be treated lightly. The above ideas basically constitute deprivation, denial and degradation of our environment. One can imagine a system where a single farm has a monopoly of production of the supply of food in Nigeria. There will be chaos, prices will soar and the products may not be affordable by the majority of the people. Most agri-businesses are taken from the American model without considering the peculiar nature of the local people. This kind of approach will not work in Nigeria given its diverse cultural aspirations.

Multi-national corporations everywhere in the world of today including Nigeria have relatively easy access to credit, tax advantage; and rapidly expandable production patterns (Lehman and Krebs, 1996:122). Therefore, local indigenous agri-businesses end up in “hand-to-mouth agriculture”. They lack capacity and capital to go into mechanized agriculture that can bring about mass production.

Similarly, Lehman and Krebs argued that the survival of multi-national corporations is based on the fact that they :

- i. introduce capital to gain production;
- ii. substitute new technology for labor;
- iii. standardize food supplies; and
- iv. create synthetic foods (1996:124).

Nigeria will not thrive in such an approach and therefore should encourage local food supply initiatives for its food production. Nigeria can only support food supply on a global scale in those items that cannot thrive in their soil. To encourage the supply of food from

foreign countries in the name of “global food economy” would be mortgaging the future of the country. The issue of food supply within every economy is a serious matter and should be treated as such by Nigeria in this globalization era. The country should go “back to the land” as a foundation to solving their food supply problems. Any benefits of a global food economy as a result of import and export markets should be regarded as an added bonus.

### **8.13 IMPORTS AND EXPORTS IN A GLOBALIZED WORLD**

Those who promote the global economy say that the rules for trade should be based on comparative advantage. In its simplest form, the logic of comparative advantage dictates that countries should buy low and sell high, quite regardless of a product's importance to the local culture and economy (Lehman and Krebs, 1996:124-125).

For example, this would imply that Nigeria could buy rice cheaply from Thailand in large quantities and at a low price relative to the production cost in Nigeria. Nigeria would then abandon the production of rice and encourage the same production in Thailand by importing from them. In turn, rather sell oil or other products to Thailand. Therefore, comparative advantage as a reason for imports and exports in a global economy is geographically baseless. However, the use of comparative advantage over the years did not achieve any economic benefit neither to the producer nor the buyer in the developing world including Nigeria.

It is important to note here that the trade policy based on comparative advantage may lead Nigeria into :

- i. permanent dependence on foreign food suppliers;
- ii. implementing some economic policies that may be destructive to local economic initiatives in the course of maintaining a comparative advantage in a given product market; and
- iii. in times of short supply or no supply at all as a result of mishap, wars, or natural disaster.

Within the given faulty ethics and doubtful perspectives on the import and export market economy, Nigeria should aspire to re-localize and diversify extensively, so as to survive the risks and dangers of the global emerging market system. That will make the country independent of any product shortage or lack in time, or suppliers' misfortune. This will give Nigeria an alternative instead of relying on the potentially dangerous illusion of comparative advantage. The latter trade policy is usually characterized by the so-called "free trade" approach aimed essentially, in practice, at benefiting the multi-national corporations.

#### **8.14 THE EFFECTS OF FREE TRADE IN A GLOBALIZED WORLD**

Global free trade has become a sacred principle of modern economic theory, a kind of moral dogma. That is why it is so difficult to persuade politicians and economists to re-assess its effects on a world economy that has changed radically (Goldsmith, 1996:172).

Goldsmith, went further to analyze this concept by pointing out David Ricardo's contribution, on the two inter-related economic concepts of specialization and comparative advantage, which was tried to proffer a solution to some economic problems of the time and of similar future occurrence. This concept only encourages nations to specialize in those activities in which they excel, so that they could have the greatest advantage relative to other countries (1996: 172).

These ideas are sound but are not valid in a universal context. The orthodox argument is that free market economic policies will create greatly increased wealth and that inevitably some of this will trickle down to the less wealthy. However, on the contrary, there is today a large body of analysis as well as evidence, which indicates strongly that in practical affairs, this approach will usually result in the progressive impoverishment of economically weaker countries by the more powerful ones.

More often than not, producers are attracted to a market, which will provide them with a high return in terms of profit without considering the cultural or traditional importance of such products to local people. Here this principle from a "localization and peoples" protection point of view is an abuse of the local "economic rights" tradition and its cultural derivation. Nigerian economic growth and citizens' empowerment cannot be achieved under this globalization arrangement. It is not in the interest of both the people and the government of Nigeria to adopt this kind of policy that makes the country richer but based on the gradual elimination of the national work force. This is the implication of free trade. It strongly favors multi-national corporate policies to

make profit rather than government policy towards traditional social service delivery.

The upshot of this is, that if Nigeria should consider a free trade policy in all national economic activities in much the same way that it considered the Structural Adjustment Program (SAP) in 1995, the overall economy will very likely be heading towards serious problems.

### **8.15 THE GLOBALIZATION OF STRUCTURAL ADJUSTMENT PROGRAMS (SAPS) POLICY IMPLICATIONS**

In the last years of IMF Director McNamara, structural adjustment loans (SALs) began to provide loans to the debtor countries. The immediate objective was to rescue Northern banks that had become over-extended in the Third World. The longer-term objective was to further integrate Southern countries into the North dominated world economy. To accomplish these twin goals, the World Bank and the International Monetary Fund (IMF) became the linchpin of a strategy that, in effect involved providing compliance to the third world debtors with billions of dollars in quick disbursing (SALs) or “stand-by loans” that would then be transferred as interest payments to the private banks. But to receive SALs the Southern governments had to agree to participate in a structural Adjustment Program (SAP) which was ostensibly designed to make their economies more efficient and better capable of sustained growth (Bello, 1996:285-286).

Bello went further to enumerate the conditions usually attached to SALs are as follows :

- i. removing restrictions on foreign investments in local industry, banks and other financial services. No longer could local industry or banks be favored or protected against foreign intervention;
- ii. re-orienting the economy toward exports in order to earn the foreign exchange required for servicing its debt and to become correspondingly more dependent on the global economy;
- iii. the effect was to reduce self-reliance and to direct local production in favor of single-product manufacture or single-crop agriculture;
- iv. reducing wages or wage increases to make exports more “competitive”. Also, radically reducing government spending, including spending on health, education and welfare combined with wage reduction, would control inflation and ensure that all available money would be channeled into increasing private production for export. But, the few social services that remained were gutted;
- v. cutting tariffs, quotas, and other restrictions on imports, to grease the way for global integration. And devaluing the local currency against hard currencies such as the US dollar in order to make exports more competitive; and
- vi. privatizing state enterprises, thereby providing further access for foreign capital and undertaking a deregulation program to free export-oriented corporations from government controls that protect labor, the environment, and natural resources, thereby cutting costs and further increasing export competitiveness. This had the secondary effect of forcing down wages and standards in other countries - including industrialized countries-to maintain their competitiveness (1996:286).



Nigeria has been a victim of SAP since 1985, in obedience to loan conditions from the World Bank and the IMF. These conditions can be described as “hydra-headed” as it has exhibited so many diversions and multiple adverse implications as observed in the Nigerian experience.

Osaghae, pointed out a few negative impacts these loans have on the Nigerian economy, and they include :

- i. service delivery collapsed in the public sector;
- ii. rural development came to a halt;
- iii. the “nose-dive” of the exchange rate from #2.00 (two Naira) equal to one USA dollar to #80.00 (eighty Naira) equal to one USA dollar;
- iv. colleges, universities and research institutions closed for about two years because of the government’s inability to pay teachers salaries;
- v. the overall economic activities became stagnant; and
- vi. foreign investors that the loan conditions are supposed to attract began to withdraw their investments from Nigeria to a healthier environment (1999:5-52).

The SALs was an economic disaster from which Nigeria has not recovered up till now. SALs are a globalization apparatus, which has ruined many developing world economies. Bello pointed out that the IMF economist Mr Moshin Khan has acknowledged that this method is a failure. Despite its application growth still eluded the developing economy between 1973 and 1998 (Bello, 1996:287).

The previous Nigerian government's reduction of spending, cutting wages, reduction of the work force and affecting other loan conditions in order to build up a new export-oriented economy, literally destroyed the Nigerian domestic economy. These policies led to an overall economic contraction with high inflation and unemployment, in sharp contrast with the aims and objectives for which the loans were sought. In essence, SAP failed in Nigeria because of the loan conditions attached to it. But, as an economic stabilization mechanism, SAP might have achieved a high level of economic recovery in Nigeria if it were not for strict conditions that accompanied the borrowing with debt servicing. But if SAP were used as an internal economic policy, the government would have used "stabilization and adjustment" programs (SAAP) to achieve all its economic recovery objectives without borrowing from any body. The very basics for "adjustment" in the Nigerian economy need to be considered only if it is to encourage sustainable development of both the people and the economy without borrowing rather by re-localization aimed at using various local economic generating programs.

Structural Adjustment is one of the options for recovery of an erring economy - but only if the right strategies are used as part of the conditions. However, there are other management paradigms, which have failed over the years in their quest for reviving economies. A few will be discussed for the purpose of this study.

## **8.16 SOME FLAWED POLICY PARADIGMS**

### **8.16.1 Introduction**

It has become very apparent that the so-called free-market, free-trade, Gross National Product (GNP), comparative advantage and other key economic proposals which the developed countries have used with developing ones, have failed to achieve their aims for economic growth and development and have failed to solve any visible economic problem (Halstead and Cobb, 1996:200-201).

Therefore, continued application of these failed approaches within the contemporary economic development scene should be re-assessed. The developed countries have always argued that they have all it takes to turn around the economies of the Third World. Yet, their solutions seem to be the main problem facing the economies of the developing countries today. However, these advocates do not take into consideration the particular nature of local people such as culture, Local production patterns, natural and human resources, consumption pattern and spending behavior (Korten,1996:184).

Corporate economists have for years used developed economy benchmarks to assess and evaluate economic growth and development of all nations all over the globe. These parameters more often than not have not benefited any developing country and therefore, the time has come for a paradigm shift.

### 8.16.2 Market capitalism

Among the least challenged is the idea that the globalization of market capitalism will solve all economic and social problems. Korten opens up that basic premise to serious question and also argues that the original ideas of Adam Smith have been distorted beyond recognition by the right wing economic ideologies (1996: 184-185).

Over the years, the Nigerian government has been in support of market capitalism. Yet, the ideology deprives ordinary people of social services. Hence, people in government use their “positional advantage” to create private businesses to the detriment of the government and the people so that individualism is encouraged in the name of “the free market”. The defining doctrines of economic liberalism will be familiar to those conversant with the language of contemporary economic discourse. This ideology proposes :

- i. maximum economic growth as measured by the use of GNP - which was discussed earlier in this chapter as a doubtful approach based on the fact that many elements for its computation are controversial;
- ii. a free market, which denotes freedom from government interference, regulation or control, which this ideology claims, results in the most efficient and socially optimal allocation of resources;
- iii. economic globalization is moving towards a “single integrated world market” in which goods and services flow freely across all national boundaries. This ideology also proposes that

- globalization will spur competition; increase economic efficiency and growth which will generally be beneficial to everyone; and
- iv. particular localities achieve economic success by abandoning goals of self-reliance and aspiring to become internationally competitive in providing local conditions that attracts outside investors (Korten, 1996:184).

