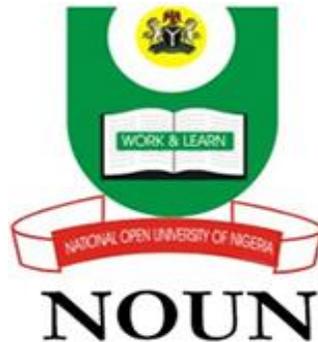


**COURSE  
GUIDE**



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**GLOBALIZATION AND ECONOMIC DEVELOPMENT  
DES 315**

**FACULTY OF SOCIAL SCIENCES  
COURSE GUIDE**

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## INTRODUCTION

Welcome to **DES 315: globalization and economic development**

**DES 315: globalization and economic development** is a three-credit and one-semester course. The course is made up of twenty units spread across fifteen lectures weeks. This course guide provides an insight to issues revolving around globalization and development and brings those who are beginning the study of climate change close to the frontiers of knowledge. It gives information about the course materials and how to work through it. It also suggests general guidelines on the required time to successfully achieve each unit aims and objectives. Answers to your tutor marked assignments (TMAs) are provided within the contents of the material.

### Course Competencies.

This course is on **globalization and economic development** and its impacts on present and future socio-economic development. The overall purpose of the course is to introduce the concept of **globalization** within a context of social, economic, geography and sustainable development. The topics covered include the concept of globalization, understanding development I and II, understanding the consequences of globalization and development

## Course Objectives

To achieve the aims of this course, there are overall objectives which the course is out to achieve though, there are set out objectives for each unit. The unit objectives are included at the beginning of a unit; you should read them before working through the unit. You may want to refer to them during your study of the unit to check on your progress. You should always look at the unit objectives after completing each unit. This is to assist the students in accomplishing the tasks entailed in this course. In this way, the student can be sure he/she has done what was required of he/she by the unit. The objectives serve as study guides, such that students could know if he/she is able to grab the knowledge of each unit through the sets of objectives in each one. At the end of the course period, the students are expected to be able to: what climate change means and the basic definitions and terminologies that are common. The student will thus:

- Understand the **Meaning of globalization**
- Understand Origin and theories of globalization
- Examine Globalization and commodification
- Apply the concept of Forces of globalization
- Construct knowledge Globalization and commodity chain
- Understand the connection between Meaning and concept of development
- Understand the Meaning of economic development
- Understand the link between Difference between development and growth
- Examine Unequal development – LDCs and DCs.

## Working Through this Course

To successfully complete this course, you are required to read the study units, referenced books and other materials on the course.

Each unit contains self-assessment exercises called Student Assessment Exercises (SAE). At some point in the course, you will be required to submit assignments for assessment purposes. At the end of the course there is a final examination. This course should take about 15 weeks to complete and some components of the course are outlined under the course material subsection.

## Study Units

There are 20 units in this course which should be studied cautiously and meticulously.

### **MODULE 1: THE CONCEPT OF GLOBALIZATION**

- Unit 1: Meaning of globalization**
- Unit 2: Origin and theories of globalization**
- Unit 3: Forces of globalization**
- Unit 4: Globalization and commodification**
- Unit 5: Globalization and commodity chain**

### **MODULE 2: UNDERSTANDING DEVELOPMENT 1**

- Unit 1: Meaning and concept of development**
- Unit 2: Meaning of economic development**
- Unit 3: Difference between development and growth**
- Unit 4: Measuring development**
- Unit 5: Unequal development – LDCs and DCs.**

### **MODULE 3: UNDERSTANDING DEVELOPMENT 2**

- Unit 1: Global Governance and Development Assistance**
- Unit 2: International finance for development**
- Unit 3: Foreign Aid and development in Africa**
- Unit 4: WTO and International trade**
- Unit 5: Role of international NGOs in development**

### **MODULE 4: UNDERSTANDING THE CONSEQUENCES OF GLOBALIZATION AND DEVELOPMENT**

- Unit 1: Negative and positive dimension of globalization**
- Unit 2: Transnational Corporations (TNCs) and development in Nigeria**

- Unit 3: Global Financial meltdown**
- Unit 4: Globalization and conflict/terrorism**
- Unit 5: Technology in the age of globalization**

Each study unit will take at least two hours, and it include the introduction, objective, main content, self-assessment exercise, conclusion, summary and reference. Other areas border on the Tutor-Marked Assessment (TMA) questions. Some of the self-assessment exercise will necessitate discussion, brainstorming and argument with some of your colleagues.

There are also textbooks under the reference and other (on-line and off-line) resources for further reading. They are meant to give you additional information. You are required to study the materials; practice the self-assessment exercise and tutor-marked assignment (TMA) questions for greater and in-depth understanding of the course. By so doing, the stated learning objectives of the course would have been achieved.

### **References and Further Readings**

For further reading and more detailed information about the course, the following materials are recommended:

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## **Presentation Schedule**

The presentation schedule included in the course material gives you the important dates for the completion of tutor-marking assignments and attending tutorials. You are required to submit all your assignments by due date. You should guide against falling behind in your work.

## **Assessment**

There are two types of assessments in the course. First is the tutor-marked assignments; and the second is a written examination.

In attempting the assignments, you are expected to apply the information, knowledge and techniques gathered during the course. The assignments must be submitted to your course tutor for formal Assessment in accordance with the deadlines stated in the Presentation Schedule and the Assignments File. The works you submit to your course tutor for assessment constitute 30 % of the total course mark.

At the end of the course, you will need to sit for a final written examination of two hours' duration. This examination will constitute 70% of your total course mark.

## How to get the Most from the Course

In distance learning, the study units replace the University lecturer. This is one of the great advantages of distance learning; you can read and work through specially designed study materials at your own pace and at a time and place that suit you best.

Think of it as reading the lecture instead of listening to a lecturer. In the same way that a lecturer might set you some reading to do, the study units tell you when to read your books or other material, and when to embark on discussion with your colleagues. Just as a lecturer might give you an in-class exercise, your study units provides exercises for you to do at appropriate points.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit and how a particular unit is integrated with the other units and the course as a whole. Next is a set of learning objectives. These objectives let you know what you should be able to do by the time you have completed the unit.

You should use these objectives to guide your study. When you have finished the unit you must re-check whether you have achieved the objectives. If you make a habit of doing this you will significantly improve your chances of passing the course and getting the best grade.

The main body of the unit guides you through the required reading from other sources. This will usually be either from your set books or from a readings section.

Self-assessments are interspersed throughout the units, and answers are given at the end of the units. Working through these tests will help you achieve the objectives of the unit and prepare you for the assignments and the examination. You should do each self-assessment exercises as you come to it in the study unit. Also, ensure to master some major historical dates and events during the course of studying the material.

The following is a practical strategy for working through the course. If you run into any trouble, consult your tutor. Remember that your tutor's job is to help you. When you need help, don't hesitate to call and ask your tutor to provide it.

1. Read this Course Guide thoroughly.

2. Organize a study schedule. Refer to the 'Course overview' for more details. Note the time you are expected to spend on each unit and how the assignments relate to the units. Important information, e.g. details of your tutorials, and the date of the first day of the semester is available from study centre. You need to gather together all this information in one place, such as your diary or a wall calendar. Whatever method you choose to use, you should decide on and write in your own dates for working breach unit.
3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their course work. If you get into difficulties with your schedule, let your tutor know before it is too late for help.
4. Turn to Unit 1 and read the introduction and the objectives for the unit.
5. Assemble the study materials. Information about what you need for a unit is given in the 'Overview' at the beginning of each unit. You will also need both the study unit you are working on and one of your set books on your desk at the same time.
6. Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the unit you will be instructed to read sections from your set books or other articles. Use the unit to guide your reading.
7. Up-to-date course information will be continuously delivered to you at the study centre.
8. Work before the relevant due date (about 4 weeks before due dates), get the Assignment File for the next required assignment. Keep in mind that you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the exam. Submit all assignments no later than the due date.
9. Review the objectives for each study unit to confirm that you have achieved them. If you feel unsure about any of the objectives, review the study material or consult your tutor.

10. When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to space your study so that you keep yourself on schedule.
11. When you have submitted an assignment to your tutor for marking do not wait for its return before starting on the next units. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also written on the assignment. Consult your tutor as soon as possible if you have any questions or problems.
12. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in this Course Guide).

## **Online Facilitation**

The course, Globalization and economic Development , will expose you to the understanding of globalization and the economy development, On successful completion of the course, you would have developed sufficient critical thinking skills with the material necessary for efficient and effective discussion on issues related to globalization and socio-economic development.

We wish you success with the course and hope that you will find it interesting and convenient.

## **Course Information**

Course Code: **DES 315**

Course Title: Globalization and Economic Development

Credit Unit: 3 units

Course Status:

Course Blub:

Semester: first Semester

Course Duration: 13 weeks

Required Hours for Study

## **Course Team**

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## **Module 1: THE CONCEPT OF GLOBALIZATION**

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### **MODULE INTRODUCTION**

- Unit 1:        Meaning of globalization
- Unit 2:        Origin and theories of globalization
- Unit 3:        Forces of globalization
- Unit 4:        Globalization and commodification
- Unit 5:        Globalization and commodity chain

## **Module 1 - Unit 1 Meaning of globalization**

### **CONTENTS**

- 1.1 Introduction
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  - 1.3.2 Dimensions of Globalization
  - 1.3.3 Political globalization
- 1.4 Economic globalization
- 1.5 Cultural globalization
  
- 1.6 Summary
- 1.7 References/Further Readings/Web Resources
- 1.8 Possible Answers to SAEs



## 1.1 INTRODUCTION

The world has entered a different phase, a phase or era that is quite different from every other ever known to humans. This era is the era of globalization, it is popularly depicted as the shrinking of the world. In this era, humans can interact on a greater level than ever, see each other, hear from one another, receive packages from one another as if they are together in same place however far apart, they may be. People may be in Nigeria and it appears as if they are in Baghdad or New York or Afghanistan, or even Japan. This is so in that news reports (from CNN, Al-Jazeera, etc.) of the most shocking incidents go around the globe in a matter of minutes and traveling from one part of the earth to the other is as easy as snapping one's fingers.

Globalization constitutes a limitless reality, it is beyond social, cultural, economic as well as political boundaries; its scope is the integration of the unique ways of thinking and customs of distinguished ethnic cleavages and world cultures. It is, nevertheless, a fascinating reality that stands contested irrespective of its certainty of progress and developmental import. From various corners of the world, the question raging on is, will globalization usher in equal development or has it created equal development for both the North and the South? Many are doubtful, especially Marxist scholars that it will lead to a more widening gap between the rich and the poor countries. Globalization is inevitable however the critical conjectures, as it has brought the world closer and transformed learning in terms of virtual learning, easy access to essential goods and services especially movement of medication, new startups businesses in the information and technological space, as well as the dynamics in the volume of trade etc.

The uncertainties surrounding globalization have led some analysts (especially in the Third world) to warn of the negative impacts it can have on the development of Third world countries. For instance, the whole world is now a global market, and everything has become a commodity, even education is a commodity. Americans/British can come to Nigeria and build a University and people will attend. But can Nigeria or Nigerians go to the UK or the US and build a University? Who will attend? These are the uncertainties, that even in a globalized market you are judged by international committees on the value of your products, trade or politics. Therefore, there tends to be a disparity even in the globalized world further creating and

reassuring the ‘fears’ of many about globalization. Hills (2003) posits that since the arrival of the concept, much concern resides mainly, in the fears of further polarization between countries of the North and those of the South. By countries of the North, we simply refer to those countries that are considered ‘Developed Countries’, whilst South depicts the ‘Developing Countries’.

This course will further provide the student the opportunity to comprehend multiple definitions of the concept of globalization and the dimensions of development the concept offers so that the student can be guided properly on making his/her decisions on the position to assume in view of the concept.



## **1.2 Learning Outcomes (LOs)**

At the end of this unit, you should be able to:

Explain the meaning of globalization

- Mention the dimensions of globalization
- Explain political globalization
- Explain Economic globalization
- Explain Cultural globalization



## **1.3 MAIN CONTENT**

### **1.3.1 Meaning of Globalization?**

Globalization is characterized totally by the integration of economies of the world through the machineries of trade and financial flow. The dominant actor here is the free market. However, to expand our knowledge on the meaning of globalization, we will quickly look at some definitions

of the concept of globalization. The essence of looking at multiple definitions is to afford the student the opportunity to have an understanding that globalization is not cast in stone, rather it means different thing to different people. According to Shahzad (2006) the term globalization is best defined as the expansion of economic activities across political boundaries of nations. By this definition, it simply means that globalization entails a process, and this process constitutes the integration and interdependence of economic activities between and among nations of the world. Baylis, Smith & Owens (1997) defined globalization as a process whereby social relations acquire relatively distanceless and borderless qualities, so that human lives are increasingly played out in the World as a single place. Although Baylis et al. definition seems rather to concern itself with social relationship between and amongst people, it goes further to sensitize on the fact that the relationship is now on a global scale without any limitation to the extent of interactions between individuals and nation states in terms of reach. On the other hand, Anthony Giddens (1999), defined globalization as a —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 versal. Giddens definition simply sees globalization as a set of processes which affects individuals at the level of their everyday lives irrespective of their location. According to Giddens, *'although everyone lives a local life, phenomenal worlds for the most part are truly global'* (Giddens, 1990 in Tomlinson, 1994:1). What transpires in Vietnam, a country mile away in Asia has a corresponding impact in Uganda and many more places.

According to Guillen (2001), globalization is a process leading to greater interdependence and mutual reflexivity among economic, political and social units in the world and among actors in general. From the above definitions it follows however that globalization is not just an appearance, neither does it just occur. It means thus, that it takes time and space, constituting a process in global development. Besides being a process, globalization is equally an interdependence, which signifies that there are actors. Hence, in this complex of interdependence there is the tendency of profitability. This profitability is also as a result of positioning and the construction of the right position via a policy framework. Globalization is beneficial, there is no two ways about it, yet there is also the tendency of unequal benefit. Naturally, the idea was that globalization would advance international co-operation and development between countries but the disparities it has created has led many to think less of it. Many have argued that today's migration is a response to the notion that the world is now a global village. Many have also

maintained that the unequal benefit associated with globalization is the cause of many young people seeking better opportunities in other European countries who are better positioned to benefit from the global market. This unequal relationship according to Brainard (2001) is responsible for the increased global terrorism, especially the September 11, 2001 terrorists attack in the United States of America as well as the proliferation of terrorism in the world today.

The argument is far-reaching, but the intent of globalization ordinarily, should be global cooperation that would warrant clear benefits for all and sundry. Even at that, many are still of the view that in the global age, relationship of trade and profits are however asymmetrical.

### **SELF ASSESMENT EXERCISE 1**

1. Explain the meaning of globalization.

### **1.3.2 Dimensions of globalization**

Globalization can be said to have three dimensions. These dimensions in other words simply means the scope of globalization, that is the areas for which globalization focuses on. These three dimensions are: Political globalization, economic globalization and cultural globalization. We will provide a succinct explanation of the meaning of each of these dimensions.

### **1.3.3 Political globalization**

According to Steger (2003) political globalization "refers to the intensification and expansion of political interrelations across the globe". This simply means the rise and expansion of the world political structure, whereby the authority of the nation-state is gradually less relevant in global decision taking. A key element of political globalization is the formation of other state actors like the United Nations and her agencies, World Trade Organization (WTO), International Monetary Federation (IMF), World Bank as well as non-governmental organizations (NGOs). These actors interact with other national governments and international agencies in defining possibilities and the directions the world should go. In many cases, political globalization undermines sovereignty as non-state actors in most cases are watchdogs over national governments. For instance, the United Nations agency – WHO (World Health Organization) has been the chief determiner of what constitutes the coronavirus pandemic and how countries should go about it. They had the political strength to label which drug is fake, poisonous or unacceptable in treating the novel coronavirus pandemic. Recall in the very recent time where WHO ridiculed and mocked Madagascar's invention of a local herbal remedy claimed to prevent and cure the novel coronavirus, stating that there was no evidence supporting its efficacy. In the final analysis, the argument is that globalization has relegated nation-state authority and significance in international relations to the background. While that is the case, there is also the argument that there is nothing of such in terms of relegation, that nation-states still hold sway in the scheme of things in international relations. According to Giddens (1999), the former relations of nation-state to nation-state is over as national political leaders have become rather less significant paving way for multilateralism where the United Nations and her agencies have the final say. In Giddens terms, the level of wealth possessed by a nation-state combined with military power is what determines the strength of influence a nation-state wields in the global political order.

