

THE EFFECT OF GLOBALISATION OF THE ECONOMY IN A DEMOCRATIC NIGERIA

Comrade Olaji.de Olufobi

Abstract

This paper examined the influence of globalisation on the management of the economy under democratic government in Nigeria. The study found out that since 1999, the people of Nigeria, especially the down-trodden masses have not been enjoying the dividends of democracy because of the onslaught of globalisation on our body politic. Our political leaders have jettisoned the ideology of mixed economy and replaced it with capitalism with serious consequences for the ordinary people of Nigeria. For example, their quality of life has deteriorated because government has drastically reduced its social commitment to the people. The paper concluded that, for democracy to survive in Nigeria, government should exercise restraints in implementing certain socio-economic policies which aid the spread of globalisation so that democracy itself shall not be seen as evil.

Introduction

Since independence, Nigeria's political economy has been based on the ideology of mixed economy. In fact, the constitution of the Federal Republic of Nigeria (1999), supports this when it states that: "the economic system should not be operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or of a group" (s. 160 (1) (c)).

The reasons for this are many, but one of the most important is, to ensure that the interests of the down-trodden masses are adequately protected by the government, so that they will have access to the good things of life, enjoyed by their wealthy counterparts.

Despite this important constitutional provision, the country is drifting rapidly towards capitalism under a democratic government that is expected to uphold the constitution. Privatisation, liberalisation and deregulation policies, which the Government has been implementing since 1999, are prominent capitalist policies, which will foster globalisation. These policies have serious consequences on the country and its people, especially the poor (Fall, 1997:2).

This paper focuses on the implications of the management of Nigerian economy on capitalist ideology which globalisation represents, and the danger it poses for the sustenance of democracy in Nigeria.

Definition of Terms Democracy

According to Price (1975:36), democracy is, "a system of government where the decisions on matters of policy and on the laws which are to put that policy into effect are made by the people themselves".

Democracy offers opportunity for the people to participate in government. In democratic societies, the electorate have the opportunity of choosing among various contending political parties and different programmes which these parties will put before them during campaigns. Political parties are also known for their ideological stance. When they win elections therefore, their ideological views reflect in the way they run the affairs of state.

Globalisation

Although, globalisation is a primarily economic phenomenon, involving the increasing interaction, or integration of national economic systems through the growth in international trade, investment and capital flows, we can also point to a rapid increase in cross-border social, cultural and technological exchange as part of the phenomenon of globalisation.

Kiely and Marfleet (1998:3) believe that globalisation refers to "a world in which societies, cultures, politics and economies have, in some sense, come closer together". Giddens (1990:64) defines globalisation as "the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa".

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Aluko (2003), believes that the idea behind globalisation is not new because it involves international contacts and exchanges which have always been common features of relationships among the peoples of the world. However, according to him, globalisation as it is used today, refers to the growing interactions in world trade, national and foreign investments, capital markets and the ascribed role of governments in national economies. While the ancient, medieval and the more recent international entrepreneurs depended largely on their national governments for support, sponsorship, financing, patenting and gun-boat diplomacy, today's globalises want to minimise or neutralise the role of government in their national economies. Globalisation therefore focuses on economic capitalism and world market power.

From the foregoing, we can define globalisation as the Western Powers agenda for the purpose of ensuring a complete and permanent subjugation and exploitation of the less developed countries in all spheres of life - economic, political, cultural, etc., so as to make them subservient for ever.

Economy

The term, economy, according to Whitehead (1988:1), is, "man's everyday business of providing the means of livelihood. Economics is the study of economies. Alfred Marshal defined \ economics as "the study of mankind in the everyday business of life." This definition draws attention to the fact that man provides for his everyday needs by means of a complex pattern of production, distribution and exchange.

The Nigerian economy will therefore refer to economic activities that take place within the , Nigerian territory. These activities will include methods of production and distribution of products , among the various groups in the Nigerian society as well as the role of government.

. Nigeria Before Globalisation Ideology

As from the beginning of the twentieth century, it became imperative that the state must . intervene in the economy in order to protect the interests of the citizens, especially, the underprivileged ones, to ensure their welfare and promote the economic development of the state. Thus, the state is expected to play an active role in economic activities and should not abandon the economic affairs to the private entrepreneurs. This explains the reason for the existence of public enterprises and utilities even in Britain and other countries in Europe, where capitalism has taken a firm root.