The above components of capitalist economists have become household ideologies of economic policies in the world today; this is because they have been applied to various economic problems without success. This is why there still exists a lot of “economic casualties” in the world today, most especially in developing countries. Therefore, Nigeria should consider seriously if it prefers individual self-interest or local community self-reliance for improving the standard of living of the poor majority. The latter option will be more advantageous in addressing the needs of the people at large.

### **8.16.3 Policy theory of self-interest**

Advocates of economic liberalism regularly proclaim the inevitability of the historical forces advancing their cause. They assert that globalization and the triumph of the free market are inevitable and that those who oppose it will be swept aside by the rising tides and had best get on board to reap the benefits that are available only to the faithful (Korten, 1996: 188). It is note-worthy that those who dislike governments use this ideology to front their opinions and interests. Managers and heads of corporate organizations use their financial strength to attempt to control all economic activities within the area in which they operate.

Nevertheless, this policy approach has failed to bring growth and development to all nation-state economies, but only succeeded in making big corporations bigger and small businesses smaller by literally removing control from the state. Similarly, evidence can be found in Nigeria where big oil companies like Shell, Chevron and other corporations operate by their own dictates and often times in conflict with the government legislation. Therefore, the economic theory of self-interest that proposes neo-liberalism and free-market economies should be very carefully considered in the new Nigerian economic recovery plan. There might well be an urgent need for a change.

#### **8.16.4 Gross National Product (GDP) as a measure of national “progress” in public governance**

To hear economists tell it, life in America has never been better. The GDP-their standard gauge of progress - has continued an upward climb for the last fifty years. Through early 1995, newspapers were marveling at the most recent period of “economic growth”. Things were so good, the experts said, that the Federal Reserve Bank was striving to dampen the flames, lest the riotous good times get out of hand (Halstead and Cobb, 1996:198).

Halstead and Cobb went further to point out that it was clear that majority of the people did not understand what the newspapers were reporting because there were no changes in their living standard. The American government financial book, which originated the report, was computed with GNP as a measurement standard, without taking

into consideration many other major economic factors that could influence the published figures (1996:198).

Following the above view, people were still working longer hours and earning lower salaries and wages, the widening gap between the rich and the poor progressed continually and crime and other social problems were still on the increase. Yet economic progress is said to have been recorded, unless the figures were computed from only the middle and the rich classes in the USA as at that time, it does not reflect real economic performance.

According to Hallstead and Cobb, the Gross National product does not take account of the following :

- i. depletion of the natural resources. In accounting terms, the GDP treats the extraction of natural resources as income, rather than the depletion of an asset, which it is;
- ii. GDP likewise counts family breakdown and diseases as economic boom, for example, Divorce will bring income to lawyers, while diseases like aids would reduce populations;
- iii. the GDP completely ignores transactions that are not conducted through money. Yet it is obvious that in the developing world, the most productive sector of the economy is the informal sector where much money does not exchange hands. Therefore, it is imperative that what economists see as growth on GDP where money is involved, is a mere shift in patterns of exchange from the less moneyed sector to a more capital intensive sector where money is visible in all transactions;

- iv. GDP takes no account of income distribution. It is likely that an increase in the total output of national production is not a signal for progress in an economy. Similarly, wage increases do not mean that the living standard of every citizen is better. The majority of people in every nation-state enjoy wages, salaries and other sources of income that are not recorded, and most of them are within the poverty group. Therefore, wage increases may be a boom for a few people while the poorer majority are still as poor as they had never expected;
- v. the GDP also ignores the drawbacks of living on foreign assets. Most developing economies, have been borrowing money in exchange for the usage of other natural resources, this has created a high level of consumption which can be avoided if they live within their resources (Hallstead and Cobb, 1996: 200 - 202); and
- vi. interpreted in the neo-liberal manner, globalization is portrayed as a universal blessing which is going to fling open the doors of caves filled with uncountable wealth before the suffering and hungry, thus ensuring material welfare, spiritual upsurge, health and access to education for all humankind, as well as protecting human rights and dignity. But if it is absolute good, why has the per capita Gross Domestic Product (GDP) decreased in 80 countries within the past decade, producing innumerable negative social consequences in the form of the spread of poverty and disease, deterioration of the quality of life, shortening the life-span, and increasing the number of illiterates (Vassilev, 1992:2).



But, in the long run, the effects of using the GDP as a measure for national progress seem perverse and most often have a negative effect on the debt repayments on loans owed by developing countries. It is important to note here that both the IMF and the World Bank use GDP as a benchmark in making any economic judgment. These international bodies use this misplaced judgment for both the rich and poor countries hence the latter could become less sufficient and less sustainable economically. This is the real position in Nigeria today as general strain and anxiety engulf everybody. The emphasis on GDP in developed countries could be associated with the basic facts of politics. As indicated above in the American situation, the GDP reflects the desires of the major forces in the economy and keeps social and environmental destruction out of sight and mind of the ordinary citizens.

The volume of production and consumption as the only measurement for the progress of an economy in the name of GDP has to be reconsidered. There are many other factors that are neglected and therefore are not in any record but which play major roles in the progress of any given economy.

In Nigeria, because of the political influence of the multi-nationals, many accounting protocols may have been manipulated in favor of these business giants against the interests of the people's economy. Similarly, as long as the profits of the multi-nationals are attributed to their home countries, it will be difficult for such gains to be reflected in Nigerian economic progress. GDP does not take account of many economic issues that have to deal with the peculiar nature of the local

economy such as culture, religion and / or the choice of one product over the other as a result of ethnic perspectives.

Nigeria, at this stage of its development may need to devise a comprehensive, locally oriented mechanism as an alternative that will be used in measuring its economic progress or failure. It may be called a Genuine Progress Indicator (GPI) and should constitute all the necessary components of national economic activities and hence reflect genuine progress or failure in the Nigerian economy. It will then indicate the true economic welfare position of the economy at any point in time for national economic forecasting, planning and development.

## **8.17 CONCLUSION**

It is necessary to clarify the connection between Nigeria's local problems and the multi-national corporate drive for economic and political globalization. If this is not done, then globalization will apportion the blame for these problems as "its the immigrants", "its the welfare system" or "its greedy farmers or workers". Allowing the camouflage of the real causes of these multifaceted problems could mean that citizens come to be divided against each other to the benefit of the corporate agenda (Nader and Wallach, 1996:107).

Globalization is a process that has been going on for a long time. The term "internationalization" was used until the WTO decided to give it a new name by institutionalizing it - but again without consultation and democratic process. However, there are always two sides to every story. Globalization has both positive and negative impacts on

developed and developing economies. But, for the purposes of this study the fact that the negative impacts often outweigh the positives, consideration was given more to the negative consequences, which are more detrimental to the economies of the Third World and to Nigeria, in particular.

One of the clearest lessons Nigeria should learn from recent experience is that highly centralized commerce is both environmentally and democratically unsound. Yet, it will not be possible to stop the globalization process either in general or under the present system of government.

But unless the globalization agenda is modified from favoring big business towards the betterment of the people at large, it will continue to have devastating effects on democratic options and institutions of the Third World, including Nigeria.

The Nigerian government should, at this stage, see globalization as a huge challenge that can only be dealt with by tailoring their domestic policies towards :

- i. avoiding the dangers of globalization;
- ii. creating community- based production initiatives;
- iii. encouraging more flexible people-centered development that is more adaptable to the people's needs and environmentally sustainable patterns; and
- iv. providing local capacity development that could be more easily subjected to democratic control that is, less likely to shift their

operations abroad and more likely to perceive their interests as overlapping with that of the community.

Finally, the Nigerian government may need, as a matter of urgency, to put the interest of its own citizens above every other consideration by initiating integrated localization programs to counter-balance the negative consequences of fast-growing globalization.

## **CHAPTER 9**

### **UNFETTERED GLOBALIZATION IN NIGERIA : SOME FURTHER POLICY IMPLICATIONS**

#### **9.1 INTRODUCTION**

The overall impact of economic globalization can be very complex. Hence, only some key aspects are discussed below for the purpose of this research. However, it can be stated unequivocally that in general, globalization has further entrenched the reign of North / South inequality and the results include deprivation, starvation and even death wrought upon many Southern countries (Bello, 1994:13).

The vast economic reach of transnational corporations has undermined the domestic economic interests of Nigeria especially with respect to its investment requirements. This position has a cascading effect on state power in relation to the provision of social services, industrial relations and general economic management. Through economic might that is, locational flexibility and subcontracting, the quality of direct employment offered by trans-national corporations may be often precarious and repetitive, leading to oppressive and abusive conditions. People may take these jobs for lack of something else to do in the face of a high level of unemployment. Generally, globalization impacts negatively on a country's relatedness and inter-relatedness, politically, economically, socially and environmentally.

Today, globalization is often regarded not so much as an option for Nigeria (and other third-world countries) but as an imperative – they

are inevitably pulled into global political, economic and cultural relationships without their consent. Global wealth is unevenly distributed and globalization today is often seen as a refined version of capitalist colonialism. As discussed earlier in section 8.14 of this study, rather than fostering a sense of common belonging in the “global village”, neo-liberal economic practices are bringing the world back to the Darwinian jungle of the survival of the fittest in which everything exists in a perpetual state of fierce competition in pursuit of self-interest.

In Africa there are two competing schools of thought in response to globalization. The first seems to be Afro-pessimistic, asserting that Nigeria has failed to establish itself in a decisive way as an efficient member of the global economic system. Consequently, Nigeria finds itself increasingly marginalized because of some two decades of military government, and facing continuing economic crises. According to this school, Africa’s present economic problems emanate from both the political and economic front. Politically, in view of a global move towards liberalism Africa is being caught in the dilemma of “privatization of state assets and the liberalization of the economy” (Mazrui, 2000: 923-924).

As a result, there is no symbiotic relationship between economics and politics. Related to this school of thought is the European-diffusionism theory, which sees the earlier rise of Europe to world dominance as attributable to a unique European superiority of race, environment and culture, while progress for the rest of the world then resulted from the diffusion of this European civilization. Europe thus sets the pace for global civilization (Mazrui, 1999: 294). Moreover, Afro-pessimists give

us a picture of Africa as completely incapacitated where everything is dark and gloomy.

Mazrui, went further to explain the second African view of globalization as that of the “cultural vindicationists”. They have been successful in their deconstructionist efforts of what they perceive as the “Western project” of cultural bastardization of Africa through the use of colonial institutions and the hegemony of Western culture in African lives (1999:294).

The weakness of the cultural vindicationists is that, while they have been prolific in their deconstructionist criticism, they do not offer positive alternative theory and practice for Africa. The idea of globalization, moreover, poses a threat to the cultural vindicationists in the sense that globalization is evolving towards the idea that no culture is a closed system. The internationalization of exchanges between people now embraces all nations and cultures without exception. Therefore, following upon the above two views of globalization, Nigeria clearly has some serious choices to make on the economic, socio-political and technological fronts. These are briefly discussed below.