### **1.4 Economic globalization**

The second dimension of globalization is Economic globalization. Economic globalization according to Shangquan (2000) can be defined as —the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services,

flow of international capital, wide and rapid spread of technologies. There are three factors that give rise to economic globalization as explained by Bottery (2003). One is the *increased mobility of capital* made possible by information technology. Secondly, the existence of *international bodies like the World Bank, IMF and WTO* who are responsible for the global facilitation of the flow and movement of capital and lastly, the influential role played by *Multinational or transnational corporations (TNCs)* across the globe especially in the developing countries. These TNCs are very large cooperation's with immense budgets larger than those of a nation-state and in many cases nations-state are unable to compete with them rather would resign to plead for the location of such corporation in their countries. For instance, over the years Shell Petroleum Development Company, a very influential TNC and a subsidiary of the Royal Dutch Shell Company has been a force in the economic development of Nigeria, creating employments, royalties, taxes and generally revenue incountry whilst sending back billions of dollars back to mother country. In many instances, nation-states must oil the wheel for these kinds of corporations to exist in their country by offering tax-breaks. TNCs are highly organized and have increased astronomically over the years having subsidiaries across borders of nation-states, expanding and reshaping global economic operations across boundaries.

### **1.5 Cultural globalization**

This is the third dimension of globalization we mentioned earlier. Thompson (2017:2) views Cultural globalization as —the rapid movement of ideas, attitudes, meanings, values and cultural products across national borders. This means that in this era, the era of globalization, the world has become shrinked, compressed into a monoculture (that is, one culture) where there is no disparity but a common way of life, where attitudes, values, meaning, cultural products plus ideas have converged and compressed into one common way of life. Thompson says this monoculture is reinforced particularly by the entertainment industry, of course the internet, international tourism, brands and the general global market. The emergence of globalization with attendant information/communication industry has shaped the tastes, perceptions and aspirations of people all over the world creating in them one desire – the desire to embrace the new way of life which entails online shopping, brands, fashion/clothing, pop culture, foods etc. Globalization acculturates, undermining one culture to the advantage of the other which essentially becomes

the dominant culture. Anthony Giddens (1999), in his book *Runaway World*, stated that globalization has changed people's culture to the extent they have to interrogate the authenticity of their own cultural behaviours. Giddens says globalization detraditionalizes people from their actual and particular cultural orientation, thus fixates them with new realities. By —Detraditionalization, Giddens means a situation where people question their traditional beliefs about religion, marriage, and gender roles and so on. Traditionally, most societies in Nigeria have their own marriage rites, religious rites and worship as well as belief systems. However, with globalization, there is the withering away of indigenous cultural affiliations and movement towards embracing globalized ways of life. The strong sense of —community in the African context is fast eroding and paving way for European/Western geoculture of individualism, communicated via music, videos, movies as well as cable television.

People in Africa now embrace 'sagging' as a new way of dressing and justify it. African women now artificialize their faces with 'MaryKay' to look like the Western woman, jettison their local dialects and speak via the nose like a foreigner, thus shifting away or detraditionalizing.

## **SELF ASSESMENT EXERCISE 2**

2. Mention and explain the three dimensions of globalization
3. What is detraditionalization?



### **1.6 Summary**

Globalization has been defined in different ways by different scholars. No matter how it is viewed globalization is characterized totally by the integration of economies of the world

through the machineries of trade and financial flow. Globalization is a process and is beneficial, yet with attendant flaws. The scope of globalization or its dimensions include: political, economic and cultural globalization.

In this unit, we have examined the meaning of globalization. We have defined globalization in different ways. We also discussed the various dimensions of globalization, which are: Political globalization, economic globalization, and cultural globalization. A key element of political globalization is the formation of other state actors like the United Nations and her agencies, World Trade Organization (WTO), etc. These actors play a critical role of being global watchdogs to national governments. Key to economic globalization is the presence of MNCs or TNCs, they give rise to the growing cross border trade between and among nations. On the other hand, cultural globalization entails the movement of ideas/customs etc towards a monoculture. Monoculture, which is reinforced mainly by the entertainment industry, internet etc.



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## 1.8 Possible Answers to SAEs

### Answers to SAEs 1

1. globalization is a process whereby social relations acquire relatively distanceless and borderless qualities, so that human lives are increasingly played out in the World as a single place.

### Answers to SAEs 2

1. **political globalization** "refers to the intensification and expansion of political interrelations across the globe". **Economic globalization** can be defined as —the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, flow of international capital, wide and rapid

spread of technologies. **Cultural globalization** as —the rapid movement of ideas, attitudes, meanings, values and cultural products across national bordersl.

2. **Detraditionalization** is a situation where people question their traditional beliefs about religion, marriage, and gender roles and so on.

## **Module 1 - Unit 2: Origin and theories of globalization**

### **CONTENTS**

- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
- 2.3 Main Content
  - 2.3.1 Origin of globalization
  - 2.3.2 Origin of globalization: The ancient perspective
- 2.4 Origin of globalization: Voyages of discovery
- 2.5 Theories of globalization
- 2.6 Summary
- 2.7 References/Further Readings/Web Resources
- 2.8 Possible Answers to SAEs



## 2.1 INTRODUCTION

This unit of the course is designed to equip the student with the historical antecedents of the origin of globalization as well as open up the student to some theories of globalization.



## 2.2 Learning Outcomes (LOs)

At the end of this unit, it is expected that the student should be able to

- give a brief explanation of the origin of globalization.
- explain some theories of globalization.



## 2.3 MAIN CONTENT

### 2.3.1 Origin of globalization

For centuries people have been moving and trading, trekking long distances to exchange their goods, customs and products. So, the movement of people, goods, services etc. across borders did not start today, it goes back to centuries. Meaning that globalization is not a nascent phenomenon on earth. However, there are various explanations as to when globalization began or started. Roland Robertson (1992) is of the view that the origin of globalization can be traced back to between 1875 and 1925. Others like Gilpin (1987) say globalization began at the end of world war two (WWII) with the coming of the nuclear age as well as the emancipation of the colonies and the renewed expansion of trade investment. Ortiz-Ospina & Beltekian (2014) maintain that, the world has experienced two waves of globalization – the first wave started in early 19th century and ended at the

start of the world war one, WWI. Whist the second wave originally began post WWII and is ongoing. Be that is it may, in this unit we will look at two trends or perspectives of the origin of globalization. The one is the ancient perspective, which tries to explain that today's globalization is derived from ancient global economy. The other is an explanation of globalization according to the voyages of discovery based on early invention of science.

### **SELF ASSESMENT EXERCISE 1**

Explain the two views of the origin of globalization.

### **2.3.2 Origin of globalization: The ancient perspective**

As earlier mentioned, globalization is all about trade and the internationalization of trade. Internationalization as a concept, refers to the geographic spread of economic activities across national boundaries. Trade across boundaries have started many years back, meaning that the history of globalization is not commonly a new phenomenon. Prior to today's globalized economy, ancient economies had existed, which of course dates back into the Stone Age. Prior to 3000 BCE, Southern Iraq already had what is popularly called city life and factors (temples and royal palaces) were in place as trading posts. Lewis and Moore (2009) explained that as early as this time, there was the evolution of private merchants who began to stretch their trade to Egypt, the Aegean as well as the Indus Valley, setting up family businesses that operated with other frontiers (like Kanesh and Hattusas), cities that constitutes present day Turkey and Syria. As trade increased, kingdoms began to sign treaties to protect local and foreign merchants.

In Tyre and Ugarit, ancient cities of Lebanon, the Phoenicians began trading in maritime capitalism. Markets began to increase and open up in the Mediterranean, Sicily, Malta and Spain, as private merchants and Naval officers ventured into the space. Just like the Phoenicians, Lewis and Moore (2009) recount that the Greeks also were involved in long distance trading setting up Palace economies managed by Kings and run by independent Merchants. According Lewis and Moore's perspective, the first entrepreneurial capitalist were the Greeks, because their modus operandi did not involve merchant princes rather their independent traders competed in foreign markets, thus shipped back cheap grains to their cities, this intense trading therefore compelled other indigenous farmers to adjust to internationalization of trade - globalization. Like modern day trade wars, Greeks were confronted and undermined by Persians, who integrated a vast empire and changed the structure of Assyria and Babylonia to theirs. With the required manpower which they possessed, they linked Europe to Asia and intensified cross border trade. With this linkage, India joined the trade bringing onboard strong governance framework to manage her own trading, likewise the Chinese whose model completely forbade private merchants or enterprise, rather the Chinese opted and operated a state-controlled economy.

At the other end of Eurasia, Rome was pervading and conquering territories to boost her trade. The Romans had a strong private business sector. Markets were of great importance to them, they governed their conquered territories and carried out trade on their own terms. Trade was common priority to all ancient and early societies, each had dominance of some sort, Syria and the Greeks were long-distance caravan operators whilst the Greeks and Phoenicians were basically exporters. India managed the sea route in the early global economy; whilst Parthia excelled in the overland route.

The emphasis of this perspective as Lewis and Moore stated, is that 'ancient global economy' by recent contemporary standards was quite imperfect yet was rather more wide-ranging than anything that existed before. In today's world of globalization, there is still asymmetrical trade relations between countries. For instance, that between Africa

and Europe, so it was then, there was extensive trade within the Roman Empire, The Indian Subcontinent and Han China than any other cities. This ancient perspective only revealed that globalization has come a long way, perhaps the distinction between yesteryears and today is the important role of information technology as well as the distinguished import of the Bretton Wood institutions (World Bank, IMF).

#### **2.4 Origin of globalization: Voyages of discovery**

Apparently, there is the understanding that globalization started with the voyages of discovery. Trade had been the focal point, as a result this brought people together. With the discovery of the compass, the voyages of Christopher Columbus eventually connected East and West leading to the discovery of America. The scientific discoveries of the late 16<sup>th</sup> centuries in the areas of physics, shipping, astronomy etc. enhanced further quest for the search for raw materials, and with the discovery of the steam engine and weaving machine, transportation of goods across distant borders had started in earnest. With this in place, the search for more trade intensified with the fast increasing and expanding market, which brought people together leading up to the establishing of empires – empires of trade. From these empires, global supply chains were set up with subjugated colonies that was basically based on forceful exploitation, leaving the awful legacy of the slave trade. In this legacy, Africans (both males and females) were traded as commodities and humiliated with fetters (chains or shackles), and at best; such a colonial economy was to the benefit of the colonialists leaving the colonies wrecked.

With increasing internationalization of trade and interdependencies amongst countries came a showstopper which undermined the growing frequency of globalization. This showstopper is what many authors have referred to as the World Wars. Vanham (2019) posited that globalization was handicapped with the start of the second world war, but that with the end of the second world war, a new beginning emerged with the rise of the global economy, thus globalization was further ushered in with the United States of America as the new hegemonic leader (meaning, dominant country). As Vanham stated, Globalization became really a global phenomenon with the end of the Berlin Wall or Iron

Curtain in 1989 aided by massive technological development. The volume of international trade and interdependencies increased astronomically, propelled further by free-market trade institutions like the WTO, European Union, IMF, and the World Bank.

### **SELF ASSESMENT EXERCISE 2**

Trace the origin of globalization using the voyages of discovery.

## **2.5 Theories of globalization**

In academic scholarship, there is no one single theory of globalization, rather, there are multiplicity of theories. The reason many writers have chosen to refer to globalization as a multidimensional phenomenon (Upali, 2017). Here, we will discuss some specific theories of globalization and not concern ourselves with the multitudes of theories. The student is expected to read further to have a wide coverage of the conglomeration of theories of globalization. We will discuss Liberalism, Marxism, Constructivism and Feminism.

### **1. Theory of Liberalism:**

Liberalism as a theory of globalization sees globalization as the inherent wishes and desires of man to embrace economic prosperity as well as political freedom. Rooted in Adams Smith's economic principles, it also stems from the Epicurean philosophy of happiness, desire to be free and happy as well as the willingness to explore, to achieve and quench dreams of freedom. Because, as economists would make us understand, humans are driven by economic desires, the drive to exploit and achieve material

wellbeing and to exercise basic freedoms provokes the restlessness for inventing and creating ideas that would sufficiently encourage the satisfaction of such liberty.

As a theoretical orientation, liberalism emphasizes the need to build and construct frameworks and, or institutions that strengthen internationalization and interdependence - in this case globalization. The desire to liberalize trade and economics is also the force behind the initiation of ideas of transformations to propel a free market trade and enhance it further through improvement in the service sector for effective delivery of the global economy. Liberalism supports free-markets trade and frowns at any political control or government intervention that could restrain freedom of market forces. This is what gives life to globalization in the form of privatization, lower taxes, market flexibility as well as resentment towards trade unionism (Simmons et al. 2006). Critics of liberalism have argued that liberalism is asymmetrical in the nature of its delivery as such does not sustain global peace inspite of its global economic drive. This is clear in the sense there are different strokes for different folks in the free-market system, as such globalization favour a few actors to the detriment of many more and this is riddled in the unbalanced power relations in the global economy.

## **2. Marxism:**

Marxism as a theory is rooted in the writings of Karl Marx. Marxism completely disagrees with the dictates of liberalism, which sees globalization as a derivative of human's desire to be free, trade freely and exists in a 'no-government control market' so that everyone can benefit. Rather, Marxism sees globalization as an extension of capitalist development of exploitation, that over time capital is principally motivated by the drive to conquer everywhere for its market. The search for raw materials, the search for cheap labour is what propels the dynamics of capitalism. In Marxian parlance, globalization is not a creation of man for the benefit of everyman, instead it happens as a result of the fact that borderless trade or global interconnectivity is an opportunity for profit making and accumulation of surplus value for capital. So, everything about globalization in terms of lower taxes, or tariff removal, no governmental control, improved communication and

information technology are all structures that serve the logic of accumulation of surplus value on a global scale. In globalization therefore, social relations of production (in this case, relationship between countries) is exploitative as the result will always be losers versus gainers. For instance, as globalization thrives, the volume of trade into developing countries from the developed countries will be nothing to write home when compared to what goes to the developed countries from developing countries.

Marxism have been criticized in several ways. Many opponents of the theory have contended that Marxist proposition of a society for all or a society where everyone should be equal or gain equally is completely unrealistic, since everyone works differently at different energy. Thompson (2016) posited that capitalism is not as exploitative as it were in the beginning, this has given so many people the opportunity to thrive in their own dreams in the global age as opposed to Marxist qualification of an exploitative social relations of production. According to him, many workers now own their own houses and shares in companies. Others have argued that Marxism is too much of an economically deterministic theory. This is so in that; Marxism contends that capitalism and globalization are determined by economic laws and the accumulation of surplus, rather than humanistic principles.

### **3. Theory of Constructivism:**

Globalization is viewed here as a socially constructed reality. That is to say that, social reality is shaped by the individuals experience which now gives meaning to the world he or she exists in. Peoples shared experiences is what gives meaning to how they see and visualize the kind of world they live in. In that case, the mental construction of reality is what empower meaning to a social world that is governed by social dynamics that arise from shared language, symbols and interpretations. This theory has its root in the works of John Dewey, John Bruner as well as Lev Vygotsky. The globalized world is a constructed reality that arises from the shared experiences of interactions on a global scale. The language and communications that form this world is co-created by not just an individual but the generality of consciousness, as well as through inter-subjective

communication with others. Conversation and symbolic exchanges lead people to construct ideas of the world, the rules for social interaction, and ways of being and belonging in that particular world that has its own social exchanges of ideas, music, language and art and is govern entirely by inter-subjectivism (shared consciousness). Unlike Marxism and Liberalism, this theory does not take into consideration the import of economics or environmental forces in determining social reality. Rather, it concentrates on the role of imaginations, mental consciousness, perception and language. Moreso, the theory completely dissociate itself from the issues of social inequities as well as structural divide in power relations as obvious in the Marxism. There is also no comprehension of the role of market forces, nor a free market enterprise in shaping the social world of existence with this theory, as such the theory can be considered to be totally out of this world.

#### **4. Theory of Feminism:**

Globalization is viewed here as the result of masculinity. The theory concentrates in the idea that the course of history and social reality is the resultant effect of sexism (the belief that one sex is superior to the other). That over the course of history it has always been the subjugation of women, and the new order (globalization), is but an extension of the sustained structural subjugation of women by men on a global scale.

The focal concern and apprehension of this theory lies in the fact that women have always tended to be relegated, muzzled and violated in global communication. That even with a global economy and an emphasis in information communication, the benefits accruable to women is infinitesimal and nothing to write home about.

Generally, the theory has been criticized to be an alarmist theorization and is founded on the grounds of caricaturing manhood. Some writers have argued that fundamental human rights are grantable and inalienable, but that political, economic and social rights are attainable rights, which women can and must attain on their own as such should focus energy rather than seeking equality in attainable atmosphere (Bisong & Ekanem, 2014).

### SELF ASSESSMENT EXERCISE 3

Mention and explain theories of globalization.



#### 2.6 Summary

Globalization has come a long way, and the belief is that it is not a new thing. There are different views as to the origin of globalization. In this unit we have concentrated on two of such – the ancient origin, which tries to explain that today's globalization is derived from ancient global economy. The other view we called, the voyages of discovery. This view explains the origin of globalization based on early scientific invention.

