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Globalization and the Transitional Economy: Impacts and Effects on Africa Regional Growth

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Abstract

The increasing trend of international trade and investment are primary economic activities that serve as the engine of the world economic growth. We discover that the volume of goods traded in Nigeria since 1950 has tremendously improved as a reflection of lower tariffs. An increase in tariff by one country usually triggered retaliatory changes by trading partners leading to tariff wars with the attendant effect of less trade and employment inhibition. But with intense trade openness to the world, economic activities have witnessed a significant transition. The geographical spread of the growth has generated controversial debate. The paper is a discourse of globalization, and the transitional economy. It also reviews the definition of Globalization and examines the impact and effect of the transitional economy on the regional growth with particular reference to Africa, using Niger Delta in Nigeria as a case study. African countries, therefore, should rise to the challenges of globalization as the new Asian Tiger

Keywords: *Globalization, Transition, Economic Growth, Revolution, Culture*

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[redacted] is elusive, but account of [redacted] provide useful guide. History [redacted] earth was first circumnavigated [redacted] 1519 and 1521 which gave a tremendous expansion to European capitalism in the 16th century.

The establishment of the International Date Line and World Time Zones and the near adoption of the Gregorian calendar between 1872 and 1925 was a pointer to the above assertion. Also International Standards were also agreed for telegraphy and signaling. Fifty years before 1913, most globalization flow was from Europe – in particular Britain and Germany – to America, Australia and Canada.

Globalization can also be linked to the late 19th century, a period of huge expansion in world trade and investment. Though the expansion ended by the First World War and the bout of anti-free trade protectionism which brought the Great Depression in 1930.

However, the end of the Second World War ushered in great expansion of capitalism in which multinational companies became interested in producing and selling in the domestic markets of nations worldwide. Also, colonies' emancipation created a new world order. International business got an improvement with air travel and development of international communications. The internet development has provided an avenue for business organization on global scale turning the world to a global market. Instructive also in globalization is the fall of the Berlin wall and the collapse of Soviet Union.

The word globalization is a recurrent factor in professional conferences and symposia. But the actual meaning or a correct definition remains elusive as the background. It could be described as a primarily economic phenomenon that results to a fast increase in cross border social, cultural and technological exchange that diminishes geographical barriers with simultaneous sharing of communication, knowledge and culture around the world. There are well over 3,000 attempted definitions of globalization expressed in academic papers and books published on the subject.

Anthony (2005) states that globalization constitutes multiplicity of linkages and inter connection that transcend the nation states (and by implications the societies) which make up the modern world system. It defines a process through which event, decisions and activities in one part of the world can come to have a significant consequence for individual and communities in quite distant parts of the globe.

Globalization stands out for quite a large public spread across the world as one of the defining terms of late 20th century. In 1996, at a symposium held at the University of Pittsburgh, five distinguished scholars working on globalization were requested to examine recent development of functional subfields of globalization: finance, technology transfer, Transnationalism, multilateralism and regionalism. All the discussants expressed lack of definition for [redacted] could only address [redacted] question in their areas of [redacted] globalization define it as an [redacted] process that takes off after the [redacted] wall and the collapse of the Soviet [redacted] the cold war between the forces [redacted] and socialism with a triumphant [redacted] They see globalization as [redacted] towards a globalized economic [redacted] by supranational corporate trade [redacted] institutions that are not accountable to [redacted] processes or national government.

[redacted] the breath of the application of [redacted], the meaning remains obscure.

Armstrong (2008) explores this heavy current usage in a working paper for the Helen Kellogg Institute for International studies at the University of Notre Dame by analyzing four possible answers on what globalization is.

In this paper we would review the four (4) possible answers by Armstrong Matiu and others to examine impact and effect of the transitional economy on the African regional growth.

2.0 GLOBALIZATION: ANALYTICAL APPROACH

The following concepts give the fundamental analysis of the impact and effect of globalization and transitional economy Africa Regional growth

- Historical Epoch
- Confluence of economic phenomena
- Cultural hegemony
- Technological and social revolution

1.2.1 Globalization as a Historical Epoch

According to historians, globalization is a period of history rather than a sociological phenomenon or theoretical frame work. According to Onyuike (2001) the globalization project is historically specific and "grows out of the dissolution of the development project – the former supplanting the latter, although in the interest of accurate representation. The recent globalization could be said to have begun in 1970s, thus briefly over lapping the end of the cold war, which suggests that globalization began with two phenomena simultaneously.

Firstly, the introduction of Détente between the United states and Soviet Union , and secondly the breakdown of the "social contract" starting with Britain and later spread throughout the industrial countries putting an end to the "historic compromise". Globalization represents a transition to a new formulation about the terms and nature of work. It reinforces markets as institution while condemning unionism and welfarism as antiquated fiscal policy, as useful instrument of policy was rejected while promoting the significance of individualism at work expressed in diverse forms such as telecommuting and flex time.