## **9.2 ECONOMIC CONSIDERATIONS**

As a country, Nigeria is highly susceptible to trends in the economies of its major trading partners. Like most developing countries, Nigeria trades with European, American and Asian countries. It is to be expected that economic changes in these countries will have an impact on the domestic economy of Nigeria. The East Asian financial crisis

commenced with Thailand's currency crashing and its subsequent spread to other countries. Although Nigeria used to have a stable macro-economic environment in the early seventies to early eighties, it did not escape the Asian crisis and other negative foreign economic consequences. Among others, it had to diverge from its growth strategy to cope with the new economic situation and especially a weakening of the growth in export demand. In the primary economic sectors, a steady decrease in demand was experienced in the period 1985–1999. This has been attributed to the weak global demand and the consequent decline in international commodity prices and the Structural Adjustment Program (SAP) imposed by the IMF, as a result of loans initiated by the Nigerian government. These tendencies contributed to a strong slow-down in every major economic activity in Nigeria, as evidenced by the fall of the Naira against the dollar and a high level of domestic unemployment and inflation.

As the economic crises in the Asian countries continued, its effects on developing countries became more devastating. Export volumes were adversely affected. According to the new Nigerian economic policy plan for 1999–2003, the volume of merchandise exports declined by about 3 percent in the third quarter of 1998 and by 3.5 percent in the fourth quarter.

The GDP recorded a growth rate of 2.4 percent in 1999 while the current government expected target for 2003 would be 10 percent. Similarly, the inflationary rate of 13 percent was recorded in 1999 while the target for the 2003 will be in single digits (1999:10). However, it should also be noted that the prices of merchandise



exports, many of which are determined in foreign currencies, benefited from the depreciation of the domestic currency in Nigeria.

The impact of globalization is sharply illustrated in Nigeria as its capital market may be described as volatile prior to the democratic election of 1999. During the era of military government, domestic private and government institutions dominated transactions on financial markets. After the assumption of power of the democratically elected government, and the abolition of economic sanctions against Nigeria, the financial markets have become more vulnerable to foreign induced crises.

Nigeria's new democratic government was broadly admitted into the global economic scene. Morrissey, described the global watch on Nigeria's new democracy, in the words of Mr Paul Nielson, EU Commissioner for Development and Humanitarian Aid, "Nigeria is not just any country, it is a very important country, now witnessing an evolution everybody is watching very closely, the return to civilian rule, to democracy and the rule of law" (2000:26). The rate of foreign investments became high as foreign capital was attracted into the country following the new democratic political and economically friendly environment.

It is important to note that prior to this time there was a persistently high crime level and abuse of human rights under the military rule, which resulted in a quick withdrawal of foreign capital and investment between the early eighties and late nineties. This simply illustrates that an acceptable political dispensation in a developing country does tend to attract foreign capital. However, political instability or adverse

social conditions can easily lead to a withdrawal of foreign capital. Donors investing in developing countries require some assurance that they will obtain a positive return on their investments. If this appears to be doubtful they will rather invest in other countries.

Conventional thinking may suggest that developing countries are heavily dependent on foreign assistance to induce economic development. In most cases they rely on the involvement of international bodies such as the World Bank and / or the International Monetary Fund. These institutions play a significant role in shaping not only economic and financial policies, but often require countries to adopt specific overall policies to qualify for assistance.

Some countries adopt overall development policies of their own volition. International financial assistance is then applied to implement such policies within a framework determined mainly by the country receiving assistance. However, in a number of cases, countries fail to adopt clear development policies, which result in donor institutions being compelled to prescribe the policy frameworks required to qualify for assistance. The latter category of countries then has to abide by the conditions set by such institutions, often with a resultant negative effect on the options available to adopt their own independent policies.

In a study entitled "An empirical capital market rate function for an emerging market economy in international financial crises" (Harmse and Du Toit), it was concluded that "capital markets reacted mostly to exchange rate changes, foreign market sentiment and foreign related economic indicators" (1999:2, 3). In the case of Nigeria, this situation applied during the financial crises in the later parts of the 1980s. This

became apparent after the introduction of the Structural Adjust Programme (SAP) in 1985 by the military government, and after the 1999 democratic election, which exposed Nigeria to the global financial markets and allowed international sentiments to dominate the movements of the country's capital market rates and the unfavourable conditionalities of the IMF loan facilities. This unfavorable market scenario prompted Nigeria to withdraw from the IMF agreements at the end of the first quarter of 2002, aimed at delivering better services to all Nigerians (Access<<http://www.nigeriaembassyusa.org>>).

Nigeria is an integral part of Africa. However, in the period prior to the democratization of the country in 1999, it viewed itself more aligned to Africa and more especially to the West African sub-region. Since the new government assumed power it has increased its involvement in other parts of Africa, Asia, Europe and America, and, in particular in the Economic Community of West African States (ECOWAS). However, it should be considered that the World Bank itself could not be expected to provide leadership in this regard. Other political institutions should contribute to deal with the vexing problems of the declining authority of government in some states in Africa.

It is important to note also, that lack of coordination amongst donors, for example, the World Bank, the International Monetary Fund, US Aid to name but a few, attributable to the differences in strategic, organizational and political interests involved. A solution to this problem is not clearly at hand as this dilemma experienced by donors is as old as development cooperation itself (Jakobeit, 1999:4). Thomas is of the opinion that countries are often also not concerned about coordination of donor funding as they could play off various

donors against one another so that they can divert resource flows into their own pockets without hindrance (1999).

From the above remarks, it could be argued that donor funding to improve economies as well as to promote the human development of a developing country such as Nigeria are complex operations. Access to international funding could easily result in distorted development projects due to the availability of funding by a donor without necessarily considering the interrelationship among projects. Thus, globalization financed through a myriad of donors could be detrimental to co-ordinated development in Nigeria. Therefore, some of the expected economic gains of globalization may well remain elusive.

### **9.3 SOCIO-POLITICAL CONSIDERATIONS**

Globalization does not only affect the political independence of states, but as has been indicated, it also makes countries economically more susceptible to world trends. These in turn, affect various social issues, which may have a political or economic undertone, as the World Trade Organization (WTO) experienced since 1999.

By signing the GATT Uruguay Round and setting up the World Trade Organization, governments have effectively delegated the task of running their economic affairs to an international bureaucracy that is still more distant from people's lives, indifferent to local concerns, and subservient to the multi national cooperation that the global economy has truly been designed to serve (Goldsmith, 1996:508).

Similarly, it was pointed out in the 1996 South African Yearbook that the World Trade Organization (WTO) has become of considerable importance in the global village. The World Trade Organization superseded the General Agreement on Tariffs and Trade (GATT) on the first January 1995 (1996:241). After the Marrakech Agreement of April 1994, Nigeria started having a special interest in this body's policies and programs, which covers services, agriculture and trade-related aspects of intellectual property rights, among others.

The World Trade Organization presently consists of 135 member countries while 32 more countries have applied for membership. Its philosophy is based on the theory that when countries can trade freely with one another, without import tariffs or other measures to protect a domestic market, the world economy grows and everyone benefits (Pretoria News, 2 December 1999, p. 18).

The general objective of all World Trade Organization agreements is trade liberalization with increased transparency and improved discipline. This objective, however, implies increased exposure to international competition. This has resulted in serious opposition to the World Trade Organization's activities (South African Year Book, 1996:241).

During the WTO global trade talks in Seattle, USA in December 1999, World Economic Forum in Davos, Switzerland, and another similar disruption in Melbourn in August 2000, anarchists, senior citizens and various labour unions demonstrated. The reasons for the demonstration included threats to the environment, genetically modified crops and, in particular, the threat to workers in national

states. Workers' participation in the demonstrations maintains that the World Trade Organization was a sinister tool of big business (The Weekly Telegraph, October 4-10, 2000).

The developing nations, in particular, argue that they are being marginalized and that the proposed American new labor laws would exclude them from Western markets.

The opposition to the World Trade Organization does not mainly concern international trade. It concerns the effects of international trade agreements on work opportunities, environmental issues as well as human rights in national states. It was reported in Pretoria News (December 2<sup>nd</sup>, 1999, p. 2), that the US Secretary of State argued in the speech prepared for the Seattle meeting, but not delivered, that the World Trade Organization cannot be effective without public trust. This statement amplifies the view that any international body should acknowledge the social, economic and political situations in its member states.

In the case of the World Trade Organization, it could be expected that attention should be devoted to the relationship between trade agreements and labour standards in the respective countries and the latter's effects on foreign trade. The poorer countries, in particular, argue that the World Trade Organization does not succeed in allowing them to compete in the global markets. Although these arguments have been raised, it could be countered by the requirement that manufacturers should become more competitive and that workers should not hide behind liberal labour laws to remain inefficient.

Loss of job opportunities may be partly due to international trade, but each country should ensure that its internal policies will promote efficiency and effectiveness and thus make it internationally competitive. It is obvious that governments who form part of the global village will have to consider ways and means to improve the living conditions of its communities. If proof cannot be provided that international participation has a positive effect on social conditions, serious opposition could occur which in turn will be detrimental to international cooperation.

It appears as though the concept of Article 1 of the GATT, which is the cornerstone of the World Trade Organization, are not as successful as envisaged. The Article obliges the World Trade Organization to extend Most Favoured Nation (MFN) treatment to all other states that are party to the agreement (Thomas, 1999:3).

Thomas went further to point out that MFN status is synonymous with non-discrimination and equal access to all WTO-members. Exceptions to the aforementioned rule are (1999:25) :

- i. non-reciprocity in the case of developing country WTO-members;
- ii. differentiation in the case of developing country WTO members;  
and
- iii. trade within the context of a regional agreement.

These exceptions are not discussed here. However, it should be noted that the WTO has not succeeded in dealing with these issues in a satisfactory manner, as developing countries were divided in an

artificial manner into least developed countries (LLDC) and developing countries (LDC). This resulted in unfair discrimination against those countries not poor enough to obtain favoured treatment. Thus, the WTO is still struggling with mechanisms to ensure fair competition amongst so-called LLDC's and LDC's.

It could be argued that the developments that have taken place in the last two years indicate that the WTO would have to reconsider its core policies. Preferential treatment seems to be unacceptable economically, politically and socially. This is borne out by experiences of five Latin American countries regarding restrictions on the importation of bananas by five European countries in 1993 (Thomas, 1999:12). Therefore, Nigeria's economic progress, in the face of globalization, will be elusive following the current WTO policies. Hence, the traditional social-welfare service delivery is still the responsibility of the government of Nigeria and not of any global institution or any international donor.

#### **9.4 TECHNOLOGICAL CONSIDERATIONS**

The rapid expansion of technologically advanced communication systems has had a significant effect on the economic, political and, in particular, on the social scene in independent countries. Individuals, interest groups and non-governmental organizations have access to a wide range of information sources and even advice as well as teaching and training facilities. These could be classified as the advantages of technology. However, individuals such as those criminally inclined have the same access. Similarly, children have the opportunity to gain access to material, which could be regarded as socially unacceptable.