In this unit, we have viewed the origin of globalization from two perspectives – ancient origin and the voyages of discovery. We mentioned that there are many theories of globalization, but in this unit, we examined 4 theories – Liberalism, Marxism, Constructivism and Feminism. These theories explain globalization differently.



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### **3.8 Possible Answers to SAEs**

#### **Answers to SAEs 1**

1. In the view of The ancient perspective, Trade across boundaries have started many years back, meaning that the history of globalization is not commonly a new phenomenon. Prior to today's globalized economy, ancient economies had existed, which of course dates back into the Stone Age. Prior to 3000 BCE, Southern Iraq already had what is popularly called city life and factors (temples and royal palaces) were in place as trading posts. Lewis and Moore (2009) explained that as early as this time, there was the evolution of private merchants who began to stretch their trade to Egypt, the Aegean as well as the Indus Valley, setting up family businesses that operated with other frontiers (like Kanesh and Hattusas), cities that constitutes present day Turkey and Syria. As trade increased, kingdoms began to sign treaties to protect local and foreign merchant.
2. While in Voyages of discovery view, Trade had been the focal point, as a result this brought people together. With the discovery of the compass, the voyages of Christopher Columbus eventually connected East and West leading to the discovery of America. The scientific discoveries of the late 16th centuries in the areas of physics, shipping, astronomy etc. enhanced further quest for the search for raw materials, and with the discovery of the steam engine and weaving machine, transportation of goods across distant borders had started in earnest.

#### **Answers to SAEs 2**

1. Tracing the origin of globalization using voyages of discovery global supply chains were set up with subjugated colonies that was basically based on forceful exploitation, leaving the awful legacy of the slave trade. In this legacy, Africans (both males and females) were traded as commodities and humiliated with fetters (chains or shackles), and at best; such a colonial economy was to the benefit of the colonialists leaving the colonies wrecked.

### **Answers to SAEs 3**

1. Theory of Liberalism: Liberalism as a theory of globalization sees globalization as the inherent wishes and desires of man to embrace economic prosperity as well as political freedom. Marxism as a theory is rooted in the writings of Karl Marx. Marxism completely disagrees with the dictates of liberalism, which sees globalization as a derivative of human's desire to be free, trade freely and exists in a 'no-government control market' so that everyone can benefit.
2. Theory of Feminism: Globalization is viewed here as the result of masculinity.
3. The theory concentrates in the idea that the course of history and social reality is the resultant effect of sexism (the belief that one sex is superior to the other).

## **Module 1 - Unit 3: Forces of globalization**

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- 3.1 Introduction
  - 3.2 Learning Outcomes (LOs)
  - 3.3 Main Content
- 
- 3.1 Forces of globalization
  - 3.6 Summary
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  - 3.8 Possible Answers to SAEs



### **3.1 INTRODUCTION**

This unit of the course introduces the student to an understanding of the various forces that have propelled globalization.



### **3.2 Learning Outcomes (LOs)**

At the end of this unit, you should be able to:

Mention and explain the various forces of globalization



### **3.3 MAIN CONTENT**

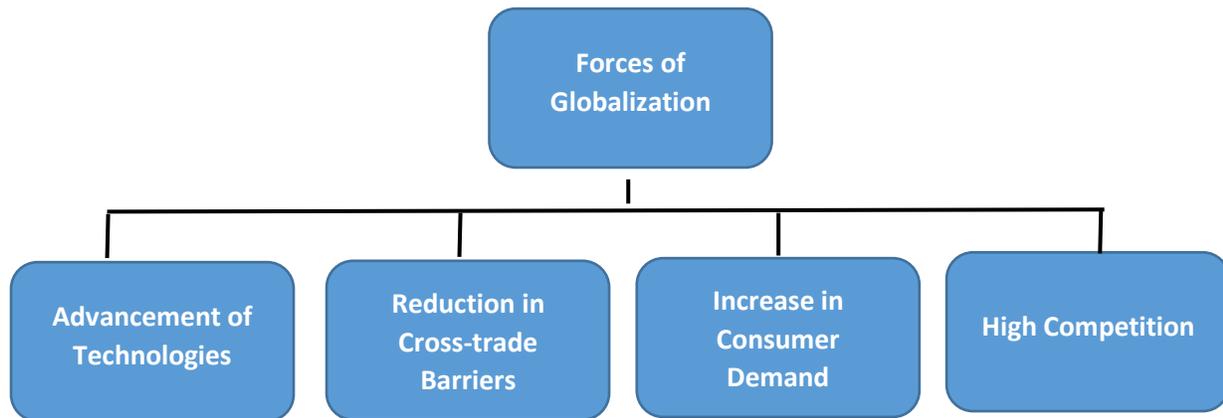
#### **3.3.1 Forces of Globalization**

We have stated from the beginning of this course that globalization is a process. As a process, it is driven by various variables. These variables are what we have chosen to call forces. In the natural sciences, particularly Physics, a force is considered any interaction that, when unimpeded, will change the motion of an object. Therefore, there are various forces that we will consider here that are the fundamental forces that have sustainably motioned globalization to a global scale. These forces are;

- Advancement in technologies
- Reduction in cross-trade barriers

- Increase in Consumer Demand
- and, high competition

These forces are graphically represented in the Figure 1 below. We shall consider each of these forces briefly.



**Fig. 1:** Forces of globalization.

### **A) Advancement in technologies**

This is one of the most critical forces that has shaped globalization. Prior to this time, the world had no idea of the power of technology to bridge the gap between countries, trade, travels etc. As early as the 1990s, improvement in telecommunications and information Technology (IT) has provoked notable changes in access to information and intensification of economic activities. This advancement in the development of technologies has underscored a corresponding growth of innumerable sectors of economies world-wide.

Besides this, the advancement in technology and enhanced communication system has enabled the exchange of goods and services, regardless of geography. It has led to the overcoming of many hurdles that confronted and undermined effective globalization in earlier times. By this very fact, technological advancement has generally underscored economic globalization.

## **B) Reduction in cross-trade barriers**

The movement of goods and services in and out of a country is usually controlled or restricted in many ways. These forms of restrictions often obstruct how market exchanges should be carried, and this was a major obstacle in early trading era. When countries place restrictions on the movement of goods and service or imports and export by means of tariffs, it is usually referred to as protectionism. Protectionism is practiced in many instances in order to protect local businesses from unfair competition as well as to enhance local economy. Practices such as protectionism limits the extent to which international trade is done and the volume of trade a country would allow. These factors crippled globalization in the past. David Ricardo, an economist of earlier years was critical of trade restrictions, but open to borderless trade without restrictions. He captured his ideas in the book he published in 1817, *On the Principles of Political Economy and Taxation*. Ricardo believed that free trade led to comparative advantage and would lower domestic prices of goods and services and at the same time better homegrown resources.

However, with increasing reductions in cross trade barriers across countries and by the government of many countries, signs of relief to free trade began to emerge. In very recent times, such absence of restrictions or free trade agreements (FTAs) have boosted the trade and the growth of economies, thus energizing globalization. In Nigeria, the Federal Executive Council ratified Nigeria's membership of the African Continental Free Trade Area (AfCFTA) on the 11th of November 2020. The African Continental Free Trade Area (AfCFTA) is an opportunity to increase and energize trade between and amongst African countries to boost revenue and economic growth for African countries. Essentially it was created to serve as a —single continental market for the free movement of goods and services within the African continent (Adebiyi & Osiadinso, 2019).

### **C) Increase in Consumer Demand**

Consumer behaviour in terms of increasing demand for goods and services is one of the leading forces that has really driven globalization. Consumers are well informed of the goods they desire to have and of course, the force of information communication has taken that awareness elsewhere. Improvements in the standard of living and corresponding increase in income of individuals and families, particularly lower- and middle-class incomes have spurred the demands for goods and services on a global scale.

Studies have shown that with increased income and awareness, consumers opt for goods and services in multiple ways. Visible amongst these is consumer behaviour such as ordering food in supermarkets/eateries or what is popularly called *Mcdonaldization* according to George Ritzer (1993), search for both comfort and unique experiences in new places, amazonization (that is the torrential buying of things online from Amazon).

### **D) High competition**

Another force of globalization is high competition. Businesses are always in competition to control the market or have a large customer base, and this is where creativity comes into play. Those organizations that optimize their processes and operations in many ways would have competitive edge over others. Many others suffer local market crisis, labour laws, and perhaps taxation related issues. Those with local competitive edge may deploy firm expansion whilst others who find the local market unfavourable adjust to firm relocation. As organizations relocate from one country to the other and gain market share, they export goods/services here and there expanding the global market as such boosting the global economy.

However, studies have shown that in most cases, the move for expansion or relocation for globality is but a gradual process and entails various documentation (Farrell, 2004), and is mostly challenging. In other cases, this gradual process that increases

internationalization of businesses comes with the opportunity of mergers and acquisitions as well as joint ventures. Where some organizations are failing or unable to compete as market becomes rather too competitive, businesses merge or are acquired for survival purposes and to diversify across geography. This optimizes business objectives leading to more productive capability, and improved market share, thus increased imports and exports of goods and services provoking international trade.

For example, in the United States, Anadarko Petroleum Corporation (APC) was acquired by Occidental Petroleum Corporation (OXY). It is believed that Anadarko was in serious debt and was struggling. The acquisition would open a horizon for OXY and grant the company a global footprint, thus improving her market share in the global petroleum market. In Nigeria, Access Bank merged with Diamond Bank to leverage their capacities and have a stronger footing and create competitive set up and influence the global banking community (Ndiomewese, 2020). In the end, these factors underscore globalization and the growth of the global economy.

### **SELF ASSESSMENT EXERCISE 1**

Identify and explain the forces of globalization.



### **3.6 Summary**

Globalization does not just happen, it is a process, and as a process there are combination of forces that give rise to it. These forces are - Advancement in technologies, reduction in

cross-trade barriers, increase in consumer demand, and, high competition. As technologies advance, it opens the highways of communication easing the relational gap. As a boost to globalization, countries begin to reduce barriers that once upon a time undermined trade. The advancement in technologies that have eased communication as well as the reduced barriers encourage a growing information conscious customer-base who engage in serious McDonaldization and Amazonization. In this, competitions arise, challenge of business survival leads to mergers and acquisitions that intensify business footings. Hence intensified internationalization of trade, which we call globalization.

In this unit, we have come to understand the meaning of forces of globalization as well as the various forces that give rise to globalization. These forces of globalization are: Advancement in technologies, reduction in cross-trade barriers, increase in consumer demand, and, high competition. These forces contribute to the development of globalization in their own ways.



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### **3.8 Possible Answers to SAEs**

#### **Answers to SAEs 1**

1. Advancement in technologies: This is one of the most critical forces that has shaped globalization. Prior to this time, the world had no idea of the power of technology to bridge the gap between countries, trade, travels etc. As early as the 1990s, improvement in telecommunications and information Technology (IT) has provoked notable changes in access to information and intensification of economic activities.

2. Reduction in cross-trade barriers: The movement of goods and services in and out of a country is usually controlled or restricted in many ways. These forms of restrictions often obstruct how market exchanges should be carried, and this was a major obstacle in early trading era.
3. Increase in Consumer Demand: Consumer behaviour in terms of increasing demand for goods and services is one of the leading forces that has really driven globalization. Consumers are well informed of the goods they desire to have and of course, the force of information communication has taken that awareness elsewhere.

## Module 1 - Unit 4: Globalization and commodification

### CONTENTS

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Main Content
  - 4.3.1 globalization and commodification
- 4.4 What is a commodity
  - 4.4.1 **What is commodification?**
  - 4.5 **How does globalization enhance commodification?**
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to SAEs



### 4.1 INTRODUCTION

As globalization intensifies, concentration and focus is now on buying and selling. In the global economy, everything has a price tag and is designed for exchange. This unit discusses globalization and commodification.



### 4.2 Learning Outcomes (LOs)

At the end of the unit, the student should be able to,

- explain the meaning of commodification

- explain how globalization enhance commodification



## **4.3 MAIN CONTENT**

### **4.3.1 globalization and commodification**

As we have come to understand in this course, globalization entails the internationalization of trade. That means economic integration across borders, underscored by a global market where ideas, technology, capital, people, culture etc., all integrate. Globalization comes with a mind-set for trading or buying and selling, as such the language of the globalized economy is the marketplace. In the market, what is obtainable are commodities which people come, negotiate and eventually purchase. The question then becomes, what is a commodity? What is commodification? And how does globalization encourage and enhance commodification?

### **4.4 What is a commodity**

A commodity is anything that has placed value. By that we mean that such a thing has a price tagged on it. For example, a hand phone (Infinix hot 10, Techno spark 4, etc.), a loaf of bread, shoe or a dress has a price tag. This is easy to understand, when you go into a supermarket or a market as it were, every item that you see has a price written on it. That price is the value or worth of that commodity. Meaning that, a placed value is the worth of a commodity in the market for the purpose of being traded, sold or for exchange. Classical economist like David Ricardo and Adam Smith believed that the exchange of a commodity corresponds to the amount of labour it takes to produce such a commodity. Karl Marx viewed commodity as something mysterious. According Marx, commodities are mysterious things in which the social character of human labour appears to be an objective feature of the product of that labour (Singer, 1980). In other words, as George Ritzer explained, that by interaction in capitalist society people produce various products or commodities and eventually lose sight of the fact that they originally produced these

commodities. In view of the exchange of a commodity as portrayed by classical economists, Karl Marx is of the view that, classical economist like Ricardo and Smith only succeeded in providing insight as to the workings of alienation in a capitalist society. By alienation we mean to separate, isolate or estrange a person from something. The concept was coined by Karl Marx to mean that, by reason of existing in a capitalist society, people are isolated from the products of their labour.

### **SELF ASSESMENT EXERCISE 1**

Write short notes on the following,

- i. Commodity
- ii. Commodification

#### **4.4.1 What is commodification?**

Now that we have understood the meaning of a commodity, it will be important to also know the meaning of commodification. Any act that commodify a commodity is called commodification. To commodify is, when anything other than a commodity is viewed monetarily for exchange. According to Akpadurai (1986:3), commodification is "anything intended for exchange". Therefore, in a sense, commodification is the transformation of something that has no economic value gains into economic gains. For instance, religion ordinarily, before now had no economic value. It was commercially untainted (no monetary value attached), and all that there is, was going to church and hearing the word of God. Today, religion has been commodified, and the social relationship between people to that effect has been strained. People kill to be the church leader or owner or to be the financial controller of the church. That initial holy relationship has experienced commodification. As an academic concept, commodification

simply means commercialization. If I construct a fishing net for myself, then it has no place value, so it is not a commodity because it is for my personal use and not for sale. If on the hand, I construct a fishing net and decide it is for sale, then the fishing net has been commodified. In essence, I have commercialized the fishing net I constructed at home and is therefore a commodity.

### **SELF ASSESSMENT EXERCISE 2**

Explain the concept of commodification?

#### **4.5 How does globalization enhance commodification?**

As we have explained, the concept of commodification is tied to exchange. That is, to transform a thing that has no monetary value to one that does. Such exchange or transformation occurs when things that were earlier not traded in the market, become commodities for exchange. Globalization is reinforced by the marketplace. Globalization as a process occurs based on trade, and availability of market for such trade. In other words, globalization is all about exchange of commodities. Marxian scholars are of the view that globalization is but an extension of capitalism, and social relations in a capitalist society is based on the exchange for value and exploitation. In the globalized society, commodity relations is now the order of the day, and the entire globe has embrace this relationship of commodification.

In this course we have learnt that globalization is beneficial. Through its efforts of commodification, globalization has tended to off-set poverty and create an environment for prosperity. Traditional agriculture which ordinarily rested on domestic consumption

in low-income countries, has in this era of globalization experienced commodification or commercialization. In this way, it means that domestic consumption-based agriculture is patterned towards mechanized system that would intensify food production in such lowincome countries and enhance food security, providing access to a wide range of actors in the value chain, thus leading to employment opportunities. Through such processes of increased employment opportunities, agricultural communities can now begin to increase their income levels and experience faster growth opportunities. In this light, commodification is entirely transformational and beneficial. Otherwise, one would be forced to say that such commodification has tended to destroy traditional value system of farming or agriculture which was strictly domestic consumption based.

The world has tended towards a global village, and everything is viewed as a commodity. Globalization has offered so much to this new world but on the basis of exchange for value. As stated, globalization has come with improved quality of education and access as well, but on the strength of commodification. The value attributed to traditional education has gone to the marketplace. The dialect of traditional education is now the language of the marketplace. Education has become a merchandise and of course, a commodity (Alexander, 1996). In the globalized economy, bachelor's degrees, Masters and PhD Degrees are all products with placed value. Although the internationalization of education is beneficial to both the students as well as the home country from where the students come from. However, in terms of the exchange value, it is even more beneficial to the receiving country, in this case the merchant country. The US Department of Commerce stated that in 2015, international students studying in the US contributed over \$35.7 billion to the U.S. economy, and another \$45.3 billion in 2017/2018. In this way, the commodification of education also enhances employment, because much of such funds is also used by the US government to create increased employment opportunities for her population and build infrastructures.