Other historical interpretations date globalization from the end of 1970s based on the series of the event around that time. The effect on Western [redacted] oil crisis which led to a [redacted] of gross national product [redacted] rise in inflation rates; the [redacted] Thatcher in 1979, and Ronald [redacted] of whom attend a radical, [redacted] to what they characterized as [redacted] and economic lethargy – what [redacted] himself described as a “malaise”. [redacted] Kohl's election in the federal [redacted] Germany in 1982 though with milder [redacted] ,2004).

[redacted] as a Confluence of Economic [redacted]

Most economists view globalization as an intrinsically related series of economic phenomena. Amongst which are liberalization and deregulation of markets, privatization of assets, retreat of state functions (particularly welfare ones), diffusion of technology, cross national distribution of manufacturing production (foreign direct investment) and integration of capital markets.

Jeffrey G. Williamson,(2007) who was then the President of the Economic History Association, argued in his presidential address that globalization leads to convergence. He said that “the critical bottom line for me is whether the living standard gap between rich and poor countries fall over time, convergence implies erosion of this gap; at least in percentage terms. The data set turns out to be rather limited; confined to Organization of Economic Community Development (OECD) countries of European origin”(Fisher, 2001). Similarly, Armstrong (2008) argues “Along with globalization and competitiveness”. The theme of convergence has spilled over into public discusson of policies and prospects for developing Countries. “The overwhelming feature of modern economic history is a massive divergence in per capital incomes between rich and poor Countries, a gap which is continuing to grow today”.

1.2.3 Cultural Hegemony of Globalization

It is instructive that globalization directly or indirectly enables cultural control from developed nations to developing or underdeveloped Countries. This is in form of assimilation of political and economic institutions in the public sector and the “best business practices in the private sector”.

1.2.4 Globalization as technological and Social Revolution

This is an era of sharp contrast from industrial capitalism to a post industrial conception of economic relations. There is a revolution among techno-industrial elites, driven mainly by technological advances which render the globe a single market (Joseph, 2008).

3.0 OVERVIEW OF GLOBALIZATION

For over five decades, international trade and investment have been the engines of world growth. The volume of goods traded around the world has grown by sixteen times since 1950. Trade in services has greater growth. It has brought technological

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[redacted] and culture can now be [redacted] around the world. [redacted] big and small businesses, [redacted] of the Countries that [redacted] trade. It could be said that [redacted] unprecedented advances in [redacted].

[redacted], an economist, noted that at the end of [redacted], average life expectancy in the world [redacted], a quarter of babies died in their first [redacted] a quarter of adults could read and [redacted] today life expectancy is 67, only 6% of [redacted] die in the first year and more than 80% of [redacted] can read and write. (How the statistics apply to developing nation is relative).

Countries that are opened to world trade has witnessed significant growth. For example, China's opening to world trade has brought its growth from $1460 per head in 1980 to $4120 by 1999. In 1980, American's earned 12.5 times as the Chinese per capita. By 1999, it has dropped to 7.4 times as much as the American's earning.

- Since over 20 years, the stock of foreign direct investment assets has improved greatly.
- Trade as percentage of gross world product has risen from 15% in 1980 to nearly 27% today.
- Globalization boosted communication industry. The number of cell phone subscribers improved from 2000 to 1.8 billion which is 30% of the world population. Statistics shows that internet users will soon hit 1 billion.
- Economies most open to global trade enjoys higher levels of gross domestic product (GDP) growth. World Bank calculation shows that the top third of Countries with the highest export of GDP ratios; experienced the highest growth over the last two decades.

3.1 Impact of Transitional Economy on Regional Growth with Reference to African Economy

As good as globalization is, the positive impact and effects on regional growth is yet to be seriously felt. More than 100 largest economies in the world are corporations. It can be argued that World Trade Organization (WTO), the World Bank and the International Monetary Fund (IMF) open the world to the influence of transnational corporations. With IMF rules, it is difficult for nations to legislate stopping currency speculation from attacking their economy.

And the World Bank insists that nations to which it makes structural adjustment loans privatize government enterprises which are being witnessed currently in Nigeria. There is an obvious increase in poverty in developing Countries (Odili, 2001).

According to Naomi (2001)– a Canadian author, whose view is supported by many that Privatization and deregulation disadvantage the poor by pushing up the price of necessities, such as medicine, and push down the price of raw commodities.

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[redacted] not alleviate poverty or [redacted] development. Capitalism is [redacted] with profit maximization than [redacted] and production occurs through the [redacted].