Presently, it seems to be impossible or impractical to limit access to information available on the Internet. The misuse of the computer has already resulted in the loss of confidentiality and hackers gain access to information they are not entitled to, for personal gain. Although the misuse of computer information is mostly used for financial gain it could also be applied to induce individuals to act in a certain manner to prevent personal information being made public. For educational purposes technology is a boon in Africa. It provides access to the best possible teachers and lecturers countrywide and worldwide. However, it should be borne in mind that these technologically advanced facilities require electricity. In many rural areas in Nigeria and the rest of Africa, electricity is a scarce or even unavailable commodity. This implies that the poor and poorest of the poor cannot benefit from the technology available. The advantaged groups could thus again be favoured in the sense of being able to gain access to the Internet and other technology to improve their skills and knowledge. The poor, however, are not afforded the opportunity to escape the poverty cycle.

Technology and information are often considered as prerequisites for improving living conditions and thus also social circumstances. In the present situation, it appears as though globalization will not succeed in addressing the real needs of the people in terms of re-inventing good policies and products to improve the social conditions of all sections of the Nigerian society.

## **9.5 SUMMARY**

Globalization is not an event, but should be considered as a process, which should afford independent states opportunities to cooperate and

liaise with one another of their own free will. The overall objective could then be viewed as the improvement in the living conditions of societies in Nigeria and in the various states of the world. The improvement could be turned into local economic self-reliance through the use of the above factors namely, Economic, Socio-political and Technological means.

Globalization does not imply that only advantages could be identified and that only benefits are derived from the process and through various international and supranational bodies. Some inherent dangers have been pointed out for example the possible loss of autonomy of a state of Nigeria in favour of participating in regional or international trade. Policies of supranational or international institutions may detrimentally conflict with that of the Nigerian government for example, in the case of peace keeping operations that could foster sub-regional tensions.

Globalization introduces a state to various supranational and international organizations. Membership fees have to be paid and obligations honored. It is not always clear whether membership of each one of these organizations results in more advantages than disadvantages or that the benefits of participation outweigh the socio-political, economic and technological costs.

Finally, as established in this study, globalization cannot be stopped or wiped out and thus, a major consideration for the participation of Nigeria in this process should be to establish whether the poor and particularly the poorest of the poor, indeed benefit? It is important to determine whether for example, increased trade does indeed provide

job opportunities and whether technological development does indeed enable the ordinary Nigerian to improve his / her social circumstances. Although it appears that globalization is a phenomenon that will characterize this millennium, attention should be devoted most importantly towards defending Nigeria's sovereignty. The government of Nigeria should not compromise the fact that the country is still considered as the building blocks of a larger society, therefore supranational and international bodies should reconsider their roles and influence to guarantee the continued existence of states as socio-political and economic entities.

Following the underlying difficulties that Nigeria could experience within the new globalization era, it will be important to consider several public policy reforms that will empower the citizens and broaden the economic base of the country. Greater localization towards local self-reliant and sustainable empowerment may be one of the major policies that can well counter-balance the negative effects of globalization process.

## **9.6 NEW POLICY ALTERNATIVES FOR GLOBALIZATION IN NIGERIA**

### **9.6.1 Greater localization in Nigeria**

In view of the fact that globalization and its negative implications and lessons for developing countries have been established in this study, it is important to proffer some alternative policies for Nigerian people to consider in order to counter-balance their involvement in the globalization process. These alternatives might well assist the present

and coming Nigeria governments to address the serious problem of poverty and unemployment in the country, and to provide services more efficiently in a way that responds to the major needs of the people.

Around the world-from North to South, from far left to far right-recognition of the destructive effects of globalization is growing. However, the conviction that the solutions lie with localizing economic activity is far less widespread. Many people seem to find it difficult even to imagine a shift toward a more local economy. "Time has moved on" one hears, "We live in a globalized world" (Norberg-Hodge, 1996:393).

The ultimate goal of localization is to build up a truly sustainable economy and to move away from an economy that subjugates local initiatives to global pressure. Localization of an economy can be both worthwhile and affordable provided there is an appropriate vision and planning right from the start. This is where the Nigerian post-independence experience may be useful. A mistake in the initial planning of a localizing economy can create more work for the country in the long run.

However, the issue of localization in this part of the study considers some of the ideas that provide the rationale for the local economy, and explores strategies required to assist a transition towards a more viable, and more sustainable Nigeria. Norberg-Hodge, also pointed out that localization should entail an adaptation to cultural and biological diversity. Therefore, no single blueprint would be appropriate

everywhere. The range of possibilities for local grassroots efforts is as diverse as the localities in which they would take place (1996:404).

Localization also means adapting a product or service in an economy to a specific need of a people or group aimed at achieving greater self-reliance (Localization Issues, 2000, Software Developers, Access<[www.sdlinth.com/2001](http://www.sdlinth.com/2001)>.p.2).

Localization is a way of integrating the whole of community products cohesively into the economic need of the target group. Localization tends to achieve its objective of local economic self-reliance by several methods on one hand, Norbert-Hodge described them as :

- i. creating working local economies all over the country;
- ii. creating a local economic development environment for economic growth;
- iii. creating local employment in the communities;
- iv. creating sustainable local economic development and income for the people; and
- v. local spending within the community thereby encouraging several economic activities within the community so that money changes hands within (Norbert-Hodge, 1999:400-403).

While on the other hand, Douthwaite, described them as :

- i. establishment of an independent banking system, so that a community can continue to function economically, even if at a reduced level, whatever happens to money supplies in the world outside;

- ii. establishment of an independent banking system, so that an area's savings can be made available to projects serving the community at interest rates such a venture can afford without passing through institutions that would be affected by an external financial collapse;
- iii. production of enough energy from local renewable resources to meet an area's needs, however difficult this might seem; and
- iv. production of the area's basic food and clothing requirements without the use of inputs from outside (1996:50).

However, counter-balancing globalization trends requires a local initiative that is sustainable, outcome based and relatively cheap and affordable to the members of the community. In an official speech, President Thabo Mbeki, of South Africa, described globalization, as being like the "weather", that is, we have to learn to live with it. But like the weather, people can learn to protect themselves against it (Mbeki, 1998:2). Similarly in the introductory part of the Case against the global economy (1996), Jerry Mander described globalization as a "tiding wind" which is no good to the developing economies (1996:4).

Many forms of dislocation result from unfettered globalization, where the imperative is ever greater, and more predatory unsustainable growth, with an accompanying and often dreary standardization of many aspects of life as well as the loss of political and cultural self-determination. Essentially, the process has many worrying undemocratic aspects such as growing wealth and hence ever greater political influence concentrated in the hands of the comparatively few with massive social dislocation as its logical consequence. Many studies point to an ever-widening gap between rich and poor.

Wealth appears to be rushing upwards into the hands of powerful shareholders and corporate moguls. In the United States, 40% of the nation's wealth is currently concentrated among 1% of the population rather than "trickling down" to the broader population (Pitchon, 2000: 15).

What is needed is not the large-scale promotion of the large scale but the large-scale promotion of the small scale. This represents a shift away from global dependence towards local interdependence. One consequence would be that many people could remain on their land as self-reliant smallholders in many third world countries including Nigeria.

For this process of promoting the small-scale businesses and farmers, the Nigerian government may have to make some reasonable inputs in areas of capacity development with small scale lending policies and judicial legislation to protect them from the domination of the multinational companies.

Governments, in developing countries, including Nigeria make policies and can also change them. There is nothing inevitable about "unfettered" free markets, which unfetter some and fetter so many others, consigning millions to a loss of local self-reliance, cultural diversity and political autonomy.

Governments all over the world should not attempt to drive localization programs. Rather they should make inputs into the process by creating a friendly environment for promoting and

encouraging people-centered, local community initiatives. The people drive localization themselves for the purposes indicated earlier.

### **9.6.2 Community self-reliance**

Community self-reliance may be described as moving away from the emerging global economy in favor of community-based, localized highly diversified economies (Horberg-Hodge, 1996:393). When a self-reliant community economy is achieved, such an economy may be said to have successfully localized and several benefits as indicated earlier in this chapter will apply.

Douthwaite, went further to explain a self-reliant community economy, as one with a tendency for :

- i. general economic growth to be stimulated as each community makes a contribution through their local initiatives;
- ii. unemployment to be reduced to low levels;
- iii. spending to be more within the community and no longer in cities or outside the local economic system; and
- iv. the local market to be less vulnerable to what happens outside the system (Douthwaite, 1996: 33-37).

There exists a concept of “logic of economics” which perpetuates economic financial, technology and cultural relationship of dependence to be replaced by an “ethics of well-being” based on satisfaction of fundamental human needs and on the generation of growing levels of self-reliance (Visser, 1996: 3).



Visser, went further to describe the principles of self-reliance as follows :

- i. the satisfaction of essential human needs while not limiting economic activity to the basics only;
- ii. reliance on the community itself for economic goods and services, which fulfill essential needs;
- iii. trade over and above the above only when the net balance of costs and benefits between parties, including externalities, is as equal as possible; and
- iv. inclusion of compassion and the will to resist violence, direct or structural, from the outside (1996:3).

In view of the above, a working self-reliant community attracts several advantages, which may include, among others, reduction or elimination of unemployment, high productivity, high capacity utilization of the work force, less inflation and less foreign dependence.

### **9.6.3 Creating enough elbow room**

This implies that new approaches, which will foster sustainable local economic development, will have to be adopted to achieve satisfactory co-existence between more self-reliant local economies and the broad external commercial economy.

Douthwaite, described these three new approaches as :

- i. the availability direct option towards meeting local community needs;

- ii. commercial prices should not determine what locals produce; and
- iii. essential local production processes should be run without inputs from the external commercial system (1996:33-37).

The above new approaches, which are explained in detail below, are essential if greater local self-reliance is to be achieved successfully.

#### **9.6.3.1 Fostering the direct approach to satisfying wants**

Two central options are relevant for bringing prosperity to the local places where people actually live namely, (a) the conventional approach that is, supplying local goods and / or services to be sold to customers outside the area and in turn, to buy whatever is needed from the cheapest source anywhere else in the world, and (b) a more direct approach of keeping key production and exchange activities locally - essentially aimed at reducing the often disturbing instability and non-sustainability at local levels typically caused by the high levels of external dependency generated by option (a) (Douthwaite, 1996:33).

Even if the indirect route should be more "efficient" - as convention will have it - local communities should at least be granted the opportunity to pay some insurance moneys if they wish (in the form of higher local prices) to guard against their lives being seriously disrupted by instabilities in the external world. In practice, local economies can indeed boast a wide range of activities that are not only more stable in themselves, but also provide more scope for their members to find niches within which they can fulfill themselves.

### **9.6.3.2 Commercial prices should not determine what locals produce**

Most mainstream economists and politicians believe that market prices alone should determine what is produced, how and for whom because it is uneconomical and inefficient to take other factors into consideration.

This is so because they believe that the market price of anything is equal to its value - which is narrowly correct but only if one thinks exclusively in terms of today's commercial industrial system. In fact, there is little connection between any item's value to a particular community and what their neighbors happen to pay for it generally in the open market (Doutwaite, 1996:35).