Football, beyond entertainment is a commodity in the era of globalization and the labour of young men and women are being traded on a daily basis. Meaning that, skills have

become things that can be bought and sold. Each European country's football league is a multi-dollar industry. And beyond the playing on the field, a lot of commercialization takes place with regards to the various souvenir. Whilst skills have become a commodity, this commercialization or commodification has assisted so many people come out of poverty, especially young men and women from the developing countries. Their skills are commodified, and the monetary exchange is beneficial to both themselves, families as well as their countries of origin. The likes of Yobo, Okocha, Kanu Nwankwo, Victor Ikpeba, etc. are some of the Nigerian players that their commodified skills brought them fame, wealth and prosperity to their general families and friends. This is how globalization enhances commodification.

Now, as we have mentioned here, commodification is beneficial but also has its drawback. In a critical Marxian perspective, commodification is linked with the adverse effects of globalization. It is believed that commodification undermines local cultural values by integrating it into the global economy. The globalization of commodification has the short coming of undermining individual agency (that is, capacity to act and make one's own choice independently) making the individual in question to be unable to resist global market temptation.

### SELF ASSESMENT EXERCISE 3

Explain globalization and commodification



## 4.6 Summary

Commodification as a concept is tied to exchange. When something that has no economic value is transposed to have economic value, commodification has taken place. Simply put, commodification is commercialization. In the global age, trade is key, and the marketplace is central. Globalization transforms simple things and qualifies it in monetary terms, thus giving it an economic value in the global economy. Globalization encourages commodification in different ways, that are beneficial and that are also considered negative.

In this unit we have been able to understand the meaning of a commodity as well as commodification. It is clear from this unit that globalization enhances commodification, and commodification as a concept is also known as commercialization. Commodification has its benefits and has its downsides.



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#### **4.8 Possible Answers to SAEs**

##### **Answers to SAEs 1**

1. A commodity is anything that has placed value. By that we mean that such a thing has a price tagged on it. While commodification means when anything other than a commodity is viewed monetarily for exchange.

##### **Answers to SAEs 2**

2. The concept, commodification simply means commercialization. If I construct a fishing net for myself, then it has no place value, so it is not a commodity because it is for my personal use and not for sale. If on the hand, I construct a fishing net and decide it is for sale, then the fishing net has been commodified. In essence, I have commercialized the fishing net I constructed at home and is therefore a commodity.

##### **Answers to SAEs 3**

3. globalization entails the internationalization of trade. That means economic integration across borders, underscored by a global market where ideas, technology, capital, people, culture etc., all integrate. commodification is the transformation of something that has no economic value gains into economic gains.

## Module 1 - Unit 5: Globalization and commodity chain

### CONTENTS

- 5.1 Introduction
- 5.2 Learning Outcomes (LOs)
- 5.3 Main Content
  - 5.3.1 Globalization and commodity chain
- 5.4 The value chain model
- 5.5 Advantages and Disadvantages of a Globalized commodity chain (GCC)
  
- 5.6 Summary
- 5.7 References/Further Readings/Web Resources
- 5.8 Possible Answers to SAEs



### 5.1 INTRODUCTION

With globalization, the world is now a global village with an integrated economy. Meaning that all the benefits that accompanies globalization should be shared and enjoyed by all. These benefits should not be localized, rather it should be spread on a value chain, so that everyone on that chain can have access to the largess that comes with the production of a commodity. In unit 4, we discussed globalization and commodification, where we also discussed the meaning of a commodity. In this unit, we will focus on globalization and commodity chain.



## 5.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to;

Explain the meaning of commodity chain.

Understand the relationship between globalization and commodity chain



## 5.3 MAIN CONTENT

### 5.3.1 Globalization and commodity chain

Productive capacity in a globalized economy is not domiciled in a place, because such production is for internationalization purposes. Remember in unit 2, we said that internationalization as a concept simply means, the geographic spread of economic activities across national boundaries. Big businesses in the global economy have their products/commodities produced at every stage in different places, and there are actors that participate in these productive phases per time benefiting from that chain. This is the commodity chain. So, what is a commodity chain? As defined by Hopkins & Wallerstein, (1986: 159) commodity chain is '*a network of labour and production processes whose end result is a finished commodity*'. That is to say that commodity chain is a process which firms/organizations utilize to secure resources, alter these resources into commodities or goods, and eventually distribute to the public domain or consumers. Before a commodity becomes a finished product, it goes through various productive channels (design phase, packaging, marketing and delivery) and from there it gets out to the marketplace where exchange is monetized. To put it in a different way, commodity chain is simply *outsourcing*. Overby (2007) posits that outsourcing means, contracting out a business function, which is usually processed internally to an external source. At each phase of the value chain – design, packaging, marketing, delivery, organizations usually decide which of the value chain to focus on and which to outsource to others to

execute for them. Example of an ideal commodity chain is the rice production company, as shown in (Fig 1.) there are various levels of the chain and at each level of the chain multiple actors can deliver value for the organization creating efficiency and impacting largely on others. Thus, creating employment opportunities for diverse demographic group, hence wealth.

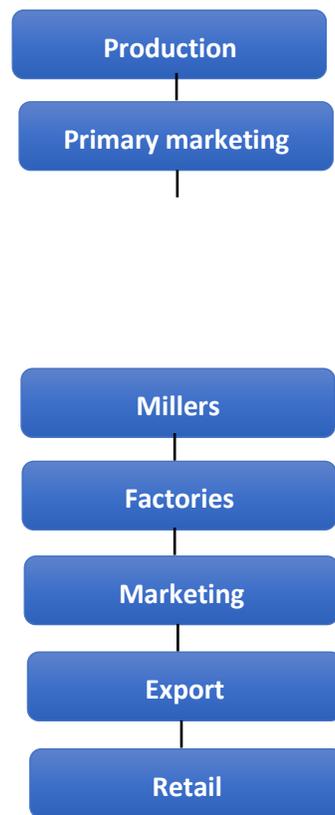


Figure 2: Flowchart of a commodity chain. Source: Bockel & Tallec, 2005.

#### 5.4 The value chain model

Since globalization signifies borderless world, it becomes a fact that economic activities must not be concentrated only around production but should follow a value chain perspective (Gereffi et al. 2001). Michael Port (1985) proposed the value chain perspective or what we are considering here as commodity chain. His framework was basically to empower other small businesses from the less developed countries through a

value chain system that could be beneficial. Indeed, in line with globalization, internationalization of trade is huge and in many cases businesses in the less developed countries as Michael Port assumed may not have access to the global market as such would lose out in the equation. The idea of the commodity chain framework is not for businesses in the less developed economies to sustain small market deliveries but to gain access into the larger international market and catch in on the value chain of supply, manufacturing, retails, advertising, etc.

As globalization intensifies, global economy becomes borderless as such big players in all sectors of the global economy cannot do everything by themselves. So, they have to outsource certain activities to other vendors or companies to action and deliver value. This is the opportunity for firms in the developing countries to gain access and provide such services, thus improving their capital base back home and gaining access to development. Globalization is meant to benefit all and sundry and lead to development, the value chain or commodity chain model avails such opportunity to firms and organizations in developing countries to scale up.

### **5.5 Advantages of a Globalized commodity chain (GCC)**

- Globalization brings far away world near. It provides the opportunity for businesses to engage and secure a diverse selection of workers, materials, and products from far away regions. That is workers in Nigeria can be recruited to work in Belgium or France or anywhere else, likewise raw materials.
- Through the internationalization of trade, opportunities exist for outsourcing as globalization makes possible a wide range of goods and services. For instance, a Nigerian banana farmer can be in the supply chain of delivering his or her products to a banana juice making company in Oklahoma and benefit from the GCC.

- Globalization comes with improvement in information and telecommunication industry, through efficient means of communication, globalization simplifies interface between and amongst business owners, vendors, and customers and this facilitates the opportunity to reach new markets as well as customers globally.

### **Disadvantages of Globalized commodity Chain (GCC)**

- As firms get engaged in the global value chain, everything about such organization in terms of material capacity, customer base, factories will become global, and this is risky because such a firm is at the mercy of global events. At the global level it is action and reaction, world events (natural disasters, airports shutdown or closures etc.) can quickly undermine an organization just entering the global chain and render it under. For instance, the global Covid-19 pandemic has seriously undermined many firms in Africa that had gained access into the global market, particularly in the service and tourism industry. These companies eventually shutdown unable to pay workers or service their rent.
- In the globalized commodity chain, there is the risk of increased competition. As businesses venture into the global space or new markets as it were, the market is highly infiltrated with firms competing to access the same suppliers or producers. These firms or organizations will have access to same facilities. This then provokes the drive for efficiency and to be as lean as possible on grounds.
- Operating in the global economy or in the borderless market entails functioning across multiple countries that operate divergent legal systems, this can be very challenging for firms and organizations from developing countries. They may face legal issues that could be quite exorbitant and complicated.



## 5.6 Summary



## 5.7 References/Further Readings

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## 5.8 Possible Answers to SAEs



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## **MODULE 2 - UNDERSTANDING DEVELOPMENT 1**

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### **MODULE INTRODUCTION**

- Unit 1:       Meaning and concept of development
- Unit 2:       Meaning of economic development
- Unit 3:       Difference between development and growth
- Unit 4:       Measuring development
- Unit 5:       Unequal development – LDCs and DCs.

## Module 2 – Unit 1: Meaning and concept of Development

### CONTENTS

- 1.1 Introduction
- 1.2 Learning Outcomes (Los)
- 1.3 Main Content
  - 1.3.1 Meaning and concept of Development
  - 1.3.2 Objectives of development
- 1.4. Theories of development
- 1.5 Sustainable development
  - 1.5.1 The 8 MDGs
- 1.6 Summary
- 1.7 References/Further Readings/Web Resources
- 1.8 Possible Answers to SAEs



### **1.1 INTRODUCTION**

Development is not merely a concept; it is all about change and it has antecedents. This is so because the whole aspect of life has been that of change. From Darwin's evolutionary theory to Marx's revolutionary theory, it has always been about change. Society is constantly changing, from development to sustainable development, change is inevitable, and that change should reflect in the life of man and improvement of his entire living condition (as used here, man means human being – men and women). The issue of development rose after the second world war, WWII. People were asking why is Africa not developing? why has Capitalism not conjured up change in Africa? All these and many more led to the various theorizations of development in hope of offering not just an

opportunistic answer but perhaps something justifiable. In Module 1, we were focused on comprehending the meaning of globalization and associated concerns. In this Module and of course unit we will take our attention to the concept of development and attempt to demystify certain concerns around it. As well as introduce the student to the concept of sustainable development, which today is clearly a buzz word in the development parlance.



## **1.2 Learning Outcomes (Los)**

At the end of this unit, you are expected to be able to;

- understand and explain the concept of development
- mention and explain the objectives of development
- explain the theories of development
- explain the meaning of sustainable development



## **1.3 MAIN CONTENT**

### **1.3.1 Meaning and concept of Development**

Concepts are very fundamental in academics theorization as they help in imagination of reality. Concepts are defined as abstract ideas or general notions that occur in the mind, in thought or speech (Armstrong et al. 1999). They help and are very important and are critical building blocks of human thought process and beliefs (Armstrong et al. 1999; Carey,1999). Concepts helps the natural or social scientists in the scientific or social construction of reality. Development as an abstraction or concept is what social scientists imagine human existence should be and look like. This construction of imagination provides the assurance of molding society towards its original state to reflect on

humanity. Development is not a construct but a concept and as a concept development ordinarily entails improvement in the wellbeing of mankind. Subsequently, whenever the concept is mentioned, the student should get an idea that all development involves or portends, is ‘improvement’ in the life of man. Although as a concept, there are many conceptualizations from both academia and social commentators. In spite of the myriads of conceptualizations, the understanding is about the meaning of development to man.

The concept of development is viewed differently by different scholars, writers and authors. Attempts to define the concept has led to more confusion than one could possibly imagine. To Ghandi, development is the realization of the human potential. To Frank and Michael Todaro, development hinges on social justice and satisfaction of humanity. To Professor Adebayo Adedeji, the ultimate purpose of development must be the development of man and his society (Olaopa, 2018). To that extent, development should not be seen as capital accumulation (acquisition of wealth only) but should translate to fundamental changes in the structure of society and the economy. Walter Rodney (1972:10), sees development as an attempt by a group to increase jointly their capacity for dealing with their environment, dependent on the extent to which they understand the laws of nature. Meaning that the potential for development is not just domiciled in one society, rather is inherent in all human society. Anikpo (1984) says the only difference between such a society and another in the light of development is the degree of their technology.

This is a fact that technology contributes to development. We discuss this earlier in the previous Module where we said that globalization of this era is differentiated from the ancient times because of the impact of technology. On the other hand, Okodudu (1993) conceives of development as a —fundamental effort by people or a society to come to grip with the imperatives of their environment (Nduonofit, 2012). This definition is similar to Professor Mark Anikpo’s, who qualified development as the —continuous efforts to improve living standards and conditions through application of groups cultural

means, which includes their productive forces in the widest sense (Anikpo, 1984:35). By productive forces we mean the tools and machines, etc. used for working. It is a term coined by Karl Marx to mean the combination of human labour power and the means of production, these means are the equipment, tools, machines etc. as already mentioned.

The United Nations Development Programme (UNDP), uses a more detailed definition of the concept. They view development as, to lead a long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living and to be able to participate in the life of the community. Some definitions of development tend to see development as economic growth. Adedeji insist that development must not be viewed from such perspective for it only translate to determining development in terms of gross domestic product (GDP). We shall come to discussions that covers GDP as we go along in the Module. According to Sen (1999), development is about creating freedom for people and extricating them from the various challenges to their liberty. Freedom or liberty empowers people to be strategic in determining their own future.

Challenges to liberty, and generally to development, include poverty, corruption, poor governance, lack of economic opportunities, lack of health or access to healthcare and lack of education. All these reasons underscore the United Nations position that the concept of development, over the years has changed and has become a multidimensional concept that requires a multidimensional approach in order to accomplish higher quality of life that is sustainable for all people. A sustainable higher quality of life in this case, is therefore not a singularity of purpose but is and can be made possible where economic, social and environmental components are pursued non-exclusively. So, for us our definition of development is similar to that put forward by Sen, that is, development is liberating man from the shackles and obstacles that undermines his liberty to an excellent life. Excellent life for man, beyond food on the table is access to healthcare, clean water, security of life and property, right to vote and be voted for, decent housing and living conditions etc.

#### SELF ASSESSMENT EXERCISE 1

- Explain the concept of development

### **1.3.2 Objectives of development**

Development is the aspiration of every country with sane leadership. The prosperity of a country reflects on how the citizenry fare in terms of basic social cum economic amenities. The economic growth of a country may not reflect upon the entire citizens clearly but where a structured leadership exist, the priority or objectives of such a country would be that whereas the country prospers economically, the development of her people could account for such wealth of the nation. Thus, such goals in this case becomes something that when viewed at can be measured with clear indicators. The major macroeconomic objectives of any nation can be said to include the following - rapid economic growth, even distribution of income, price stability, environmental protection, self-reliant economy, balance of payment equilibrium as well as sustainable development. However, in this section, to comprehend the objectives of development we shall follow that outlined by Michael Todaro. According Todaro, every society seeks development and development affords a better life for people. Therefore, the objectives of development are:

- To enhance basic life-sustaining goods: One of the major priorities of development is to make sure that life-sustaining goods are available and are also widely distributed to all and sundry. These life-sustaining goods include; shelter,

food, health and security. Where food and shelter are available for people and where their health, safety and security are assured, life will be meaningful, and people would naturally tend to be happier.

- To elevate the standard of living for people: This includes to create higher incomes, provision of employments, in addition to provision of better education, as well as a focused attention on human value and culture. This way, development not only focus on enhancing the material aspects of human existence but of course, to engender greater individual and national self-esteem.
- To increase economic cum social choices: This is also an essential element of development to mankind. In this case, development intends to make available to both individuals and nations a variety of economic and social choices by liberating them from mental and physical slavery and dependence, not only in relation to other people and countries but also to the dehumanizing forces of ignorance and human misery.

#### **1.4 Theories of development**

As we have previously mentioned, the concept of development is viewed differently by different scholars and this is the bane of the theorization of development. To take us further in this unit we will quickly look at some of the theories of development. We will concentrate on the major theories as it were and allow the student to make further readings and broaden his or her mind. We will look at the Modernization theory, Marxian tradition as well as the Dependency theory.