The myriad of socio-economic problems confronting the African states, especially at independence made government involvement in the economic activities of these states very necessary. For instance, colonialism did a lot of damages to these states in terms of development. The European colonialists were not interested in the welfare of the peoples of the colonies but only in what they could gain from those colonies. They plundered the resources of Africa (Rodney, 1981:224). The implication of this was that Africans lived a miserable life during colonial era and this made African political leaders to be determined not to allow further economic exploitation of their people either by foreigners or local *bourgeoisie* after independence. The intervention of the governments of these new states in the economic activities of their states therefore became imperative to ensure improvement in the quality of life of the African peoples. These governments embraced either socialism or mixed economy as their economic ideologies and implemented economic development programmes, aimed at promoting the well-being of their people (Aromolaran, 1980:91).

In Nigeria, the ideology of mixed economy was adopted and public enterprises were established for the following reasons:

First, to hasten and enhance economic development of the country by providing essential social services that would make life meaningful and worth living to the people. For instance. Electricity Corporation of Nigeria, which is now known as National Electric Power Authority was established to provide electricity, which is very essential for industrialisation and economic development.

Second, to reduce the rate of unemployment by creating job opportunities for the citizens through such enterprises.

Third, to make the masses of the people enjoy essential social services such as pipe-borne water, electricity and health care facilities, etc., by making such services available to them at highly subsidised rates. Thus, public enterprises providing such services were not necessarily established to make profits.

Fourth, to protect the citizens from exploitation by foreign and local unscrupulous entrepreneurs who might aim at making money at the expense of the poor citizens, and fifth, to avoid unhealthy competition among the entrepreneurs which might lead to confusion and wastage of scarce resources.

Sixth, to ensure that the security of the state is not jeopardised. For this reason, the constitution of

Nigeria forbids foreign and even local private entrepreneurs from being involved in economic activities that are considered strategic to the nation's development. These were reserved exclusively for the federal government (S. 16:1) (C & D).

Finally, to meet the needs of the country, especially in the areas where foreign or local entrepreneurs might not be willing to invest their hard-earned money. This is because such businesses would not yield profits within a short period of time, despite the fact that the businesses would require huge amount of money to establish. Examples are steel companies, electricity generation, distribution and supply, etc.

However, it is sad to note that despite the beauty of the idea of mixed economy, it is presently being jettisoned in Nigeria because of the onslaught of globalisation.

Democracy, Globalisation and the Nigerian Economy

The recent political trends in the world has led to a new world order which favours a globalised economic system, which the Bretton Woods institutions (IMF and World Bank) have been championing, for the past fifty years. However, this could not materialise until few years ago because of the ideological Cold War involving the two major super powers of the world, the United States and the Soviet Union. The Cold War prevented the spread of American values such as democracy, capitalism, human rights, etc., to all the nooks and corners of the world as quickly as the Americans would have wanted because they were forced to contend with the Soviet values such as revolution and socialism. The demise of the ideological Cold War, the disintegration of Soviet Union and the fall of socialist ideology in 1989 led to the replacement of US - Soviet bipolarism with US unipolarism. This has been manifesting in the way and manner US backed policies have been forced on developing countries all over the world (Legum, 1993:212).

The idea behind globalisation is basically to expand international investment in less developed and poor economies and enforce measures to restructure the economies towards more open and market oriented systems, with greater reliance on private sector businesses and less state direction of resource allocation for international trade to prosper.

As a result of the revolution in information technology, as well as the fall of the USSR, the entire world has been reduced to a global village and this has led to the lowering of trade barriers and openness in the conduct of business and affairs of states. Thus, nations of the world, especially, the developing ones, appear to have no other options than to do the bidding of the Western Powers by embracing certain policies such as democracy, privatisation, liberalisation, and deregulation among others, for the purpose of entrenching globalisation.

It will be recalled that during the Cold War period, democratic development was seriously undermined by the Western Powers, especially in the developing countries, because of the fear of the spread of socialism. They set up local puppet governments in these countries and maintained them. Examples were Presidents for life, Marcos, Suharto and Mobutu Sese Seko of Philippines, Indonesia and Zaire respectively (Chomsky,1993:89). In Nigeria, they preferred military rule to civilian rule. In fact, accusing finger was always pointed at Britain any time there was a military *coup d' e tat* in Nigeria (Olutobi, 1998:94). Today however, good governance, incorruptibility, the holding of multiparty elections at reasonable intervals, sustenance of democracy and protection of human rights are standards set by the Western Powers for all other countries of the world, Nigeria inclusive. They are all attributes of globalisation.