The key point here is that "efficiency" can only be measured adequately in relation to the objectives involved. If the overall objective of a market driven economic system should be accepted namely, maximizing individual returns that is, value for money for consumers and maximum money returns on their capital for investors, then the orthodox view would prevail. However, if any particular community should regard other goals as important such as satisfying work, stability from greater self-reliance, sustainability, and fairness, then success or failure should be measured with respect to their objectives and not the narrow conventional ones.

Hence what is efficient for (local) communities can quite legitimately be very different from what is efficient for example, for investors looking largely for high short-term money returns in an uncertain and

tough commercial world. The upshot is that existing levels of prices and/or profit cannot be allowed to determine what should be made or grown in local communities. Otherwise, producing items of the greatest immediate value to local people such as food, clothing, light and heat will simply be ruled out. Increased local economic sustainability and self-reliance would then become impossible.

The practical implications here are crucial. If many of the types of production necessary to make local communities more self-reliant would, in fact, be loss making at current externally determined prices, there is clearly a huge problem. Unless some way can be found for local producers to make a profit supplying their neighbors with a full range of essential goods and services at prices identical with those from outside all attempts to achieve sustainability through greater economic self-reliance are likely to be stillborn.

Local producers to keep their prices down, can explore two significant avenues (Douthwaite, 1996: 37) :

- i. the wide-spread presence today of high and increasing mark-ups even in competitive markets (often 100% and more) implies that the modern commercial industrial system's very long and elaborate distribution network often charges as much or more for getting products to the consumer that these products initially cost to make. This is a key area for attack in any effort to increase local self-reliance. If a local firm or farm has higher production costs than an external one but can short-circuit the usual methods of distribution by selling directly to local consumers, the savings it should be able to make by avoiding

- the commercial network's high mark-ups ought to be more than enough to enable it to survive; and
- ii. two other potentially powerful avenues through which small local producers can compete on price with larger outside firms involve the community stepping in to lower the labour costs and the capital costs of local firms and community enterprises.

#### **9.6.3.2.1 Lower wages and greater satisfaction from work**

Lowering wages is often an unpopular way to go. Yet it should be noted that if a firm sells nationally or internationally the purchasing power the workers give up by agreeing to take less pay gets distributed to consumers throughout the nation or the world. Indeed, there is simply no way of ensuring that any of this sacrifice will ever return to the communities from whence it came. By contrast, if a group of unemployed people should decide to set up a local co-op, producing commodities for sale in their own community and pay themselves less than the normal rate, all the benefits of their decision will stay within the local area. No wealth is lost. In fact, new wealth will be created to the extent that goods and / or services are now being produced where there was nothing before (Douthwaite, 1996:43).

Hence, as a general guideline, lower wages should only be accepted as a way of preserving and / or creating jobs if the goods and services produced will be sold within the local community area. On the other hand, if workers should accept less than the going rate from a local enterprise, they should, in return, seek more satisfying work. It has

been well established that most people desire two forms of satisfaction from work, namely, successfully tackling an interesting and worthwhile task, but also to be appreciated in doing so. From this viewpoint, money returns alone are often less important.

Douthwaite further explained that, in the practical world, such internal personal rewards are often best provided by firms owned and controlled by those working in them. For example, the well-known approach of David Ellerman who initiated ESOPs (Employee Share Ownership Programs) comes pertinently to mind (1996:46)

#### **9.6.3.2.2 Cutting capital costs**

Local enterprises can also be assisted to match external price competition if they can get access to financial capital at low interest rates or, even better, at no interest at all. This is actually easier to arrange than it often seems.

It is largely a matter of enabling local firms to avoid borrowing from the national commercial banking sector using the techniques briefly outlined below.

One approach involves a local community creating its own currency which it can then lend to local firms at very low cost to spend within the local area that is, instead of using the national currency. This approach has already been used very effectively in Switzerland where for the past sixty years or so small and medium firms have been enabled to avoid borrowing large sums of working capital from the national banks by creating such moneys among themselves. They pay

no interest, just a small service charge to keep their mutually owned credit system going (Douthwaite, 1996:46).

Yet, even if any local firm needs a national currency loan, this does not have to come from a non-local bank. Often the rate of interest offered by the large national or international banks to community savers is excessively below the rate that they will charge to community borrowers. Much of this disparity could be eliminated if local savings were channeled to local enterprises through well-managed community banks that is, savings and investment institutions.

Given the low cost of overhead expenditure in several factors of production, namely, land capital and labour in a locality, an interest rates charged by local co-operative community banks may be quite low (that is, not much more than a service charge). This is because many local savers are often quite happy with low interest returns on their savings and sometimes even to waive these altogether - provided that economic development in their own areas is promoted. Yet, it remains true that their greater levels of efficiency lie essentially in low overheads and thus low margins, in efficient social policing among members, which often results in low bad debt levels, and generally in much greater local knowledge.

#### **9.6.3.3 Essential local production should be run without inputs from the external commercial system**

Douthwaite, pointed out that the objective of this system, is that key local production processes should not be dependent on any inputs from outside the area that is, from the external commercial economy.

The whole spectrum of the “essentials of life” should ideally be provided entirely from within local communities. Four basic steps are necessary to achieve such greater local economic self-reliance and sustainability (1996:47, 48) namely :

- i. establishing an independent parallel local currency system so that a community can continue to function economically, whatever happens to money supplies and interest rates in the external economy;
- ii. establishing an independent local banking system so that an area's savings can be recycled to project serving the local community at interest rates that such ventures can afford that is, without passing through external banking institutions which could be affected by broad financial hardship or even collapse; and
- iii. producing the area's basic food and essential clothing requirements without the use of any inputs from the outside.

The above approaches will tend to pursue greater local self-reliance within a community economy and if applied to the Nigerian situation, the results could be tremendous in meeting the people's need.

#### **9.6.3.3.1 Establishing a local currency (e.g. LETS system)**

Douthwaite, in his introduction of LETS, wrote, “money, according to Michael Linton, the developer and popularizer of LETS (an acronym for local exchange trading system). The establishment of a local money system is fundamental to greater economic self-reliance. This is because at present, the level of trading activity in almost every part of



the industrialized world is determined by the amount of money that flows in from outside. Unless that flow is adequate, even jobs that local people could do for themselves without resources will be left undone (1996:65).

If Nigerian communities trade among themselves by using money issued by outsiders, their local economy will always be at the mercy of events elsewhere. This has been a dominant factor that has characterized the local community efforts for decades. The first step for a community to survive in the new globalization era should be to establish a local currency system to promote local economic activities.

Local currencies have historically been a way to obtain greater local wealth and to reduce dependency on unpredictable macro-economic forces. An innovative and increasingly popular local currency / exchange system is LETS, that is, a local Employment / Exchange / Trading system.

Visser, in agreement with Douthwaite, as explained earlier that Michael Linton first established LETS in 1983 when his rural community in British Columbia, Canada, was devastated by an economic recession. The system allows members to trade both goods and services, using a combination of conventional currency and community-created credit called "Green Dollars". By 1990, the Linton system had 600 members with a yearly turnover of \$325,000 (Green). LETS have since spread all over the world and in 1994 approximately 500 systems were believed to be in operation in Canada, the US, England, Australian and New Zealand. Other similar systems are the WIR Network in

Switzerland and “Ithaca” money in New England (Visser, 1996:5, 6, Douthwaite, 1996:65-66).

The rationale for considering the above crucial step derives from two basic considerations :

- i. firstly, if people living in an area cannot trade amongst themselves unless by using money issued by outsiders, their local economy will always be dependent upon and thus, at the mercy of external risks and eventualities over which they have little or no control; and
- ii. secondly, it is simply a fact of economic life that, at present the level of economic activity in almost every part or region of the industrialized world is determined by the amount of money that flows in from outside. If such moneys should circulate inside for some time before flowing out again the “local income multiplier” will be high. If it should flow out almost immediately the local income multiplier will be low (that is, close to the first norm).

This is why the first step for any community aiming to become economically more sustainable or self-reliant, is to establish its own local currency - in effect, to secure a boost to the local income multiplier.

#### **9.6.3.3.2 How a LETS system works**

“LETS” that is, a Local Exchange / Employment / Enterprises Trading System, has become a generic term covering a wide range of local currency systems. It uses mostly either the national currency or time

as its unit of measure and usually issues chequebooks to members to effect payment. A computer-based cheque clearing system to record payments in and out of each member's account is also needed. Another key element is a regularly updated directory listing the various goods and services that members are willing to supply and often also including the prices asked.

To ensure that the necessary social controls work well, the total number of members is usually restricted to a few hundred but no more than 500. Such systems have five essential characteristics namely, (Douthwaite, 1996:86) :

- i. they operate on a not-for-profit basis and the costs of administration are paid by each account holder in the local currency unit;
- ii. all accounts start at nil and the account holder has sole control over the movement of money in and out of his / her account, there is no obligation to trade;
- iii. any account holder may know the balance and the volume of trading of any other account holder in the system that is, complete transparency is essential;
- iv. the local currency unit is linked to the national unit; and
- v. no interest is charged or paid on balances.

#### **9.6.3.3.3 Some likely benefits of a LETS system**

If a LETS system can work elsewhere, it can work for Nigeria particularly, in this globalization era. The benefits among other things include (Visser, 1996:5-6, Douthwaite, 1996:78-79, 86-87) :

- i. effectiveness in solving immediate local needs of the local community;
- ii. availability of the time and energy of participating citizens;
- iii. emphasis on the trading function and not on interest or other means of profit maximization;
- iv. it is simple and thus, familiar to local communities;
- v. LETS systems depend on their computer-based operations and cheque clearing systems to record payments in and out of each members' account but this can be locally organized; and
- vi. an updated directory listing the goods and services that members are willing to supply (sometimes also including the relevant prices) is regularly available to the LETS membership.

#### **9.6.3.3.4 Some lessons from worldwide experience**

In economic terms many LETS systems have been somewhat disappointing. The main thing that any community thinking about starting a LETS system should realize, is that getting the system up and running is not enough. A local currency can only show its full potential if those behind it make a serious effort to develop a wide range of trading activities and also for local businesses do a substantial part of their trade through it.

In its early days all that one can expect economically from a LETS system is that it will provide (Douthwaite, 1996: 78) :

- i. a useful supplementary income for the weaker members of the community that is the old, the sick or the unemployed; and

- ii. a safety net that the employable members of the community may need if things should go badly wrong. Hence, the real benefits at this stage are not so much as personal and social. However, many members feel that it is worthwhile launching a LETS system for these reasons alone.

Douthwaite, also pointed out that an important factor is whether the unemployed - a group that stands to gain the most from such schemes - will put their unemployment or other social welfare benefits at risk by participating. Any tax implications will have to be sorted out carefully with the relevant authorities (1996:77-78).

A LETS system will only work well if there is unemployment and / or underemployment and an inadequate supply of national currency in local region or among a social group. If everyone is fully occupied and finds that their activities are not substantially restricted for lack of cash, why should they bother to join any kind of LETS system? Hence the LETS system tends to be vulnerable to changes in the state of the mainstream economy (Douthwaite, 1996:86).