#### **Marxian theory**

Karl Marx was the one who clearly demystified capitalism. He believed that society moved on a trajectory (that is, society move from one stage to the other). These stages or

what he called ‘epoch’, is from primitive society to scientific communism. At every epoch or stage, Marx believed that there is always conflict between two groups – the ‘have’ and the ‘have not’, it is this conflict that eventually leads to the collapse of that stage of society or epoch.

Marx argues that man is an existential being and to exist he must eat and to eat he must produce; hence the totality of man can be understood in the process of production. In the process of production, he enters into a relationship, because production cannot be done in isolation, production becomes a social activity since people have come together. In this relationship of production that develops, some own the means of production others do not. Therefore, there is asymmetrical relationship in production, meaning inequality develops because some own the means of production - that is the tools and machines use in producing while others own the labour. A class has emerged, and class to Marx is unequal relationship. It is this relationship between classes that explains the history of society. So Marxian tradition believes that from primitive society to the slave society, to feudal society and eventually to capitalism, these two classes (the ‘have’ and ‘have not’, bourgeoisie and proletariat) have always existed and their social relations is what has always changed the course of history because it is exploitative and ridden in conflict. In this context, the poor countries or developing countries are the have not because they do not have the tools for production neither do they own capital that can alter the cause of production. But what they have is cheap labour, raw materials (like crude oil, diamond, gold etc.) that cannot be consumed. On the other hand, the developed countries are the ‘haves’, the bourgeoisie or capitalist. They own capital and the tools, machines, drilling implement, excavators, ships, etc. that can turn productive activities into finished goods. All the developing countries have is their cheap labour and cocoa, and crude etc. that they are willing to bring in cheaply. As they come together, the relationship formed is asymmetrical.

This tradition or theory argues that the social relations that exist between developed and developing societies is exploitative and as such can never generate development for the developing societies. That capitalism has never been interested in the development of the

class of the have not, so development in this contemporary time for Africa and the other developing countries is but a mirage. So how will development be achieved? This theory is revolutionary, it proposes that a time will come when those without the means of production but with labour power will rise and overthrow the 'haves'. Meaning, that development can only be achieved where developing countries seize or cut off from relating with the exploiting European and American countries, revolt against them and undermine capitalism to embrace communism (an economic system where there is no exploitation) where the needs of each country will be according to their needs and not the generation of surplus to the detriment of others. So, to this theory, Nigeria is not a developed country because of the kind of relationship she finds herself with the West.

- This theory has been criticized for being unrealistic and caricaturing the workings of capitalism.
- That the theory is too simplistic and lacks definitive predictions
- Some others (Popper, 2002; Maynard, 1991 and Howard & King, 1992) have criticized the Marxian tradition that the economic system proposed by Marxism is unworkable. There are also doubts that the rate of profit in capitalism would tend to fall as predicted by Marx himself.

### **Modernization Theory**

It was clear from the Eurocentric perspective (i.e. focusing only on Europe) that capitalism had flourished in Europe and the West, the question then was why is capitalism not yielding same required change in Africa? Why is Africa, Asia and Latin America not developed? These questions came up because understandably, capitalism had been transported to Africa and it was expected that it would transform Africa and bring about development just like Europe. The question is, who was asking and who was answering? It was the Europeans; this purely underscores the origin of modernization theory.

Modernization theory or paradigm as it were is saying that the underdeveloped countries are lagging in development because they are waxing strong in their traditions and customs. So, Africa is not developed because Africa still holds on strongly to its culture and traditions that she practiced several million years ago. That Europe and America were advanced societies because they had jettisoned and abandoned their old traditions and way of life. Chief amongst these theorists is W.W. Rostow (1960). Rostow posited that for the backward countries of Africa, Asia and Latin America to develop, they must for all practical purposes mirror and imitate Europe and America. That is, for these underdeveloped countries to become developed countries they have to behave, act, dress, eat, think exactly like them (Europe) before they can become advanced.

Rostow advanced his theory that there are 5 stages that development follows and these countries that are backward must embrace these stages and become developed. Rostow's modernization theory of development is also known as the 5-stages theory. According to Rostow, these stages are:

- **Traditional stage:** He believes that all developing or underdeveloped countries, especially Africa are in this stage. Countries in this stage are merely agricultural societies and practice rudimentary agricultural system that is consumption-based. Only those who own land have political power, and family membership very essential in this stage.
- **Precondition for take-off stage:** Here education begins to grow, and traditional societies begin to gain social, political and economic ideologies. In this stage, Rostow posits that risk takers begin to emerge, they start taking risk in investing in commercial activities, and society begin to change as growth in investment intensifies. Attempts at good governance begin to take root. According to Sanderson (1988), the political system changes and moves towards building a centralized government.

- **The take-off stage:** With the precondition for take-off in place, Rostow (1960) says the third stage is already in motion. This stage is attained when the gains of economic growth is sustained. In this stage, all elements of traditionality existing in other stages is completely yanked off. Modernity emerges in thoughts, actions, reasoning etc. Growth becomes an inherent feature of the society and institutions strengthened.
- **Drive to maturity stage:** In this stage, Rostow says society is warming up to become advanced as economic standing has improved tremendously with corresponding technological improvements. National income of the country is reinvested, and it is not about consumption. This stage in the analysis of Rostow usually takes 60 years to accomplish.
- **Stage of high mass consumption:** This is the final stage in the move towards becoming a developed society. Societies get to this stage when all economic sectors move towards production of consumer goods, per capita income increases beyond individual needs of shelter, food and clothing. This is the advanced stage that qualifies ‘\_developed nation‘.

Once a society passes through all these five (5) stages, in Rostow’s language that society has become industrialized, modernized and above all else developed.

### **Criticism**

- Modernization theory as represented by W.W.Rostow failed to consider a whole lot of things in engineering his theory. Sanderson (1988) says this is less a theory than a description. Rostow only busied himself describing how to move from one stage to the other without logical analytical consideration.
- Modernization theory has no clear answer as to what causes development or underdevelopment, other than to draw a straight line of stages of development. The theory is nothing short of a show of superiority of culture and traditions and

can be described as an ethnocentric theory of development trying to ridicule African culture to its emulative thesis.

- Lastly, it is laughable considering the pace of the development process. Rostow was quick to advance that the drive to maturity stage usually takes 60 years, but he failed to mention the duration or how long it took Europe and America to navigate that stage.

### **Dependency Theory**

This was a critique of modernization theory. The notion of the modernization tradition had continued until the early 1960s when Third World scholars especially Latin American scholars at the initial time began to question the situation, about what kind of relationship existed between the developed and underdeveloped countries. The answer was a dependency relationship.

The dependency school emphasizes that the relationship between the countries of Latin America, Asia and Africa is nothing more than a dependent one. The fundamental argument of this tradition is that the underdevelopment of Africa is as a result of the integration of Africa into a capitalist economic system. The pervading social relationship in the capitalist economic system is a dependent one. As such by means of this integration, the resources of Africa were carted away, as a result, surplus value were cast out from Africa, Latin America and Asia thus rendering these societies underdeveloped. These societies became dependent on Europe and America.

Andre Gunder Frank, (1966), and Samir Amin are the main architects of this school. Gunder Frank calls the relationship between Africa and the West, a relationship of Metropolis and Satellite. Whereas the Metropolis flourishes, the Satellite depreciates. According Samir Amin (1974), this dependent relationship can best be seen in the largess, as the West gains ‘articulate economies’ Africa and the rest secure ‘disarticulated economies’ (distorted economies). Therefore, generally the whole idea and agenda of the incorporation of Africa, Latin America and Asian into the capitalist economic system is to plunder and usurp her resources and wealth and render it

underdeveloped. So, the source of backwardness for these countries is nothing close to consistent sustenance of culture and tradition but is basically a lopsided relationship constructed to favour the West and undo Africa.

### **Criticism**

- Nohlen (1980) is critical of the dependency tradition for its lack of structural consistency in terms of its terminological usage. The fact that there are multiple scholars in this tradition raises the question of terminological incoherence.
- Dependency theory completely refutes the prospect that everyone could possibly rise to material comfort by aligning to prescribed stages of growth as recommended by modernization theory. Dependency lacks strong theoretical cohesion and is split between camps - reformist and revolutionary camps.
- The theory also faces the criticism of vagueness. Especially with respect to Gunder Frank's analysis. It is rather difficult to comprehend what he meant by metropolis particularly when smaller metropolises are seen as hinterlands for the bigger metropolises. Countries like Canada and Australia are considered smaller metropolises or hinterlands to places like New York that housed over 23 headquarters of the biggest corporations in the world as at the late 1980s, and currently over 100 headquarters of these corporations in recent time (Hale, 1990; Kolmar, 2020).

### **SELF ASSESMENT EXERCISE 2**

- List and discuss 3 major theories of development

## **1.5 Sustainable development**

We mentioned earlier that the world is constantly changing, as change is the only constant thing. This change should affect man positively. As a concept, development is, or has also evolved. From development we have moved on to sustainable development. The question one would ask is, what is sustainable development? But before the answer can be provided, we need to understand where the concept of sustainable development has come from.

It will be interesting to note that the United Nations sometimes back has had series of conferences to address development and the environment. In 1992, a conference (Earth Summit) was held in Rio de Janeiro, Brazil where a series of resolution where reached and led to the adoption of Agenda 21. Agenda 21 is an action plan agreed by 178 countries and the United Nations on the need to become more sustainable. It presented a vision of how national, state, local governments, particularly developing countries could take clear and direct actions to battle poverty and pollution, conserve natural resources and equally develop in a sustainable manner. In September 2000, world leaders gathered again for the Millennium Development Summit and adopted the Millennium Development Goals (MDGs) – a set of 8 goals that emphasized halving extreme poverty rate to stopping the spread of HIV/AIDS and providing universal primary education, with a target date of 2015.

### **SELF ASSESSMENT EXERCISE 3**

- Explain the meaning of sustainable development

### **1.5.1 The 8 MDGs**

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV / AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

With the 2015 target date of the Millennium Development Goals at sight, another UN Conference on Sustainable Development held in Rio de Janeiro, Brazil on 20-22 June 2012, where Member states agreed to set in motion a process to develop a set of Sustainable Development Goals (SDGs), which will build upon the Millennium Development Goals and align with the post 2015 development agenda (United Nations, 2020) – This 2012 conference is also known as Rio+20. So, in 2015, a very remarkable year indeed, the 2030 Agenda for Sustainable Development with 17 SDGs was adopted at the UN Sustainable Development Summit in New York.

The Brundtland Report of 1997 defined Sustainable development as, development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. Sustainable development addresses the global challenge of climate change, inequality, poverty, environmental degradation, as well as peace and justice. Sustainable development simply implies that whatever our own generation can eat now, should be preserved for the future generations to also have. If we are building houses, that does not mean we should destroy the trees or animals and make them extinct for the next generation. In other words, sustainability must be framed into

whatever we are doing today to preserve economic, social and environmental gains for future generations.

The Sustainable Development Goals (SDGs) is a set of 17 goals that entails a shared vision for humanity. According to the then United Nations Secretary-General, Mr. Ban Ki-moon, the Sustainable Development Goals (SDGs) are —a to-do list for people and planet, and a blueprint for success.¶ (United Nations, 2020). These goals are shown below:



Figure 3: 17 Sustainable Development Goals



## 1.6 Summary

We have defined development as a process of liberating man from the shackles and obstacles that undermines his liberty to an excellent life. That does not mean that this is the most widely held definition. In this unit we have stated clearly that development just like globalization is defined differently by different scholars, authors and researchers. However, the meaning of development must reflect in the life of mankind (males, females) and his environment. Development has three objectives as proposed by Todaro and is geared towards a better life for people. The various contentions of development led to the various theorizations on development. We have discussed three main theories of development (Marxian tradition, Modernization theory and the dependency school). Whilst Karl Marx is the chief proponent of the Marxian theory, W.W. Rostow is the architect for Modernization theory, the likes of Andre Gunder Frank, Samir Amin, Michael Todaro etc. dominate the dependency school. We also discussed sustainable development, which is an extension of the fact that development gains must be sustained and preserved for future generations to also relish. Whilst we made mention of the MDGs, we said that the original target date for the MDGs was 2015 and has since been replaced with the sustainable development goals (SDGs), which is a set of 17 goals, a todo list to prosper and protect humanity beyond 2030.

In this unit, the focus was on understanding the meaning of the concept of development. As discussed, there are multiple definitions of the concept of development. We discussed the objectives of development. We said beyond every other goal, the three main objectives of development include: To enhance basic life-sustaining goods, elevate the standard of living for people and to increase economic cum social choices. There are also various theories of development, but this unit of the course discussed three of such and these are considered the major theories – Marxian theory, Modernization theory and Dependency theory, their criticisms were also considered. Lastly, sustainable development was discussed, with an understanding of the various goals. These goals are categorically focused to delivering value to humanity going forward.



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## 1.8 Possible Answers to SAEs

### Answers to SAEs 1

1. The concept of development is viewed differently by different scholars, according to Professor Adebayo Adedeji, its the ultimate purpose of development must be the development of man and his society (Olaopa, 2018)

### Answers to SAEs 2

1. **Dependency Theory** This was a critique of modernization theory. The notion of the modernization tradition had continued until the early 1960s when Third World scholars

especially Latin American scholars at the initial time began to question the situation, about what kind of relationship existed between the developed and underdeveloped countries. **Marxian theory** Karl Marx was the one who clearly demystified capitalism. He believed that society moved on a trajectory (that is, society move from one stage to the other). These stages or what he called ‘epoch’, is from primitive society to scientific communism. **Modernization Theory** It was clear from the Eurocentric perspective (i.e. focusing only on Europe) that capitalism had flourished in Europe and the West, the question then was why is capitalism not yielding same required change in Africa?

### **Answers to SAEs 3**

1. defined Sustainable development as, development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. Sustainable development addresses the global challenge of climate change, inequality, poverty, environmental degradation, as well as peace and justice.

## Module 2 - Unit 2: Meaning of economic development

### CONTENTS

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Main Content
  - 2.3.1 Meaning of economic development
  - 2.3.2 Measures of economic development.
- 2.4 Economic growth
- 2.5 Indicators of Economic Growth
  
- 2.6 Summary
- 2.7 References/Further Readings/Web Resources
- 2.8 Possible Answers to SAEs



### 2.1 INTRODUCTION

This unit of the course is intended to provide an overview of the meaning of economic development and arm the student with the understanding of its related concept of economic growth.



### 2.2 Learning Outcomes (LOs)

At the end of the learning, the student is expected to,

- understand and explain the meaning of economic development □
- comprehend and explain the meaning of economic growth.



## **2.3 Main Content**

### **2.3.1 Meaning of economic development**

Globally, there are existing disparities across the countries of the world as some of these countries fall under different climate, and of course economic equation. There are those countries in which their citizens have a decent and excellent life. They have a good and supportive healthcare system, decent housing and can afford to have decent three-square meal a day, access to clean water, good educational system and there is opportunity to access employment easily because of quality educational qualifications. In majority of cases, their family system is a nuclear type, consisting at least four members (father, mother and two children). In such countries, people do not just die but live to a reasonable age of seventy-eight (78years). On the other hand, there are other countries where life is not structured as in the previous. Here people struggle to have one square meal a day. Their healthcare system cannot take care of their health, employment opportunities are pretty much scarce, and income is quite low. Their family system is basically an extended family-system where there are more than 8 persons in the family living in a very small one or two bedrooms without electricity or access to clean water. Life expectancy in these countries is relatively poor, meaning people do not live long since access to quality health care delivery is unaffordable. This is the reality of economic development across the globe, indicative of the fact that there are existing dynamics in how people experience development.

Development as we have mentioned earlier clearly depicts improvement in both the life of man as well as the society. Economic development is an old concept which is tied to economic growth, measured with per capita income. The initial idea of economic development was that economic growth in terms of increase in per capita income underscored economic development. That was however thought to be myopic as only few people benefit via increased per capita income, as such going forward, the realization

dawn that there was the need to marry economic development to real development and not merely economic growth. Remember, we also mentioned that Professor Adebayo Adedeji, former Director/Chair of the Economic Commission for Africa, ECA clearly stated that it is a misnomer to see development in the light of economic growth. He completely rejected the view that the GDP (gross domestic product – sum of entire economic activities in a country over a period) is the ultimate decider of development.

Economic development is defined as the process by which the overall health, well-being, and academic level of the general population of a nation improves. It connotes structural changes in society that is quantifiable by qualitative and excellent living. Excellent living in this case connotes good healthcare system, improved life expectancy, improved income for workers, improved literacy and education etc. On the other hand, *Economic growth* can be viewed as, that increase which is witnessed in the monetary value of all the goods and services that are produced in the economy during a time period. Economic growth is transactional indicating quantitative economic activities within the economy. Such transactional activities also spur economic development especially when it is not viewed in the sense of per capita increases only but a generalized improvement in the society. As economic activities increase, the volume of wealth would be concentrated in the hands of a few, these few can do a lot of spending but may not trickle down the entire population, meaning for most people, poverty may thrive. So, as wealth is in the hands of a few individuals in the society, that conjures economic growth but not economic development. Economic development conjures up improvement in the general welfare of the people. To this extent, Michael Todaro defined economic development as —....an increase in living standards, improvement in self-esteem needs and freedom from oppression as well as a greater choice<sup>ll</sup> (Sarumi, 2016:1). This definition leads us to conclude that economic development must be seen reflecting in the life of man including his living standards.