With the fall of the USSR, the Western Powers now have no opposition in implementing some of their policies, which help in stimulating globalisation. The first of such policies is IMF and World Bank loans. These loans, especially those that are given by the IMF attract certain

conditionalities such as increase in taxes, reduction in public sector expenditures, reduction in or outright cancellation of subsidies, substantial currency devaluation, etc. which are parts of the Structural Adjustment Programme (SAP). Other policy measures and key components of SAP which will bring about globalisation are rationalisation, commercialisation, outright privatisation of public enterprises and utilities, liberalisation and deregulation. They are all capitalist concepts and their implementation will help in creating new economic relations under which price system allocate resources (Olutobi, 2000:252).

Nigeria started to implement these policies in 1988 through Decree 25, promulgated by the military administration. However, the government at the time exercised great caution in the implementation of the policy measures of SAP, which in 1993, was just getting off the ground.

With the coming of the civilian administration in 1999, the programme received a boost and many of its policy measures are now being implemented and their effects being felt by the citizens.

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Effects of Globalisation on the Nigerian Economy and the Survival of Democracy in Nigeria

Globalisation has its advantages and disadvantages. It has a common feature, which it shares with many other projects embarked upon by man. For Nigeria however, its disadvantages outweigh its advantages. It is imperialists' agenda, designed for the purpose of ensuring that the developing countries are perpetually subjugated, economically and politically.

The fact that economic globalisation is driven by the desire to make money, poses a serious threat to Nigeria as a nation, as well as to Nigerians as individuals, especially the down-trodden masses. This is because the profit motive rarely takes into account the poor and the disadvantaged. For Nigeria as a nation, globalisation will widen the gap between her and the advanced nations. The fact that the country is presently under a heavy burden as a result of external debts to the IMF and World Bank is a clear indication of this. Besides, our relationship with the developed countries has never been and cannot be on equal terms. Globalisation will worsen the situation.

It has been said that through globalisation, trade barriers shall be removed, world's major financial markets shall be integrated and foreign investments shall come to our country and this will boost our economy to the extent that there will be jobs for our youths. This may be true. However, the nation will pay for this in many other ways.

First, there will be capital flight from Nigeria to the home countries of Nigeria's foreign investors in terms of profits they will make on their investments.

Secondly, our economy shall be dominated by foreigners and this may not be in the interest of the nation because the security of the nation may be at risk.

Thirdly, because of the economic interests of foreign investors in Nigeria, they will definitely begin to show interest in our politics by sponsoring political parties and candidates for elections. The result of this is that Nigeria's political leaders will be chosen from outside the country. This will jeopardise our sovereignty as an independent country.

Fourthly, local industries will suffer patronage and eventually die because they will not be able to withstand stiff competition from foreign industries. This will render useless, the idea of protectionism which has been helping local industries to grow over the ages in some parts of the world, like Africa, Asia, etc.

The down-trodden masses are already feeling the effects of globalisation in Nigeria. This is due to reduction in social commitment of the government which had led to increase in unemployment, loss of access to education, health care facilities etc. thus, their quality of life is already deteriorating.

On national politics, globalisation will further widen the gap between the rich and poor citizens because it is the rich that will be able to buy the public enterprises which are offered for sale by the government either for themselves alone or in collaboration with foreign investors. This category of citizens are already dominating the nation's politics. Thus, elections in Nigeria is for the highest bidders. This is what has led to the development of god-fatherism in our body politic.

Another effect of this is that it will lead to the under-development of the Nigerian politics because those who are poor are already losing interest in politics.

In addition, globalisation has brought about a dearth of quality leaders in Nigeria. Our political parties cannot be differentiated from one another because they are not based on any ideology as it used to be in the past. This is also affecting the output of our elected leaders.

Recommendations

It is important that Government should exercise restraints in implementing certain policy

measures of globalisation which may add to the sufferings of the people e.g. deregulation of the downstream oil sector, devaluation of the nation's currency, privatisation of public enterprises, etc. A democratic government should be seriously concerned with issues bordering on the economic well being of its people and should not leave them to the mercy of market forces.

In fact, the implementation of these economic policies constitutes a fundamental shift from the economic objectives entrenched in the constitution of the Federal Republic of Nigeria (1999) under fundamental objectives and directive principles of state policy (S: 16:1). Since the constitution advocates an economic policy which compels the Government to play an interventionist role and serves as catalyst for the nation's economic development, it is wrong for the Government to embrace globalisation and commence the implementation of its policy measures without first amending the constitution.

Conclusion

The fact cannot be denied that Nigerians, especially the poor are presently going through very difficult times. This is because the government has drastically reduced its social commitment to the people. This is in line with the dictates of globalisation. However, the fact that this is happening under a democratic government is a cause for concern, especially, when it is realised that the political party in government today did not make most of the policies being implemented now campaign issues during electioneering. Thus, the people may perceive politics as nothing but deceit and democracy as evil. If this happens, democracy may be endangered.

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