#### **9.6.3.3.5 Differences between local and national currencies**

There are three fundamental differences between national currencies and their local counterparts. A national currency is acceptable anywhere - in some cases all over the world like the US dollar - while a local currency can only be used in a very limited geographical area. However, this restricted acceptability is likely to be an advantage rather than a disadvantage because the smaller the system, the

sooner any spending power introduced into it by a member should find its way back to that member in the form of increased demand for his / her goods and services.

A national currency is always scarce because its total supply is deliberately restricted for fear of inflation. The supply of a local currency is always adequate for its purpose - not too much and not too little - since people doing things for one another create it. As a national currency is scarce, it can be used by those with much of it to gain power over those who have little. A local currency however, can never be used as an instrument of power and domination because anybody who wants it can create their own.

In a LETS system, it is actually the member rich in local units who is in a more exposed position rather than those in debt (Douthwaite, 1996:65).

However, the first fundamental difference exists when the national currency is acceptable everywhere in the nation. The second being that the national currency is always scarce because the supply is deliberately restricted for fear of inflation while the supply of the local currency can go round within the locality. The third is that the national currency comes from outside the community and in short supply, and most of the time with the rich as against the poor whereas the local currency by nature is not an instrument of power.

The establishment of a LETS system as described above is essentially self-regulating. Encouragement of this system will be advantageous to

the local economic development in Nigerian communities. Indeed many such schemes should be encouraged.

## **9.7 ESTABLISHMENT OF COMMUNITY BANKS**

The working of a local currency and system can only be really effective and beneficial to the local communities if there is a coordinating institution such as a "Community Bank". This bank would be responsible for coordinating all banking activities of their community members. The traditional commercial and investment banking activities may thus, be established in local communities to alleviate the external banking needs of the people.

A key rationale for this kind of venture has been expressed as "high interest rates are not the only way in which people can get a healthy return on their savings - institutions that recycle savings locally provide social dividends as well" (Douthwaite, 1996:123).

### **9.7.1 Short-circuiting local money flow**

The point of departure here is that it is not just movement of capital across national a boundary that is harmful. Substantial and continuing capital flows from one part of a country to another are destabilizing, leading to prosperity in one area and decline in another. However, in the absence of any special recognition of both facts, local communities will have to limit such flows themselves if they are to prosper.

What is essentially needed, are mechanisms to channel local savings back into local projects to improve the "local retention ratio" without

the intervention of outsiders. The main reasons for substantially reducing the involvement of outsider banks in one's own communities' (Douthwaite, 1996:124) are :

- i. using an external bank's service to do a job that can be done within the community itself causes a significant loss of local purchasing power which can only be restored if the community sells goods and services to the outside world - thus remaining dependent on it;
- ii. once local savings are passed over to the national banks, they will not return it to the local community and if so, only at interest rates determined on external markets. The level of these lending rates have nothing to do with local conditions or the rates of return that local producers can earn by operating locally; and
- iii. externally determined interest rates are often very volatile so that the cost of borrowing money can vary greatly within a short period of time, thus jeopardizing the survival of every (smaller) local enterprise with an outstanding loan.

### **9.7.2 The working of a community bank (loans and advances)**

To be truly effective, a community bank has to consider its role as lender to local entrepreneurs for the establishment or expansion of their existing or proposed enterprises, since local loans play the vital role of increasing trading by re-circulating available funds within a community. The formal institutional financial and business interests perceive communities as a high risk, with little or no profit in opening



and handling small accounts. Loans to emerging farmers are specifically risky.

Douthwaite, identified some major problems of people accessing the fund available for small business development is a combination of a number of constraints (1996: 154-155) :

- i. the identification of businesses / projects as being needy and relevant;
- ii. assessing them for their viability;
- iii. the management of funds;
- iv. the multiplication and duplication of funding agencies; and
- v. the centralization of funds in metropolitan areas which delays approvals.

It has been customary for employment by others to be sought rather than self-employment, and for needs to be defined in terms of basic infrastructure. However, in the context of community economics, wherever there is a need there is a potential job, a business and wealth creation that can generate further employment expansion.

Secondly, Douthwaite, pointed out the identification of needs, projects, and the responsibility for the management of funds have mostly been assumed by NGOs or some other government agencies. But, with the introduction of a community bank, the community, jointly with a development forum and their trustees will do the assessing, recommendation and monitoring of loans. All these will have more knowledge of the applicants, sufficient to make more informed and ethical decision regarding a loan, than a commercial bank (1996: 154).

### **9.7.3 A fine example of a community bank (the Mondragon Co-operatives)**

The best working model of what a community bank can achieve and how the interest rate problem can be handled at the same time is provided by the working people's Bank - an essential part of the well-known Mondragon Co-operative Movement in the Basque country in Spain. In practice, the bank operates much like an industrial holding company. Each co-op signs a contract of association with it that set out in some detail how it would operate including how profits made are to be handled (Douthwaite, 1996:164-167).

However, in return the co-ops get two considerable advantages. In essence these are :

- i. low cost loans - about half the capital of member co-ops consists of loans from the bank for which they pay interest at rates. Sometimes as much as 5% lower than the prevailing market rates; and
- ii. readily available advice and guidance on whatever problems they have from the bank's consultancy division. This covers marketing, exporting, production techniques, industrial buildings, personnel, legal affairs, and audit and management control systems. In its entire history, only three Mondragon co-ops have ever closed - two in special circumstances. Conventional firms in the Basque country have not done so well - between 1975 and 1983 the region lost 20% of its manufacturing jobs (Douthwaite, 1996:163-164).

#### **9.7.4 Building a community's own local banking system**

The first step is the establishment of a credit union if such does not exist already. The primary purpose would be to enable people to buy consumer goods and / or to do house repairs - but without causing a leakage of interest payments and service charges to the outside world. The only decision the community needs to make is whether to charge interest or not. Interest payments may be quite acceptable as long as they stay in the community (Douthwaite, 1996:176).

In consequence, every community also needs to establish a local enterprise investment fund but, together with a team of high caliber people to investigate and help to manage the various ventures into which it puts its money - Mondragon style. Such funds should see themselves essentially as holding companies, which share the management, the profits and the losses of the business people that they work with, as opposed to conventional lending organizations which stand back from a project's problems, insist on a fixed rate of interest, and threaten to call up their collateral and wind up the operation unless it is paid. Where it should differ from conventional holding companies is in looking out for a social dividend as well as for a financial return (Douthwaite, 1996:176).

#### **9.7.5 Security of community investments**

The essential principle function of building up a village capital fund is that the loan is not made from such a fund, but that it is used as collateral on which the link bank can make the finance available to the applicant. The opposite of this arrangement is that the entire

community will have to meet any shortfall. However, in borrowing from their own bank, there will be greater inclination towards responsibility and thrift (Time Magazine, February, 1<sup>st</sup>, 1999, p.2).

The international experience of localized funding associations is that support and monitoring by local participants who are known to each other, militates against defaults of loans. Yet the holding of funds in the formal banking sector negates opportunities for their misappropriation or misuse. Thereby, confidence can be engendered and channels opened for co-operation between many financial institutions and aid agencies to make available their funding through a community bank to a "community development forum" through the following process (Time Magazine, February, 1<sup>st</sup>, 1999 : 2) :

- i. the preparation of a strategic plan, undertaken through an associative relationship between the community bank management and the development forum, lays the bases for general agreement between all the stakeholders and between consumers, traders and producers on the priorities for investments and developments;
- ii. opportunities for business, social and infrastructure growth are posted on the community information center database;
- iii. the appropriate interest group segment trustee will assist the applicant to complete the required business plan, including all requisite financial information / needs. (Note : the development forum does not "approve" such an application); and
- iv. the applicant then submits its business plan to the community bank whose management either; approves the loans and conditions for repayment, or refers the loan application back to

the development forum to discuss with the applicant the possible reformulation of the application.

In view of the foregoing, the community bank concept is a useful strategy that could offer local initiatives in Nigeria an opportunity of exchanging the accustomed hands-off social responsibility / charity contributions, with channels for investment funds into development where it is most needed and with the protection of its members.

## **9.8 COMMUNITY SUPPORTED AGRICULTURE (CSA)**

Community supported agriculture serves as an umbrella for farmers striving to achieve a number of goals. Mutually beneficial relationships with a community of consumers, environmentally sustainable farming practices and public education on contemporary agricultural issues (Imhoff, 1996:425).

This is another grassroots initiative that will enable consumers to have a direct link with the producers. Both parties stand to enjoy a symbiotic relationship, thereby improving the local economic system. This system will usher in a friendly agro-business environment within the communities. It will encourage local production and hence hands of friendship will be extended to all the stakeholders and participants in the community supported agriculture system.

CSA will thrive better if there also exists a "Local Tool Lending Pool" for tool sharing and repairs in every community. This will harmonize and increase the local productivity and at the same time give farmers a sense of friendliness in the community. The local lending pool will not

only increase and improve production but will also encourage community dependence on tools lending and repairs. Local farmers may often find this service expensive elsewhere so that a lending pool will become a better alternative. CSA is currently not practical in Nigeria. There exists a large number of peasant local community farmers on their individual farms producing on small scale for personal use. Different farmers in the village market put out the remainder of such food production for sale.

This approach is neither encouraging CSA nor an improvement in the local economic activities because it is too small and uncoordinated. But if the government of Nigeria makes some inputs in CSA, it will work for the benefit of the majority of peasant farmers and people will be encouraged to go back to the land for means of sustainable livelihood.

## **9.9 CONCLUSION**

Around the world - from North to South and from Left to far Right - recognition of the negative effects of economic globalization is growing. However, the conviction that a partial solution lies with greater localization of economic activity, is far less widespread. Many people seem to find it difficult even to imagine a shift towards a more local economy.

Many attempts have been made to establish this new concept that can counter-balance globalization and at the same time empower the people towards a Sustainable Self-reliant Local Economic Development (SSLED). Several local community initiatives were suggested to help a

developing economy such as Nigeria to prosper in this era of globalization.

The central idea of localization is for many local Nigerian enterprises to produce for the local community market and not for a global one. In Nigeria, there is an urgent need to foster local economic empowerment for local self-reliance. Therefore, the establishment of several new management and operational tools driven by the local communities are needed. These include elements indicated earlier in this chapter such as :

- i. a local currency such as LETS that is, a local exchange trading system;
- ii. community banks; and
- iii. Community Supported Agriculture (CSA) and other related sustainable local initiatives that can encourage and develop community self-reliance.

However, before a localization program can take effect in Nigeria, the local communities have to become genuinely involved and ready for self-empowerment. As a counter-balance to the increasing dominance of large scale, international commerce, there is a need to foster local economic renewal - localization.

In response to the decline of employment opportunities and medium-scale economic activity, nations such as Nigeria need to find ways to foster local economic activity in both rural and urban settings. The move towards localization has implications at the national, state and local level and is relevant in all countries. It is not a nationalist agenda

and does not involve conventional protective measures. It seeks to regenerate local economies everywhere, promoting democratic involvement and an efficient use of natural resources. This is what Nigeria's need is at this stage in its public policy development.