## **SELF-ASSESSMENT EXERCISE 1**

What is economic development

### **2.3.2 Measures of economic development.**

How can we measure economic development? This question is only asking, what are the indicators of economic development? For us, the essence of the indicators of economic development will obviously reveal whether a society or country is experiencing development. Bearing in mind that development is all about improvement. Improvement reflected in man and in his society. So, what are these indicators that can account for economic development. They are as listed below.

- **Inequality:** Where inequality thrives in a country, that ordinarily shows that some people are better placed than others hence it's a clear indicator that economic development is not translating to improvement in the society.
- **Inflation:** Price instability and the incessant increase in prices of goods and services in the country would explicitly indicate how the society is. In Nigeria, the price of premium motor spirit (PMS) or fuel is so unstable that it brings hardship to Nigerians. Currently the price has increased to N165 per litre.
- **Hunger:** Where there is economic development there will be improvement in availability of food. People will have access to food and can purchase it with their income, but where the income is relatively poor, the purchasing power parity will also not make sense. This is a clear indicator for Nigeria as there is so much hunger in the land. People cannot afford and this has led to so much social problems in the country.

- Illiteracy: This measures the number of people that can read and write or that cannot read nor write. In 2018 according to the UNESCO, 75% of Nigerians within the cohort group of 15 – 24 years were literate relative to over 9 million who could not read and write.
- Education standards: The standard of education is a critical indicator of economic development. This will also measure the status of funding of education in the country. For Nigeria, in spite of the globalization of education, Nigeria seems not to benefit from the volume of investment because the standard is poor. Duze (2011) believes education in Nigeria is comparably poor, and the falling standard of education in the country is related to poor funding of the education sector, which has significant impact in the number of Nigerians leaving the country to study abroad. There are other indicators that include; health problems, access to healthcare, insecurity, access to basic infrastructures, political rights & freedom of speech, average life expectancy (i.e., how long people's lifespans are).

## **2.4 Economic growth**

Every economy wants to grow, because economic growth is what propels a country into wealth. The rate of economic activities in a country will doubtless, speak volume of the country's prosperity, because economic growth is transactional. It involves spending, imports, exports, buying, selling etc. and all these add up to the Gross Domestic Product (increase in a country's total production) and Gross National Product (value of goods and services citizens of a country produce irrespective of their location). All these and more expresses a country's productive potential and wealth. Economic growth depicts incremental economic activities overtime and the corresponding riches that accrues to a country leading to economic development when managed appropriately. In other words, economic growth can be defined as "that increase which is witnessed in the monetary value of all the goods and services that are produced in the economy during a time

period“. As we mentioned, this definition simply relates to the capacity of a country’s economy to continuously produce goods and services per period, and in many cases compared year by year to account for the monetary gains. Many countries especially African countries are struggling to have economic growth, especially with the globalized economy. Access into the global economy in terms export can contribute immensely to greater economic growth. However, political upheavals in a country, like coup, post elections violence etc. can create instability in the polity that would automatically destabilize economic activities within such a country resulting in depressed economy.

Therefore, for an economy to experience economic growth it requires

- Stable political system
- prudent governance
- and economic stability

## **SELF-ASSESSMENT EXERCISE 2**

What is economic growth

### **2.5 Indicators of Economic Growth**

Some of the indicators of economic growth are:

- **National income:** National income is the total value of a country's final output of all new goods and services produced in one year. The national income of a country is a key determinant of the rate of economic growth of that country, leading to the understanding of changes in income distribution as well as standards of living.

- **Output:** Economic output is occasionally viewed as gross output or simply output. economic output is different from GDP, because it is a measure of the value of all sales of goods and services.
- **GDP:** Gross domestic product is a measure of —value added— at the national level. It is also an excellent indicator of how an economy is performing as it gives a clear sign of the size of the economy and in many instances translated to how well the economy is doing.
- **Government spending:** Economic growth is also a function of government expenditure. The more the government expends fund in the economy the better for the economy and is indicative of how quickly government regulated spending can impact productive activities in the economy. In some instances, government spending may not be able to target the society at large. How so? This is so in that government spending may not be enough to reduce poverty. Where there is increased economic gains and government spending does not target salary increase, such a spending may not affect society since workers spending will be low and static. Although some authors (Nyasha & Odhiambo, 2019) have also viewed this differently indicating that government spending to that extent could spell negative impact on the economy.

These indicators enable a strong economic growth for a country. Beyond the indicators, there are also indicators like: Rising Interest rates, wage Growth, high retail sales, and higher Industrial Production.



## 2.6 Summary

From the outset, we have said that economic development can be viewed as the process by which the overall health, well-being, and academic level of the general population of a nation improves. Meaning that improvement is underscored by the progress a country makes and how well it translates to the ordinary citizens. With such progress and improvements, there will be ample opportunity for people to make their own life choices, be accountable and be responsible for their actions. Economic development therefore aims at not just to advance the economy of a country but to provoke general improvement in people as well as the society. Improvement in their health, security, education, infrastructures, etc. We have also seen here that economic growth describes incremental economic activities overtime and the corresponding riches that accrues to a country and were managed carefully and appropriately can lead to economic development. The challenge in many ways is that often, economic growth is usually misrepresented as economic development. But as we have learnt, this is not the case.

In this unit we have come to terms with economic development as well as economic growth. The various indicators were also highlighted. What this unit did not treat is the clear disparities between development and growth. This will be treated in the next unit of the module.



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<https://marketbusinessnews.com/financial-glossary/economic-development/> Sarumi, O.O.

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What's the difference between Economic Output and GDP?

<https://impactdatasource.com/economic-output-vs-gdp/>



## **2.8 Possible Answers to SAEs**

### **Answers to SAEs 1**

1. Economic development is defined as the process by which the overall health, well-being, and academic level of the general population of a nation improves.

### **Answers to SAEs 2**

1. Every economy wants to grow, because economic growth is what propels a country into wealth.

## **MODULE 2 - UNIT 3: DIFFERENCE BETWEEN DEVELOPMENT AND GROWTH**

### **CONTENTS**

- 3.1 Introduction
  - 3.2 Learning Outcomes (LOs)
  - 3.3 Main Content
    - 3.3.1 Difference between development and growth
  - 3.4 Classification of countries in development
- 
- 1.6 Summary
  - 1.7 References/Further Readings/Web Resources
  - 1.8 Possible Answers to SAEs



### **3.1 INTRODUCTION**

The focus of this unit will be to show the disparity between both concepts of development and growth. The student already comprehends these two conceptualizations. This unit will however introduce you to the basic difference between development and growth.



### **3.2 Learning Outcomes (LOs)**

At the end of this unit, the student should be able to;

- outline the differences between development and growth.



### 3.3 Main Content

#### 3.3.1 Difference between development and growth

Economic growth as it were, is a vital pre-condition for the attainment of development. However, just growth is not enough since it qualifies development from a monetary perspective. Economic growth and economic development are closely related but does not mean they are one and the same. When economic activities in terms of production and distribution intensifies, a country gain more money in terms of annual productive capacity. That cannot be said to be development. Meaning economic growth must be accompanied with reduction in unemployment, poverty, incomes inequality etc. The concept of development must not be merely seen as a reflection of economic growth. Growth and development are related but do not evenly orchestrate development. Development must reflect on man, for as Adedeji stated, development must transition man from lack to an excellent life devoid of obstacles.

As posited by Amartya Kumar Sen, —Economic development is about creating freedom for people and removing obstacles to greater freedom. Greater freedom enables people to choose their own destiny (Carneiro & Sirtaine, 2017). When such is obvious then development is at work. The gains of economic growth cannot appropriately drive development because development is a clear process that reflects in people and the general society and not just particular individuals. Therefore, Sen says, growth is not enough. In this unit, we will show the differences between the concept of development and economic growth.

- Growth is a quantitative measure of progress. This can be seen in the light of the size of the economy of a country, viewed from the perspective of national income / national output. Development is rather a qualitative measure of same progress, but

in this instance from the perspective of food on the table for man – translated to mean qualitative life and standard of living.

- According Samir Amin (1974), growth and development are bipolar concepts and they do not translate equality of meaning. Economic growth in the periphery is not development rather generates unworthy situations that undermines standards of living particularly environmental degradation. In this case, this means that growth is concerned with converting natural resources/raw materials into finished good and such could lead to environmental pollution. Development bears at heart and is framed with the idea of sustainable development. That is, meets the needs of the present generation without undermining the ability of the future to meet her own needs.
- Technological improvement leads to greater economic growth, whereas technological improvement impoverishes development. When a country aligns to new technology for the productive sector it means it would make more money quickly but, in that process, such technology will lead to the downsizing of workers, because machinery replaces human labour. This way, income will disappear for some families bringing about hunger.

#### SELF ASSESSMENT EXERCISE 1

Discuss the difference between development and growth

### 3.4 Classification of countries in development

In this section, we will quickly look at the classification of countries with regards to their income status. This will provide the student the opportunity to understand where Nigeria has been grouped into.

With respect to development, all countries of the world are not in equilibrium of qualification. That is to say that all countries do not fall into the nomenclature of ‘developed’ countries. There are distinctions and these distinctions are made by different international bodies.

Here we will look at categorizations by two of such international bodies – The World Bank and the OECD. Another name for the World Bank is the International Bank for Reconstruction & Development. The World Bank divided countries into 4 groups based on their per capita income (Serajuddin & Hamadeh, 2020). Per capita income is defined as the amount of money or income earned by an individual in a country for a specified period, usually a year. This is calculated by dividing the national income of the country by the entire population of that country. The following are the four groups:

- **Low income countries:** According the World Bank (2018), these are countries with a Gross National Income (GNI) per capita of \$1,025 or less. Afghanistan, Burkina Faso, Burundi, Central African Republic, Chad, Congo, Dem. Rep, Eritrea, and Ethiopia are all in this group.
- **Lower-middle income:** The GNI per capita income of countries in this category is between \$1,026 and \$3,995. Morocco, Angola, Nigeria, Vietnam, Bolivia, Cameroon, Tanzania, Kenya etc are also in this group.
- **Upper-middle income:** Economies in this category are those between \$3,996 and \$12,375. Countries in this category includes Albania, American Samoa, Argentina, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Namibia, South Africa, Gabon, Equatorial Guinea etc.

- **High-income countries:** As stated by the World Bank, high-income economies are those that have a Gross National Income (GNI) per capita of \$12,376 or more. Countries in this category are France, USA, United Kingdom, Germany, Malta, Andorra, Australia, Mauritius, Kuwait, South Korea, Japan, etc. Mauritius happens to be the only African country to be in the high-income economies, with a GNI of per capita of US\$ 12,740. Mauritius was classified as a high-income economy in 2019 by the World Bank, but may likely regress into the upper-income category as a result of the Covid-19 pandemic (MCCI, 2020; Serajuddin & Hamadeh, 2020).

Due to considerable economic growth transformations across countries, beginning from 1993, several countries have transitioned into the high-income space, whilst there has also been a corresponding decrease in the number of low-income economies. The categorization of countries into these four groups is however moderated by the forces of economic growth, inflation, exchange rates, and population growth. A country can move into the next category or fall beneath her current category where these forces improve or become worse. Nigeria is classified as lower-middle income country.

On the other hand, the OECD classification is particularly focused on developing countries alone. OECD stands for - Organization for Economic Cooperation & Development. The Organization for Economic Co-operation and Development is an intergovernmental economic organization with 37 member countries, founded in 1961 to stimulate economic progress and world trade. The classification is thus.

- Low-income countries (LICs), there are 61 countries in this group.
- Least developed countries (LLDCs), with 29 countries.
- Middle-income countries (MICs), 73 countries
- Newly industrializing countries (NIC) 11 countries are grouped here.



### 3.6 Summary

Development and growth are two concepts that are related but have distinct meaning. Growth implies economic prosperity in terms of the size of the economy measured monetarily. Development reflects on man and the general society. Whilst both concepts differ, they are both necessary for a country's progress. Where the gains of economic growth are well managed, economic development may translate to food on the table for man with an excellent living standard. Whereas the economies of countries differ, international organizations like the World Bank and OECD have classified these countries measurably to create that visible demarcation in terms of the amount of money their citizens earn yearly (per capita income). To this extent, Nigeria as a developing economy is classified as a lower-middle income country.

Development and growth are two separate but related concepts and are very important when economic progress is under discussion. Their differences have been noted, and the classifications of countries by world Bank and OEC has also been discussed here. We should take note that World Bank divided economies of the world into Low-income, Lower-middle, upper-middle and High-income economies. Over a period of years now, since 1993 many countries have transitioned into the high-income economies with fewer countries left in the low-income group.



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### **3.8 Possible Answers to SAEs**

#### **Answers to SAEs 1**

1. Growth is a quantitative measure of progress. This can be seen in the light of the size of the economy of a country, viewed from the perspective of national income / national output. Development is rather a qualitative measure of same progress, but in this instance from the perspective of food on the table for man – translated to mean qualitative life and standard of living.

## **MODULE 2 - UNIT 4: MEASURING DEVELOPMENT (EMERGENCE OF HDI)**

### **CONTENTS**

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Main Content
  - 4.3.1 Measuring development (emergence of HDI)
- 4.4 How does human development index (HDI) measure development?
- 4.5 Importance of Human Development Index
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to SAEs



### **4.1 INTRODUCTION**

The discourse on the concept of development is a continuous one even with increasing globalization. As earlier mentioned, development should reflect on man and his environment. Whether social environment, biophysical environment or political environment, man should have an excellent living standard. Recent trend in understanding and measuring development is with the HDI. This unit will introduce the student to the understanding of the Human Development Index (HDI) as a measure of development beyond per capita income.



## **4.2 Learning Outcomes (LOs)**

At the end of this unit, the student should be able to;

- Explain the meaning of HDI



## **4.3 MAIN CONTENT**

### **4.3.1 Measuring development (emergence of HDI)**

Prior to this time, say the early 1940s and 1950s, the measure of development was strictly the gross domestic product (GDP). This was erroneously used to determine well-being of people in a given society. Over the years, the understanding had dawned that there was the need to move forward with a better determinant that was human centred and not merely on income. It was not until 1990 when the United Nations Development Programme eventually established the Human Development Report Office (HDRO). The task of this office was quite simple but herculean.

According to Max Roser (2014), HDI - Human Development Index is defined as a measure of critical dimensions of human development. Thus, it is a tracker for understanding changes in the development status of countries. Amartya Sen (2010) stated that "HDI is people-centered ... GDP is commodity-centered". The import of the HDI as Sen adumbrated was to create the understanding that the people are right at the centre of development, as such the priority of development is man and not just economic growth.

## SELF-ASSESSMENT EXERCISE 1

Explain why the HDI is important

### 4.4 How does human development index (HDI) measure development?

Components of The HDI - measures development in three different ways;

**Longevity:** The variable for the measure of longevity is life expectancy.

- **Education:** This is measured using variables like adult literacy, mean years of schooling, expected years of schooling.
- **Income:** This is measured by real GDP per capita at purchasing power parity (PPP)

## SELF-ASSESSMENT EXERCISE 2

What is Human development index?

### 4.5 Importance of Human Development Index

- It is an effective measurement of the development performance of a country, because it measures socioeconomic variables.
- HDI is a reliable indicator for comprehending the development of countries.

- HDI highlights the significance of individuals and their capacity to set off their inherent maximum potential.
- Beyond the initial income perspective of measurement, the HDI has shown that well-being is critical to development measurement.

### **SELF-ASSESSMENT EXERCISE 3**

List the components of HDI



#### **4.6 Summary**

The Human development index (HDI) was introduced by the United Nations Development Programme (UNDP) in 1990 to provide better understanding of the measurement of development focusing on well-being as opposed to the purely economic model (GDP). Over the years the HDI has proven to be a reliable measure of development in countries and is widely accepted.

In this unit, we have discussed the measurement of development and the human development index is an emergent measure that has become quite impressive. The components of HDI are longevity, education and income. The importance of HDI was also highlighted.



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#### **4.6 Possible Answers to SAEs**

##### **Answers to SAEs 1**

1. The important of HID can not be over emphasized hence, It is an effective measurement of the development performance of a country, because it measures socioeconomic variables.
  - HDI is a reliable indicator for comprehending the development of countries.
  - HDI highlights the significance of individuals and their capacity to set off their inherent maximum potential.