[redacted] could be detrimental to regional growth [redacted] economies. It's good for developing [redacted] to establish certain conditions [redacted] policies, thereafter integrate trade [redacted] into an overall national development [redacted]. There should be sufficient level of competitiveness by local businesses and adequate [redacted] for developing Countries. Stanely (2001) also argued that intellectual property rights are a form of protectionism that disadvantage developing Countries; as Intellectual Property Rights Society(IPRS) increases the price of items; impede the transfer of technology to developing countries which is been witnessed in Nigeria in all the oil producing states.David (2001).

Helen (2004) a physicist, ecologist, activist, academic editor and writer, she asserts that IMF and World Bank Structural Adjustment Programmes are inflicting greater poverty on the poor, suggesting that free market policies inhibits regional growth.

Joseph (2008) an economist, academic author and former Senior Vice President and Chief Economist of the World Bank. He urges developing Countries to employ protectionist measures. He also viewed that the current international trade regime as being anti-development and detrimental to the developing Countries' interests. He argues that the TRIPS agreement is unbalanced, resulting in inefficiency and a monopoly of knowledge.

3.1.2 Culture

Globalization no doubt brings some integration of culture and changes which is an integral part of life. United Nation Economic, Scientific and Cultural Organization (UNESCO) report showed that World trade in goods with cultural content almost tripled between 2001 and 2008. What it implies is that care should be taken to avoid the erosion of traditional social relationships and family value of African Countries.

3.1.3 Techno-Political Growth

Transitional economy brought by globalization has little bearing on technological advancement of developing Countries. An intellectual property right reduces the transfer of technology in regional growth. However, the internet and technologies such as mobile telephone aided infrastructural development of developing country. Africa has witnessed a transition in information age.

3.1.4 Social

Globalization influences social relations. In developing countries, social responsibilities lack necessary attention in view of capitalism; with no significant improvement on labour standards. The social changes that accompany advanced industrialized nations did not exist among developing Countries.

[redacted]:

[redacted] a tremendous environmental [redacted] growth. To some extent there [redacted] contribution to environmental [redacted] through increase in income. On the [redacted], the process of industrialization is leading [redacted] warming and a deterioration of the [redacted] quality. The Niger Delta in Nigeria and [redacted] places are good examples. Developing [redacted] have been excluded from the Kyoto [redacted]. WTO makes it impossible to block the [redacted] in goods and services that are produced by [redacted]entally damaging methods.

In Nigeria, the environment is under serious threat and Environmental protection is imperative for economic development. This could be achieved by reducing environmental degradation and the promotion of economic growth and social values (Akinjide, 2001).

4.0 CONCLUSION AND OUTLOOK

Hardly is there any region that is unaffected by globalization. The transitional economy has impacted positively on some countries in an unprecedented way while others grow poorer. The United Nation Development Programmes(UNDP) 2008 Development Reports shows that, for over past 10 years, the number of people earning $1 or one US dollar a day increased from 2.55 billion to 2.8 billion people. The income gap between the 20% of the richest and poorest Countries has grown from 30 to 1 in 1960 to 82 to 1 in 1995, and by late 1990s the fifth of the world is people living in highest-income countries had:

- 80% of World GDP – the bottom fifth just 1%
- 82% of World export markets – the bottom fifth just 1%
- 68% of foreign direct investment – the bottom fifth just 1%
- 74% of World telephone lines, today's basic means of communication – the bottom fifth just 1.5%.

A free market does not address re-distribution of wealth. Large corporations invest in poor Countries for greater profits from low wage levels or because they can access their natural resources.

In as much as globalization has two sides of the coin; the interconnectedness of national economies globally now is a good check and balance against absolute dominance by a single State.

As a mind poser, African Countries should rise to the challenges of globalization as the new Asian Tigers. The Economist of July 29, 2006, listed the Asian Tigers' reserves as at June 2006 as follows:

China $925 billion ,South Korea $224.3 billion ,Taiwan $260.4 billion, India $156 billion, Singapore $128.7 billion ,Hong Kong $126.6 billion Malaysia $79 billion .

South Africa with a reserve of $1.5 million and Egypt $21.8 billion. They were the only African

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[redacted], the giant of Africa , has a [redacted]. The three African Countries [redacted] any of the Asia Countries [redacted]. Then, little wonder the [redacted] International Monetary Fund [redacted] financial institutions reduces the [redacted] of the African continent while the [redacted] powers are dominating in the [redacted] Institutions.

[redacted] fact that globalization may increase [redacted] in some Countries; instantaneous [redacted] responses without undermining social [redacted] is a good remedy.

If Asia is benefiting from the knowledge world in a transitional economy, Africa should and Nigeria can, which is inconformity with the saying that "the difference between scientific work and in the social sciences and the natural sciences is a difference in moral point of view; knowledge of experience requires the commitment of all senses.

Transitional economy has the potential to impact both positively and negatively on the environment development and environmental sustainability is necessary for sustainable development.

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