Greater localization of the Nigerian economy should involve many dimensions. Therefore, no single formula would be appropriate. But, local community initiatives, as indicated in this study, will provide a solid foundation on which the whole economy can be built. Today's globalization problems will eventually be solved by recognizing that local production for local consumption - using local resources, under the guidance and control of local communities and reflecting local and regional cultures and traditions within the limits of nature, is a far more successful direction than the currently promoted, globally centralized, expansionist model. Local economies are far more likely to produce stable and satisfied communities and to protect nature than any system based on the production, consumption, and transporting of commodities across thousands of miles of land and sea.

Localization as discussed here does not abandon international trade among nations or a group of nations, nor does it abandon every technology or transport or communications system. These activities belong in the modern sector of the economy and should be pursued in that context with greater enthusiasm. In this globalization era, there will be little visible growth or improvement in the living standard of Nigerians at large, unless adequate localization measures are introduced as suggested in this study. Localization still stands out as an appropriate mechanism to counter-balance the negative effects of globalization in Nigeria. Greater Community self-reliance will be a



sound foundation for national economic progress in Nigeria and other developing countries.

## **CHAPTER 10**

### **SUMMARY, RECOMMENDATIONS AND CONCLUSION**

#### **10.1 SUMMARY**

Following the various suggestions made in this study, the question remains : Does Nigeria have a choice to be or not to be part of the global civilization? Should Nigeria in the process of global civilization endeavor to develop according to its culture and technology within an administrative and democratic state based on its available resources? Answers will be given in this chapter to the above question in the form of a summary, recommendations and a conclusion. The development of the global economy, which has been institutionalized with the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO) are supposed to usher in an era of unprecedented prosperity for all, but this assertion is false. (Goldsmith, 1996:501). What is the challenge of globalization? It is not the expansion of the world market, but to find the rules and institutions for stronger governance at local, national and regional levels, and finally, to preserve the advantages of global markets and competition.

It is also evidenced in the study that systems of corporate rule should not be used for benchmarking the issues that relate to globalization. Globalization of finance markets, for example, has been nothing short of revolutionary. National governments can no longer stabilize their financial markets with the government's traditional mechanisms such as :

- i. banking regulations;
- ii. reserve requirements;
- iii. deposit insurance;
- iv. limits on interest rates; and
- v. massive deregulation and mergers of commercial and investment banking.

Transnational corporations are now bypassing banks altogether and are issuing their own commercial paper. Information technology has made it difficult to trail money because of the speed and frequency of these transfers. Unless radically new regulatory measures are introduced, the fiscal policy of national governments such as Nigeria will not only be dictated, but also threatened by a volatile global finance system.

In view of the foregoing and following the summary of the entire text in the study, it would be very important to review some part of the problem statement which says "The present government in Nigeria inherited a weak economy and a bad foreign image" (Obasanjo, 1999:2,3). The basic problem was – will the new democratic government be able to deliver a better service to the people of Nigeria without unnecessary external influence in the face of globalization? What should the new approach to governance and economic policy be within this context?

These and other issues were given exhaustive suggestions by way of alternatives and recommendations as contained in chapters 8 and 9 of this study. The significance of this study was also given a reasonable response as it has become apparent that the government and people

of Nigeria would not intend to swallow the “hard pills” of globalization, line hook and sinker, but rather to focus their global involvements only on those products and services in which Nigeria commands a viable economic advantage over their counterparts.

Therefore, on the one hand the study laid much emphasis on an economic localization policy and less on an economic globalization policy, and on the other hand, the study also recommended citizen participation in key policy in the present democratic Nigeria and should see representation as a sampling framework. The Nigerian people and their government will have to carefully examine those alternatives and recommendations in policies and governance in a global context and re-invent a proper local relevant economy with high global competitiveness.

Good governance is prescriptively conceptualized here as the achievement by a democratic government of the most appropriate development policy objectives to develop its society sustainably by mobilizing, applying and co-coordinating all available resources in the public, private and voluntary sectors, domestically and internationally, in the most effective, efficient and democratic way.

In an effort to promote the principle of good governance and administrative law in all public activities in Nigeria, the following norms may be helpful :

- i. public administration must occur legally. This means that all the actions of any public official must take place strictly within the framework of existing legislation;

- ii. public officials must be able to account to the public for their actions;
- iii. public officials must treat all members of the public equally and impartially;
- iv. public administration must occur in an efficient manner. This entails the greatest measure of goal attainment within available resources;
- v. public administration must be sensitive to and responsive to the needs of the public; and
- vi. public officials must act responsibly.

It is important to note that in order to implement good governance, practitioners in various public institutions must do their homework and ensure that their actions, behavior and conduct enhance and uphold the guiding principles of public administration and management. Public managers in Nigeria should always remember that transforming a civil service that has been operating in isolation for years and practicing military values and norms will take some time. It is therefore imperative that no efforts be spared in developing, training and educating all categories of staff that are available in the public sector.

These officials (new and old) should be empowered and capacitated to execute their entrusted tasks and duties with respect, dignity and public confidence.

The following goals may give direction regarding transformation in the Nigerian public service :

- i. to create a representative public service which reflects the major characteristics of demography, without eroding competence or the merit principle;
- ii. to facilitate the transformation of the attitudes and behaviour of public servants towards a democratic ethos underlined by the overriding importance of human rights;
- iii. to promote the commitment of public servants to the Constitution and national interests rather than to partisan allegiance and fictional interests;
- iv. to encourage the evolution of effective accountability and transparency in the public management process; and
- v. delivery to upgrade the standard of efficiency and effectiveness in order to improve the quality of service.

It is not easy for people to change. Civil servants are human beings and some will always resist change no matter what happens. The following are some suggested strategies for dealing with transformation of such a nature :

- i. analyze the department and identify its needs for change and transformation;
- ii. create a strategic direction and plan and promote a share vision;
- iii. encourage sound and effective communication among all workers, structures and stakeholders;
- iv. encourage effective participation by all to establish ownership and legitimacy;
- v. encourage all the structures to respect and implement the transformation agenda;
- vi. plan and act together to obtain unity and trust; and

vii. encourage the sharing and exchange of ideas by all openly.

It is only by transformation that the policy of localization will be achieved so as to front a unique alternative to globalization.

Finally, one of the clearest lessons that emerged from this study of globalization as pointed out earlier in (8.10) is that the footing and the initial arrangements and deliberations were undemocratic and secret. It is also important to note that highly centralized commerce is environmentally and democratically unsound. Some international trade is useful and productive, but favours corporate bodies over those of workers, consumers and the environment.

But, societies like Nigeria need to focus their attention on fostering community-oriented production. Such smaller-scale operations are more flexible and adaptable to local needs and environmentally sustainable production methods. They are also more easily subjected to democratic control, less likely to threaten to shift their operations abroad, and more likely to perceive their interests as overlapping with community interest.

Similarly, allocating power to reachable governmental bodies tends to increase citizen power. Concentrating power in international organizations, as trade pacts tend to remove critical decisions from citizen control. It is obvious that one can talk to some local government representatives but not to some faceless, international trade bureaucrats many miles away who would not appreciate the problem or the urgency it may deserve. Some recommendations are

put across based on the overall revised literature and contribution made in the entire study.

## **10.2 RECOMMENDATIONS**

Multilateral agreements and international human rights regimes hold only national governments accountable. National governance holds all actors accountable within national borders, but it is being overtaken by the rising importance of supranational global actors (multinational corporations) and international institutions (IMF, World Bank, WTO, Bank for International Settlements). Needed are standards and norms that set limits and define responsibilities for all actors if globalization is to acquire a more human face.

### **10.2.1 Good governance, leadership and policy : better options for Nigeria**

It is important to note that the capacity of the public service, which is conceptualized in systems thinking are, structural, functional and cultural in practice. Therefore, the ability to implement policy objectives of government lies on the practitioners' efficiency and effectiveness to deliver those public services aimed at raising the quality of life of citizens, which the government has set out to achieve as planned over time.

It is recommended that the Nigerian government begin to use all its available resources namely, human, financial, material, technological, logistical and others to capacitate the intangible requirements of good leadership, motivation, commitment, willingness, perseverance,



endurance and other intangible attributes needed to transform rhetoric into action.

### **10.2.2 Network policy approach**

Following the system thinking described above, in the context of the new network approach to service delivery, this study regards capacity building as a total structural, functional and cultural transformation of government in order to mobilize all available resources to achieve policy objectives.

Therefore, it is recommended that the Nigerian concept of transformation towards better service delivery and good governance may have to be different from many others. But the complex nature of the nation-state of Nigeria and its diverse culture and people should be seriously put in proper context when considering the best approach in governing a country of this nature.

### **10.2.3 Structural changes in governance**

A variety of different recent international experiences with governance reform suggests that it is possible, in principle, to improve the quality and quantity of public service delivery and even to establish public services complying with the best available approaches, through a combination of changes to the way in which the public service is structured and in which it operates.

It is recommended that Nigeria require changes that are mainly aimed at utilizing private markets and other voluntary agencies (civil society)

more pragmatically and therefore, more effectively in public service delivery.

#### **10.2.4 Alternative public service delivery**

It may be preferred to use the term “alternative service delivery mechanisms” to describe this approach. Alternative service delivery mechanisms may include, decentralization, co-operation, outsourcing, joint ventures, partnerships and alliances, regulations, assistance, and privatization.

It is recommended that the traditional public service agencies provide the service at the required level, quantity, quality and cost-effectiveness in the appropriate way (participatory, people-centered) and with the required legitimacy and controls.

#### **10.2.5 Creating a ring-binding public sector**

Another consequential change may be from big unwieldy public bureaucracies to smaller, more flexible organizations, as selected policy implementation functions are increasingly taken over by organizations outside the public sector.

It is recommended that Nigeria may not need to dismiss workers as a result of the full privatization of the function, but that the workers may be transferred to a new public construction and / or maintenance enterprises, which operate in terms of the market forces of supply and demand. These new organizations may even compete with private

sector companies for government contracts, as was the case in New Zealand.

#### **10.2.6 Participatory policy process**

This is a shift from a closed bureaucratically dominated work environment in the public service to a more transparent, accountable and participatory public policy process. Therefore, it is recommended that the current process of direct, vertical, regulatory, bureaucratic control of service quality be replaced by indirect, horizontal, ex post facto quality control by empowered customers and citizens or the partners in a policy network.

#### **10.2.7 Multi-year financial planning**

There is a need for a change from simple cash budgeting and accounting methods, as well as annual financial planning cycles, to more complex accrual budgeting and accounting practices and multi-year financial planning cycles.

This public financial planning is normally accompanied by a rise in the influence of economists, accountants, and financial and strategic managers with appropriate economic, financial and accounting skills in the public policy process hence, this approach is recommended as a budgetary financial reformation procedure by the government stakeholders in public financial matters.

### **10.2.8 Strategic policy system**

Successful public service delivery in a developing democratic society such as Nigeria must be pragmatic and proactive in approach with authoritative study of public sector reforms. Public services are supposed to improve the lives of people in the respective policy areas for which a public service organization or agent is legally responsible. It is recommended that Nigeria apply the above policy objectives, which may ensure successful public service delivery.