##### **Answers to SAEs 2**

2. Human Development Index is defined as a measure of critical dimensions of human development.

##### **Answers to SAEs 3**

3. Components of The HDI - measures development in three different ways;
  - Longevity: The variable for the measure of longevity is life expectancy.
  - Education: This is measured using variables like adult literacy, mean years of schooling, expected years of schooling.
  - Income: This is measured by real GDP per capita at purchasing power parity (PPP)

## Module 2 - Unit 5: Unequal development – LDCs vs DCs

### CONTENTS

- 5.1 Introduction
- 5.2 Learning Outcomes (LOs)
- 5.3 Main Content
  - 5.3.1 Unequal development – LDCs vs DCs
- 5.4 Technological dependence:
- 5.5 Preburch-Singer Hypothesis
- 5.6 Summary
- 5.7 References/Further Readings/Web Resources
- 5.8 Possible Answers to SAEs



### 5.1 INTRODUCTION

As earlier mentioned in this Module, there are disparities in development. Globally, countries are defined in terms of their productive capacity and the gross domestic product (GDP) and how such economic growth underscores development for the ordinary citizens. Thus, variations exist when countries are viewed in the light of development, as some are developed countries and others considered as developing countries or in this case, less developed countries. The dynamics of this consideration falls under the purview of the translation of the gains of economic growth into even or equal development for all. As globalization rages, development becomes clearly uneven as many countries especially the less developed countries lag whereas the developed countries fantastically thrive. This unequal development as many scholars would argue is the goal of capitalism, and as far as Africa as well as Latin American countries are concerned, their integration into the capitalist world economy is the origin of this unequal development. In this unit,

the student will come to terms with the concept of unequal development and how that plays out in terms of trade.



## **5.2 Learning Outcomes (LOs)**

At the end of this unit, the student should be able to

- understand and explain the concept of unequal development,
- understand and explain the Prebisch-Singer thesis and how it relates to terms of trade



## **5.3 MAIN CONTENT**

### **5.3.1 Unequal development – LDCs vs DCs**

As concerns rose about the development of Africa, Asia and Latin America over their underdevelopment in the early 1960s as a result of the extensive modernization theory of W.W Rostow. There was need to understand the direction and rationale behind this retrogression from the developing countries perspective. Samir Amin, a leading African scholar at the time rose to the occasion to explain the dynamics of the disparities between the developed countries of the West and the less developed countries of Africa, Asia and Latin America. He called the existing disparities in development between the West and Africa – unequal development. Following World Capitalist view, Amin (1976) argued that the world economies is divided into two – a Centre and a Periphery. The centre imposes an unequal specialization and exchange upon the periphery for the selfish benefits of the centre. In this case, the Centre according to Amin is the Western economies of Europe and America, while Africa, Asia and Latin America constitutes the Periphery. The Periphery is unable to attain clear growth because there are constraints that does not allow necessary growth to warrant development. Constraints such as the transfer of raw materials to the centre that eventually return as consumable goods in the

periphery does not allow for similar progress in the centre. This forces the periphery to depend on the centre, serving as a service point delivering raw materials that should ordinarily provoke accumulation of multiplier effects as in the centre. Dependence here simply entails external control, which inhibits the leadership of less developed economies from making bold steps towards restructuring their economies to reduce disarticulation. Amin says, in the periphery, growth is not development because its effect is to disarticulate. A disarticulated economy creates dependence that undermines equal development opportunities. A disarticulated economy, therefore, is an economy where structural conditions bedevils the capacity of key sectors in the economy from being productive. In other words, as we mentioned in unit 1 of Module 2, a disarticulated economy is a distorted economy.

Apparently, the unequal development between the developed countries and the less developed countries stems from trade. Trade was a veritable mechanism for the integration of Africa and other less developed countries into the capitalist world economy. The movement of raw materials (that is, primary goods) from Africa to the west undermines the capacity of Africa's economy to grow rapidly and provoke a multiplier effect, creating a glitch that leads to dependence. Less developed economies are clearly dependent upon European markets, sending raw materials that could have been converted to finished goods to the west, hence undermining consumption productive capacity. According to Eurostatistics, 70% of all the goods imported into Africa from Europe for the year 2019 were all manufactured goods. On the other hand, over 65% of goods imported to the EU from Africa were primary goods (raw material) (EuroStat, 2020; UNCTAD, 2019). The statistics as stated shows that whereas Africa sends out raw materials to Europe in the form of export, Europe sends in finished goods, consumables derived from Africa's raw materials back to Africa. Making Africa heavily dependent with weakened industrial capability.

#### **5.4 Technological dependence:**

As above, Africa or the less developed economies are structurally a specialized space for the production and export of raw materials. The way and manner the global economy is framed projects Africa's economy to depend totally on the West. This dependence creates unequal development and can be seen in the aspect of technology. The developed economies control technology, making African economies dependent technologically. From 1940 to 1970 and beyond, a trend occurred showing that patent right in technology, that is, technological rights moved from the hands of individuals to corporations (Girigiri, 1999). Hence, making multinational corporations (MNCs) the custodian and sole agents of technology transfer. The problem with technology transfer to less developed countries like Africa, is that technology is produced in a different environment. As a result, it does not integrate with the culture and system of production in Africa, making it incongruous with the need of the people. Largely therefore, African economies inability to possess technology independently, fully puts them under the control of developed/industrialized western countries with high margin of technological development. Presently, less developed countries of Africa are still at the fringe and are unequally developed to that extent.

#### **5.5 Prebisch-Singer Hypothesis**

This hypothesis or thesis was put forward by Raul Prebisch and Hans Singer (1950). Their thesis states that the price of primary commodities declines relative to the price of manufactured goods over the long-term period, and this will cause the terms of trade (terms of trade – that is, the ratio between a country's export prices and its import prices) of primary-product-based economies to deteriorate. Simply put, the demand for manufactured goods have a greater propensity to increase where income of consumers changes than the demand for raw unprocessed goods. For instance, people or consumers would want to buy more plantain chips than the actual unprepared plantain itself. As

income changes, the demand for such plantain chips would very well increase and those who trade on plantain chips would make more money relative to those who deal on the raw plantain itself. In clear economic explanation, this means that primary products or goods have a low-price elasticity of demand, while manufactured products and goods have a high-income elasticity of demand, so a decline in their prices will definitely reduce revenue rather than increase it for those engaging in primary products. Therefore, as incomes rise, the demand for manufactured goods increases more rapidly than demand for primary products.

This model has over time, served as the foremost pillar of dependency theory, and has enjoyed a degree of maximum popularity in the 60s and 70s. As Prebisch and Singer posited that, unequal development is obvious in how the global market is structured between the developed and developing or less developed nations. The thesis maintains that structural inequalities exist in the global market space between those who specialize in the export of raw materials and those who export manufactured goods. This differentiation in the terms of trade does not encourage the development of the former. Prebisch contended that, in view of the declining terms of trade that confronts primary producers, developing countries ought to strive to diversify their economies to reduce over dependence on primary commodity exports and by so doing foster industrialization (Cuddington et al. 2002). However, in their thesis they did not encourage developing countries to engage in protectionism, that it could discourage trade at the global level and weaken efforts towards internationalization.



## **5.6 Summary**

Samir Amin (1976) argued that the world economies is divided into two – a Centre and a Periphery. The centre imposes an unequal specialization and exchange upon the periphery

for the selfish benefits of the centre. As we have discussed, the less developed countries (LDCs) and the developed countries are unequally placed in the global market. Structural conditions undermine the growth and development of key sectors in the LDCs, creating unequal relations in global trade. The structural conditions lie in the fact that Africa is specialized in exporting raw materials to the West whereas the West exports manufactured goods to Africa. Considering the Prebisch-Singer thesis, the terms of trade (differences between import and export) for the less developed countries is weakened as a result of concentration on the export of primary goods. As the thesis explains, those who export manufactured goods have a better terms of trade, as changes in income underscores increase in the demand for manufactured goods.

There are disparities in development between the developed countries and less developed countries. Economic growth in the less developed economies does not translate to development, owing to the existing unequal relationship between the centre and the periphery. The centre according to Amin is the developed countries, while the less developed countries are considered periphery. The goal of western capitalist economy is to make sure Africa as it were remains a periphery in the global scheme of things, so that Africa etc. can continuously depend on them. This dependence also leads to disarticulated economy for the periphery. Whilst Africa depends on the West for technology and other things, her economy becomes disarticulated. The Prebisch-Singer thesis shows that there is a difference between countries who engage in the export of primary goods and those in manufactured goods. The former has no price elasticity as opposed to the latter. The Prebisch-Singer thesis further admonishes diversification of the economy and not protectionism.



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## 5.8 Possible Answers to SAEs

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## **Module 3: UNDERSTANDING DEVELOPMENT 2**

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### **Module Introduction**

- Unit 1: Global Governance and Development Assistance
- Unit 2: International finance for development
- Unit 3: Foreign Aid and development in Africa
- Unit 4: WTO and International trade
- Unit 5: Role of international NGOs in development

## **MODULE 3 - UNIT 1: GLOBAL GOVERNANCE AND DEVELOPMENT ASSISTANCE**

### **CONTENTS**

- 1.1 Introduction
- 1.2 Learning Outcomes (LOs)
- 1.3 Main Content
  - 1.3.1 Global Governance and Development Assistance
  - 1.3.2 List of global problems
  - 1.3.3 Global Governance: The Actors
- 1.4 Types of Global governance
  - 1.4.1 Benefits of global governance:
  - 1.4.2 Drawbacks of global governance
  - 1.4.3 What is Development Assistance?
- 1.5 Mandate of the DAC
  - 1.5.1 How are ODA disbursed
  - 1.5.2 Global Governance and Development Assistance
  - 1.5.3 Criticism of development assistance
- 1.6 Summary
- 1.7 References/Further Readings/Web Resources
- 1.8 Possible Answers to SAEs



## **1.1 INTRODUCTION**

In this unit of Module three, our attention will be on understanding global governance and development assistance. In the globalized world of today, there are rich and there are poor countries. This is what we had discussed as less developed countries, developing countries and industrialized countries. Remember that the industrialized countries are the developed countries. These developed countries usually assist the poorer countries of this world with funds/money for them to use to improve their countries. This kind of support is called development assistance.



## **1.2 Learning Outcomes (LOs)**

After going through this unit, the student is expected to be able to;

- Understand and explain global governance
- Various types of global governance
- Understand the meaning of development assistance



## **1.3 MAIN CONTENT**

### **1.3.1 Global Governance and Development Assistance**

In today's world of globalization, there are numerous challenges that confronts mankind. These challenges are not particular to one country but affects the entire world. Much of these problems are the result, or creation of globalization. The disparities between the advanced societies and the developing ones is even more a worrisome concern. As the

world has become a global village, what affects one country, has capacity to impact on another. Poverty in the less developed or developing countries has a way of creating so much migration problems and as poverty increases, negative ideas grows which could impact developed countries in terms of terrorism. No one country can tackle all these challenges alone, the strategy is collective effort. It is a collective effort to rule over the numerous challenges confronting mankind caused by globalization, proffer solutions and act. This is the essence of global governance. Therefore, to us, global governance can be defined as the collective agreement by world governments to confront and managed global problems. Benedict (2015), defines global governance as the movement towards political cooperation among transnational actors, aimed at negotiating responses to problems that affect more than one state or region. In a nutshell, global governance is all about cooperation between governments of various countries as well as NGOs and development agencies to deliver value to the world, especially to finance development by way of development assistance to the developing world. Value here means to foster peace and security for the entire world.

#### SELF ASSESMENT EXERCISE 1

Define and explain the meaning of global governance.

#### 1.3.2 List of global problems

Some of the challenges and problems global governance has to deal with are as below.

- Poverty
- Migration

- Global energy and its instability
- International trade investments standards
- Global poverty and hunger
- Global terrorism
- Human trafficking
- Organize crime □ Unemployment
- Global pandemic like Covid-19

These problems could possibly not have existed without globalization; therefore, these problems are the direct products of globalization. These problems were not really global problems in the past, as hunger or poverty in Lima, Peru had no business or connection with people in Canada. Likewise, conflicts in Angola many years ago had no impact in the United Kingdom. Today, the interconnectivity and interdependence that accompany globalization has made these problems, the problems of everyone. That is to say that local problems have become global problems. According to James Rosenau (1990), the world today is a —bifurcated world, (a world divided because some are richer, others are poor) as such extreme ideas in Iran has impact in New York etc. Political violence, poverty and corruption in the developing world also has corresponding toll in many places. Therefore, global governance is not about managing traditional problems, but about managing issues related to globalization. Traditional problems are those problems that have no relationship with globalization. For example, Israel-Palestine issue is a traditional problem as it has been there since creation.

Decisions-making for global governance is never unilateral (that is, not taken by one country), rather it is on multilateral account (jointly taken). Multilateral responses to growing menace of terrorism, poverty, access to clean water, human trafficking, migration, health, etc. over time has yielded lot of benefits, although with relative misgivings. In the 1980s, due to the rising environmental challenge of global warming, cooperation between governments of various countries in the world led to the drafting of

the United Nations Framework Convention on Climate Change (UNFCCC) and was signed-off in the 1992 Earth Summit in Rio De Janairio, Brazil. The main objective of the UNFCCC was to stabilize the concentration of the Green House Gases (GHGs) in the atmosphere to stop the surge in global warming. By GHGs we mean the presence of molecules such as methane, ozone, carbon dioxide, water vapor, nitrous oxide and fluorinated gases in the atmosphere. These molecules are called greenhouse gases mainly because they absorb heat. Intergovernmental cooperation as well as cooperation between governments and non-governmental organizations over time have led to drafting and signing of various laws, frameworks and standards that guide human progress. In recent time global governance against terrorism and international migration has been very fruitful as intergovernmental and inter-agency cooperation has been quite effective. Intergovernmental efforts at poverty reduction and provision of water to developing countries has also been a milestone with the volume of development assistance.

### **1.3.3 Global Governance: The Actors**

We have established that the world has many issues confronting her and actors have collectively come together to confront and manage these challenges. So, who are these actors or those that should be party to global governance? We shall outline them here as recommended by Rosenau (1990).

- Subnational and national governments
- Transnational or multinational corporations (Gazprom, Shell, Chevron, Vodafone)
- International governmental organizations (e.g. WTO, UN etc.)
- National and international Non-Governmental Organizations
- Professional organizations (Petroleum Engineers, Economists forum etc.)

- Mass publics formed for specific purpose

#### **1.4 Types of Global governance**

- **Top-Down governance:** This is done at the state level where internationally, an individual state or group of states can compel or demand by imposition certain demonstrable behaviours from another state to desist from actions that are destroying lives and properties. For instance, US intervention in Somalia and Iraq. Kosovo intervention by the United Nations.
- **Bottom-Up Governance:** This type of governance carried out by non-state actors like international NGOs, Mass Publics and Human Rights groups. They elaborate on rules and transmit to state or inter-government for ratification. This is lobbying to set things right at the global stage.
- **Market governance:** This describes formal horizontal flow of authority in the forms of formal regulatory framework over economic activities, and investments etc. It deals with agreements for trade. The private companies, the markets are the actors.
- **Network governance:** This type of global governance is a formal interaction between various entities ranging from governments, organize NGOs, international organized business alliances. It is not interaction between governments but a network of equals. Meaning they are both governments and other entities (that are not governments) but act together to achieve certain actions. Examples, the G20 group, the UN security Council. They are equal parties; no actor has superiority.

##### **1.4.1 Benefits of global governance:**

Some of the advantages of global governance include;

- Rapid response and flexibility. Global governance policies, rules or regulations usually supersedes state-level policies, as such this makes it easier for non-state

actors like the NGOs to easily secure responses to their lobbying at the intergovernmental level.

- Provides expertise for timely decision making. For instance, global governance provided the opportunity for network of scientists to work on the Covid-19 pandemic to achieve results without state regulatory bottlenecks.
- There is a potential for decoupling of the triple bottom line from the local political landscape.

#### **1.4.2 Drawbacks of global governance**

Beyond the benefits, there are also disadvantages. A few are list below.

- Global governance attracts mistrust. There are sovereignty concerns when it comes to the introduction of foreigners into the governance space of developing countries, that North – South suspicion is always there. In the global Covid-19 Pandemic, the suspicion of mistrust in terms of local production of a cure led to various backlash.
- Legitimacy and accountability of private actors/corporations. Because global governance involves intergovernmental and non-state actors, in many cases, private actors play the role of governing and this is not their space. So, with global governance they have opportunity to interfere in that space which raises the question of legitimacy and accountability. According to Biermann & Pattberg (2008) private actors are usually engross in "governing, without sovereign authority," which they have no authority to.

- Deficiency of consistency in decision-making and responses. The presence of numerous actors in the space of decision-making usually ruin the desired outcome of steady, reliable and continuous responses. This corrodes strategic implementation of actions.