### **10.2.9 Sustainable democracy**

This perspective of sustainable governance implies that isolated, ad hoc policy changes are doomed to failure. Success necessitates a holistic approach to integrated sustainable management and delivery networks, and the consolidation of a mass developmental culture and a strong work ethic throughout society, to avoid discontinuities. It is recommended that this approach to sustainable governance be adopted, as this will achieve a reasonable policy success for sustainable democracy in Nigeria.

### **10.2.10 The triple social policy**

There is a need for the Nigerian government to strengthen policies and actions for human development and adapt them to the new global realities. It is therefore recommended that an approach that combines the triple social needs namely, human development, poverty eradication and social protection as a hallmark of success in this globalization era, be implemented. Social policies – and national

governance – are even more relevant today to make globalization work for human development and to protect people against its new threats.

#### **10.2.11 Global threats to human security**

Stronger global co-operation and action are needed to address the growing problems beyond the scope of national governments to manage, for example, the fight against global crime, the “loud emergencies” of environmental degradation such as acid rain, global warming and ozone depletion, Violations of human rights, HIV / AIDS, and others. It is recommended that the Nigerian government formulate policies towards taking stronger global action to tackle global threats to human security, described above.

#### **10.2.12 Regional and continental solidarity**

Relying more on regional solidarity with regional Economic Communities such as ECOWAS, SADC, AU, NEPAD and others, to have common positions in development efforts. It is recommended that, the Nigerian government continue to cultivate regional support, which would help in crises, as with the regional fund for financial stability and economic and social development.

#### **10.2.13 Strengthening global institutions**

The Nigerian government may need to support the enlargement of the existing global institutions and the creation of new ones, where necessary, to tackle issues of global concern.

Therefore, it is recommended that the following review be undertaken:

- i. That the government of Nigeria play a prominent and active role in motivating the achievement of :
  - a. a stronger and more coherent United Nations to provide a forum for global leadership with equity and human concerns;
  - b. a global central bank and lender of last resort; and
  - c. a World Trade Organization that ensures both free and fair international trade, with a mandate extending to global competition policy with antitrust provisions and a code of conduct for multinational corporations;
- ii. a world environment agency;
- iii. a world investment trust with redistributive functions;
- iv. an international criminal court with a broader mandate for human rights;
- v. a broader UN system, including a two-chamber mandate for human rights; and
- vi. a broader UN system, including a two-chamber General Assembly to allow for civil society representation.

#### **10.2.14 Recommendations : A summary**

Based on the entire study, it is obvious that the Nigerian government and people should begin to adopt the numerous alternatives to globalization as pointed out in chapter 8 of this study. The alternatives for the state economic development seem to focus on

proper localization of all industries, products and governance based on proper citizen participation and not citizen representation.

It is strongly recommended that the democratic system of government is still the best in the world. But, a situation has arisen where citizen representation is no longer solving the immediate needs of the people, citizen participation would, therefore bring a sustainable people-centred development which would ultimately bring government nearer to the people. This is the hallmark of the writer's argument against the proposed single-track globalization programme instead of localization programmes, which would encourage grass-root citizen participation, local relevance and still promote global competitiveness.

Against the backdrop of the recommendation, an integrated localization programme and citizens' participation in all the levels of government in Nigeria, namely, local, states and national, keeping in mind the fact that the nations' attempts at democracy are still in its infancy, the following recommendations are aimed at both private and public sectors in Nigeria, the citizens and levels of government in all their policy objectives on issues of globalization and government.

The current mindsets, attitudes and perceptions of all the major stakeholders on Nigeria's globalization initiatives (for example, the public sector, the private sector and the civil society) as pointed out in chapter six of this study, requires critical evaluation and re-orientation to reflect positive values, attitudes and perceptions of a changing Nigeria. This demands a shift from a search for "quick fix" solutions towards a view of development as a long-term, learning and incremental process even within a global economy.

Inclusivity and citizens' participation must be given top priority. The legislative directives should provide for all stakeholders to be partners in the formulation of the recommended Integrated Localization Programme (ILP). Empowerment of the people is another important recommendation for Nigeria. Particularly those who have been marginalized in the past, such as, the Nigerian professionals, and private and public sector practitioners who have been sidelined for decades by military dictatorships. They are the people that should be the major participants in the policy-making process.

Another recommendation would have to be sustainability. Sustainability in development within the context of globalization, governance and policy initiatives is not a blueprint, but rather, a direction, which will demand continuous learning and capacity building, involving stakeholders. It is also recommended that the issue of capacity building be taken seriously. Capacity building is a process of increasing the ability of people to initiate, direct and control the process of social change in which they are involved. The citizens should therefore be mobilized to lead.

A further recommendation relates to a process of social learning. The learning process approach is focused on the bottom-up approach to decision-making and partnership. In formulating an ILP for Nigerians, governments at all levels should foster a learning attitude from now on. A recommendation relating to holistic development concludes on the building of economic block, (for example, the Economic Community of West African States (ECOWAS) and New Partnership for Africa's Development (NEPAD) initiatives.



Another recommendation relates to a mechanism that should be put in place to ensure effective feedback to all stakeholders. For meaningful participation to take place, the Nigerian community needs to be fully informed and able to transmit its views. The community should have access to user-friendly information. The establishment of a communication care center should be considered in each of the local government headquarters in Nigeria aimed at local governance in general, and global issues in particular can also be addressed.

This study therefore recommends among other things that a new policy model for the globalization process be put in place. This is a new model, which tends to replace the neo-liberal orthodoxy, which obviously has failed in Nigeria. The new approach stresses that :

- i. government's first responsibility is to its own citizens;
- ii. promotion of employment;
- iii. intensify local economic renewal (localization);
- iv. international trade based on economic advantage;
- v. proactive government policies;
- vi. reduction of interest rates;
- vii. control of factors of production;
- viii. regeneration programmes;
- ix. encouraging the informal sector;
- x. linking villages with the broader economy;
- xi. creation of credit scheme by government;
- xii. inward economic investments; and
- xiii. avoidance of international debt but encouraging aids, grants and donations.

Nigeria's withdrawal from the IMF program is one of the outcomes of the recommended policy issues in this study. On Tuesday March 2002, a bombshell came from the present government of Nigeria led by President Olusegun Obasanjo in a statement by the Nigerian finance minister Alhaji Mallam Adamu Ciroma. Nigeria did not wish to continue with arrangements where only narrowly defined macro-economic considerations came into play. Nigeria will wait until the 2002 budget was finalized and then develop a serious, disciplined and credible program" (<http://www.nigeriaembassyusa.org>).

The statement speaks for itself and speaks the minds of the present government on International Monetary Fund (IMF) and other related issues. It is obvious, as recommended in this study, that every policy that will not serve the interest of Nigerians may need to be reviewed. The present government with this singular pronouncement has clearly opted in favor of socio-political considerations in Nigeria even though through IMF endorsement of Nigeria's economic policies as contained in their previous budgets is critical for its foreign debt relief.

Nigeria has already taken serious measures in debt rescheduling with the Paris Club, the deregulation of the pump price of petroleum products such as fuel, improvements in telecommunication services and growth in Gross National Products (GNP) to mention but a few. These steps could neither revamp the economy nor provide any feasible development in Nigeria.

In 8.15 of this study, some policy implications of the Structural Adjustment Programs (SAP) were indicated as problems rather than benefits to Nigerians. Similarly in 8.16 of this study some of the flawed global paradigms for public governance were also enumerated hence

the Nigerian government withdrawal from the global financial body. Nigeria's withdrawal from this body is a plus and certification of the recommendations and suggestions provided in this study. But unless the present Nigerian government begins to make inroads into detailed local initiatives, community economic empowerment through the underlying recommendations in this study by fronting sustainable, self-reliant local economic development (SSLED) programs. A mere withdrawal from the IMF may worsen the already existing ugly situation, therefore this withdrawal needs to be accompanied by a few local policy alternatives as pointed out in chapter nine of this study.

### **10.3 RECOMMENDATIONS FOR FURTHER RESEARCH**

It is useful to note at this point that not all aspects of the Nigerian perspectives on globalization were addressed in this study. In view of this, the following issues may be considered for further research :

- i. more localization policy options for Nigeria as an alternative development approach for income and employment creation; and
- ii. focusing on the "how to" factor in more sustainable self-reliant local economic development.

### **10.4 CONCLUSION**

From this study, attention can be drawn to the fact that the present and future governments in Nigeria cannot ignore globalization and its implications. Within the global context, the importance of socio-cultural dimensions and training at all levels of government and all

levels of the entire local community that constitutes the state of Nigeria should be addressed seriously. However, not much understanding or tolerance for the different cultures exist between the Nigerian ethnic groups and in public service circles in Nigeria. This is a problem that requires serious attention.

It is also important to note that citizen participation brings government programmes and governance nearer to the people. In view of this, another survival alternative to globalization programmes apart of localization should have to do with private-public sector participation. This will encourage the citizens hence the natural and human resources that belong to a nation will not suddenly disappear into the hands of a few capitalists in the name of privatization in private-public sector participation. Government is still in control of policies and programmes that would encourage local economic regeneration.

Every globalization policy and programme should furthermore be directly linked to the needs of the community in order to determine and deliver efficient needs – directed and cost-effective services.

Lack of proper awareness of government policy has led to a fragmented and uncoordinated approach to training. In addition, relatively low priority has been accorded to sensitizing the communities, resulting in shortcomings such as a lack of funding, and inadequate ratio of economic development in Nigeria, even with some global institutional donors.

The concept of the use of information technology in the Nigerian public sector has not be given a priority. Private sector organizations have

been the short and the long-run benefit in information technology, but the government has not. The significance of modern information technology to good governance and public administration and policy in the context of globalization is very apparent, as well, hence the good side of globalization cannot be ignored. The use of information technology however, raises some issues regarding their democratic implications, availability and accessibility. With more emphasis being put on citizen participation and localization economic programmes, attention should be focused on service clustering and regulatory reforms to see that the design and delivery of government programmes are oriented towards the citizens and not towards the needs of the public service. All these aspects will ensure that Nigeria, as a leading component on the African continent, will fulfill expectations to become a major role-player in an ever-increasing globalized world.

It is now clear to note that globalization is a threat to developing economies including Nigeria. Therefore, Nigeria should begin to encourage and make inputs to local initiatives. This will certainly ameliorate the effects of globalization on the people. The general recommendations in this study gave some imperatives to the world bodies that drive the machines of globalization programmes to rethink and modify their operations and laws so as to accommodate the poor countries effectively. Implementation of such modifications could prevent global protests in the future.

However, as long as globalization is dominated by economic aspects and by the spread of markets, it will put a squeeze on human development in Nigeria, in particular and the developing countries in

general. There is an urgent need for a new approach to governance, one that :

- i. preserves the advantages offered by the global markets;
- ii. will ensure sound economic localization, citizen participation more than citizen representation; and
- iii. will ensure that globalization works for the people and not for profit maximization as envisaged by developed economies and multinational co-operations.

It is in this respect that the idea of globalization as a panacea for Nigeria's economic woes is a doubtful prophesy. On the contrary, globalization represents perhaps the greatest economic threat to nascent democracy in Nigeria. A major way out is to pay much more attention to the key elements involved in planning for greater Sustainable, Self-reliance Local Economic Development (SSLED).

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