### **1.4.3 What is Development Assistance?**

Unlike the developing or less developed countries, the developed countries have strong economies that is self-sustaining and can recuperate from shock or recession. These rich countries came together and agreed to lend support to the poor countries to assist in alleviating economic hardship in these poor countries. This is seen by many as wealth redistribution and a response to the development cries of the developing countries in the early 1960s. They pledged to donate 0.7 per cent (0.7%) of their gross national income (GNI) to support low- and middle-income countries. In many cases, the assistance they offer are usually monitored. This development assistance is called official development assistance (ODA). The funds that come from here are also referred to as ‘aid money’, because the money is meant to aid development. ODA is defined as government aid designed to promote the economic development and welfare of developing countries (OECD, 2020).

Contributions for official development assistance (ODA) actually comes from a group of countries who came together and formed, development assistance committee (DAC) which became a member of the Organization for Economic Co-operation and Development (OECD) in 1961. The DAC is composed of 28 countries plus the European Union, making it 29. The OECD is a global governance or intergovernmental cooperation to enhance

- prosperity,
- equality,
- opportunity and well-being for all.

Other multilateral institutions like the United Nations, development banks, and trade organizations are all part of this global governance for development assistance. The United Nation's Economic and Social Council (ECOSOC) is a critical agency that facilitates discussion on topics of global governance and economic and social development, especially in building partnership for addressing defined focus of development assistance.

## SELF ASSESSMENT EXERCISE 2

Explain the meaning of development assistance.

### **1.5 Mandate of the DAC**

The question is, what did the DAC have in mind when they decided to donate their funds to poor countries? This question ordinarily is driving at the mandate of the DAC. It will interest us know that their mandate was basically

- to create and promote development co-operation,
- poverty reducing measures,
- promote pro-poor economic growth.

#### **1.5.1 How are ODA disbursed?**

ODA disbursement comes as

- grants,
- soft loans
- and as technical assistance

### **1.5.2 Global Governance and Development Assistance**

As we have mentioned, global governance is about international cooperation to foster development. This is usually between government of countries which is intergovernmental cooperation or between and amongst governments and international NGOs. Global cooperation for development assistance is a multilateral framework and covers various space - poverty, climate change, terrorism to partnership for sustainable development. With the global coronavirus pandemic that has ravage the world, destroyed businesses and undermined capacity for businesses to retain and manage personnel, the place of global governance for development becomes quite clear. There are over 300 scientists from various multilateral bodies working on 120 efforts for vaccine development across globally convened platforms. Such cooperation where sustained would yield desired goals.

### **SELF-ASSESSMENT EXERCISE 3**

List the types of global governance.

Many developing countries, low-income and middle-income countries have been devastated by the pandemic. As part of the global efforts to combat the pandemic, United Nations and her agencies, OECD and other development banks have been supporting developing countries with funds (ODA) to cushion the impact of the pandemic. Bilateral ODA to Africa and least-developed countries according to the OECD, rose by 1.3% and 2.6% respectively to support developing countries confronting toughest times. In 2010,

international co-operation was leading the extension of social protection to low-income countries, both in designing, financing, as well as delivering social protection programmes in sub-Saharan Africa.

In the very recent time, multilateral cooperation has led to the supply of donor-funded Covid-19 vaccines to Sub-Sahara Africa, reaching Ghana, Ivory Coast and Nigeria. This is an act of development assistance in the health sector to undermine the cruel impact of the coronavirus in the region. For many years now, global governance for Africa and other developing countries have taken the centre stage of development. Funding development has always been a global effort and much of these countries are making a difference.

Between 2017 and 2020, the German Federal Ministry for Economic Cooperation and Development (BMZ) supported nominated communities in Benin Republic with the installation of 320 automatic chlorination pumps that afforded the communities access to clean, safe and affordable water. Beyond this, community personnel were also trained in the operation of the technology. Development assistance or financing for Africa's infrastructure development according the ICA reached \$81.6 billion in 2017. Mobilized resources was generally to enable improvement of the continent's transport, water and sanitation, energy and ICT sectors (infrastructure Consortium for Africa, 2017). By and large, there are various multilateral arrangements geared to finance Africa's development and Africa has always been the recipient. We are not interested in outlining numerous development assistance efforts here, as it is expected that the student should read further, yet the question that should be asked or answered is, with all the ODA and development financing, is Africa developing?

#### **SELF-ASSESSMENT EXERCISE 4**

|   |
|---|
| Is development assistance different from official development assistance? |
|---|

### **1.5.3 Criticism of development assistance**

Some criticisms have leveled against development assistance

- ODA has not translated to economic growth for recipient countries.
- Development assistance cripples small businesses. As development is financed through multilateral cooperation, small businesses in that sector of ODA are crushed and undermined.
- ODA emboldens corruption. As development-assisted soft loans land the country, greedy politicians continue in their corrupt appropriation and ODA ends up not being used for the right purpose.
- Too much aid money is spent on salaries, admin fees and conferences and does not end up at their destination (Dambisa, 2009).



### **1.6 Summary**

Global governance is all about intergovernmental cooperation to confront the challenges of this age provoked by globalization. The world is no longer the same as such there is a collective effort to fight the menace of poverty, terrorism, human trafficking etc. We have seen the challenge faced by the world in terms of the global Covid-19 Pandemic and the global cooperation against the virus. Such collective efforts reveal that no one country can tackle these numerous problems alone, because at various levels what affects one

country would find its way to another. Development assistance is a function of global cooperation. We have viewed development assistance in this unit to be the same thing with official development assistance (ODA) - *government aid designed to promote the economic development and welfare of developing countries*. There is multilateral arrangement to support developing countries come out of poverty, etc. Development financing is a huge task but must be done to alleviate the conditions of the developing world. In spite of the volume of resources committed to Africa as official development assistance, much has not change but critical perspectives exist. From the discussion, we have seen that global governance is not only about intergovernmental cooperation, it involves international NGOs, mass public as well as the transnational corporations. At any rate, global governance has both demerits and merits as it were.

Global governance can be defined as the collective agreement by world governments to confront and managed global problems. Global problems are the concern of everyone as the world is now a global village. Part of this problem is the status of less developed and developing countries. There is dearth of almost everything in these societies which also makes it a global concern. The reason for development assistance in the form of development financing or official development assistance, ODA. In this unit, we have looked at global governance, as well as development assistance, defined and explained it. We have discussed the context for which global governance takes place, context like migration, terrorism, health or pandemic issues and the various actors in global governance. We have also discussed multilateral level assistance in the development assistance Africa receives. While there are benefits with global governance as well as drawbacks or disadvantages, there are also criticisms against development assistance. The hope is that the student should be able to engage in further reading to gain more knowledge.



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## 1.8 Possible Answers to SAEs

### Answers to SAEs 1

1. global governance can be defined as the collective agreement by world governments to confront and managed global problems.

### Answers to SAEs 2

1. development assistance is a multilateral framework and covers various space - poverty, climate change, terrorism to partnership for sustainable development.

### **Answers to SAEs 3**

- **Bottom-Up Governance:** This type of governance carried out by non-state actors like international NGOs, Mass Publics and Human Rights groups.
- **Market governance:** This describes formal horizontal flow of authority in the forms of formal regulatory framework over economic activities, and investments etc.
- **Network governance:** This type of global governance is a formal interaction between various entities ranging from governments, organize NGOs, international organized business alliances. It is not interaction between governments but a network of equals.

### **Answers to SAEs 4**

1. yes there is a different between development assistance and officially development assistance development assistance is a multilateral framework and covers various space - poverty, climate change, terrorism to partnership for sustainable development. While the ODA is defined as government aid designed to promote the economic development and welfare of developing countries

## **MODULE 3 - UNIT 2: INTERNATIONAL FINANCE FOR DEVELOPMENT**

### **CONTENTS**

- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
- 2.3 Main Content
  - 2.3.1 International finance for development
  - 2.3.2 Importance of International financing for development
- 2.4 Sources of international Finance
  - 2.4.1 External financial flows to Africa
- 2.5 Bretton woods institutions
  - 2.5.1 Criticisms of bretton woods institutions
  
- 2.6 Summary
- 2.7 References/Further Readings/Web Resources
- 2.8 Possible Answers to SAEs



### **2.1 I-NTRODUCTION**

In unit 1, we looked at global governance and development assistance. In this unit we will introduce the student to international finance for development. Finance for development deals with international cooperation for capital flows to support development and delivery of the sustainable development goals, underscored by the outcomes of international conferences that set-in motion, various agendas for development.



## 2.2 Learning Outcomes (LOs)

At the end of this unit, the student should be able to,

- understand and explain the meaning of international finance
- know the different finance for development banks
- understand sources of external financial flows into developing countries



## 2.3 MAIN CONTENT

### 2.3.1 International finance for development

Financing for Development is anchored around reinforcing support to the commitments and agreements reached in the following international conferences:

- The Addis Ababa Action Agenda of July 2015
- The Doha declaration, Nov 29 – 2 Dec 2008
- The 2030 Agenda for Sustainable Development September 2015
- The Paris Agreement under the United Nations Framework Convention on Climate Change which held in December 2015.

The Addis Ababa agenda is the latest of all the international accords. It provides a renewed framework for financing development by marrying financial flows with public goals. This is in the form of securing additional sources of fund for financing development beyond official development assistance, ODA; and to strengthen support for the delivery of the 2030 agenda for sustainable development goals.

International Finance simply refers to the securing of funds for business and development activities from international sources. Another nomenclature for international finance is international macroeconomics. It is so called because it is associated with finance on a global scale. In the global finance world, international finance for development is

facilitated by the international banks. These banks are usually referred to as international finance institution (IFIs). They play a critical role in social development as well as in the economic development of many countries. As part of the efforts towards realization of the commitment of the North for the development of the South, international development cooperation has always targeted low-income developing countries particularly in Africa, to support and finance development projects that could possibly move them up the ladder to becoming self-sustaining. Capital flows from the developed countries into developing countries especially Africa have always come through the various international development banks. These banks may fund development projects, advise and, or may admonish on the strategies of delivering development projects. The objectives of international financing institution can be categorized thus;

- Reduce global poverty, improve living conditions & standards; □ Support sustainable economic, social and institutional development; and □ Promote regional cooperation & integration.

These objectives are priorities and are attain through grants, loans and credits made available to National governments. The grants or loans given to these national governments are linked to particular social and economic projects that are anticipated to be sustainable. With post MDGs goals, priorities in the global age is to foster the success of the seventeen sustainable development goals (SDG 17) particularly in economies of the developing countries. Financing sustainable development therefore covers the critical dimensions of social, economic and environmental sustainability. The conglomeration of all these banks is what we call international finance institutions (IFIs). Some of these banks are:

- African Development Bank.
- Asian Development Bank.
- Caribbean Development Bank.
- European Bank for Reconstruction & Development.

- Inter-American Development Bank.
- World Bank.
- International Monetary Fund (IMF)
- Other IFIs & Institutions.

### **2.3.2 Importance of International financing for development**

- It supports countries that do not have enough resources to accomplish development goals, especially less developed countries, where Official Development Assistance is the source for the entire external financing.
- International finance is required in areas where private sector finance is inadequate, for instance, climate change and public utilities.

### **2.4 Sources of international Finance**

The various sources are;

- **Commercial Banks:** Commercial banks provide loans in foreign currency to companies. They play a major role in financing non-trade international operations.
- **International agencies and development Banks:** They are a group of multilateral development banks that fund development. We have already listed them out above.
- **International capital markets:** Capital markets make use of depository receipts. Depository receipt is a financial instrument issued by a bank as a representation of a foreign company's public traded securities. It enables the foreign purchasing of shares. The most popular of these receipts are American Depository Receipts (ADR), Indian Depository Receipt (IDR) and Global depository receipts (GDR).

- **Foreign Currency Convertible Bonds (FCCB):** This kind of bonds are debt instrument that are mostly transformed to depository receipts. Those with access to this type of bond are usually at liberty to convert them into equity shares (ordinary shares).

### **SELF-ASSESSMENT EXERCISE 1**

Mention the sources of external financial flows into developing countries

#### **2.4.1 External financial flows to Africa**

In this section the question that deserves an answer is, how does Africa receive international finance for development. We will discuss some of the sources here. First, when we say external flow, we mean funding in monetary forms that flows into Africa or the developing countries. These financial flows enable development and improvements in the general status of the recipient countries, and in alignment with global governance on sustainable development they are meant to finance the social, economic and environmental components of the sustainable development framework. These sources are:

- **Official development assistance, ODA:** Over the years ODA to Africa especially Sub-Saharan Africa had increased, however there is a reduction in ODA as a result of other external flows. According Amadou Sy (2015), the volume of external flows into Sub-Saharan Africa reached about \$120 billion in 2012—from \$20 billion in 1990. Net official development assistance and official aid received in Nigeria was \$3,358,790,000 as of 2017.

- **Remittances:** Remittances are finances or funds that come from individuals, in this case citizens of a country living abroad. Meaning that remittances are private financial flows associated with individual transactions from abroad to families and friends. It is also considered that remittances have significant role in reducing poverty and supporting education since the funds goes directly into households. Remittances have increased over the years and have surpassed official development assistance to many developing countries. In some cases, remittances represent 25% of a country's GDP (Dilip, 2007).
- **Private capital flows:** This represents both long-term and short-term investments into a country from private individuals or institutions. Private investment is a very critical source of financing development. United Nations estimates that private institutional investors, hold between \$75 trillion and \$85 trillion in assets, such assets are really required to fund development in LDCs.
- **Foreign direct investment, FDI:** FDIs are investment that flows from one country or corporate individual into another country. Investment from private individuals or institutions are however considered to be very substantial source of financing for sustainable development. Such investment usually boosts the economic growth of the recipient country. FDI in developing countries has increased from \$2.2 billion in 1970 to \$154 billion in 1997 (Williamson, 1997). According to the United Nations, Foreign Direct Investment inflows to developing economies further increased by 18% in 2013 (quarter 1).

## 2.5 BRETTON WOODS INSTITUTIONS

We have mentioned the Bretton Woods institutions earlier on in the Module but did not expand on it. In this section of the unit, we will take a quick glance at what the Bretton Woods institutions are. For purpose of clarity, when the Bretton institution is mentioned, we simply refer to both the World Bank and the International Monetary Fund (IMF). Both institutions were created on the same date, at an international conference attended

by 43 countries and organized in Bretton Woods, New Hampshire, United States of America in July 1944. Now you can understand where the name came from.

The objective of the international conference was to launch a framework for global economic cooperation and development that would translate to a prosperous and rather stable global economy. The IMF had the mandate of creating a stable climate for international trade by coordinating and aligning members' monetary policies and sustaining exchange stability as well as offer financial assistance to countries experiencing challenges with their balance of payments. On the other hand, the mandate of The World Bank, was to aid the improvement of the capacity of countries to trade effectively by offering money by way of loan to war-torn and needy countries for reconstruction and development projects. In many cases these institutions (IMF and the World Bank) are usually referred to as sister institutions.

World Bank's original name is the International Bank for Reconstruction and Development (IBRD). Over the years it has created other bodies that put together is now known as The World Bank Group. The group is made up of the following:

- IBRD offers loan to Low & middle-income countries;
- International Development Association (IDA) provides loans to Low-income countries;
- International Finance Corporation (IFC) lends to the private sector;
- Multilateral Investment Guarantee Agency (MIGA) inspires private organizations to invest in foreign countries;
- International Centre for Settlement of Investment Disputes (ICSID) supports private investors and foreign countries to harmonize their differences during disputes.

These institutions have been very outstanding over the years facilitating globalization in different ways. Providing technical assistance to countries (that is capacity building), lending and mostly monitoring the progress countries are making, especially with regards

to economic policies. These institutions for years have been offering economic advice to the developing countries, proffering deregulatory cum economic liberalization policies that have mostly failed and ended in catastrophe in majority of the developing countries.

The major difference between The World Bank and The IMF lie in the fact that whereas the World Bank cooperates with developing countries to foster poverty reduction measures in order to bring about shared prosperity. The IMF on the other hand, assists countries to stabilize and regulate their monetary system and is a monitor of the world's currencies.

## **SELF-ASSESSMENT EXERCISE 2**

What are the Bretton Wood Institutions?

### **2.5.1 Criticisms**

- Whilst the Bretton Wood institutions remain the most significant influencers of international finance for development, they have been criticized for devastating African economies especially health institutions in Africa via their ill-fated structural adjustment programme (Egbuta, 2019).
- Also, there are structural imbalances in the Bretton Wood institutions (BWIs) as developing countries are underrepresented in the decision-making process. Decision-making favours the West, particularly countries like the United States of America, European countries and of course Japan.

- BWIs has also faced the criticism of undermining the labour unions or labour movement. Through various lending conditionalities these institutions have advised borrowing countries to systematically weaken labour unions in their countries.
- Lastly, the institutions have also been criticized for fostering climate change. This criticism stems from the fact that the Banks have sustained their investment in fossil fuel across the globe post Paris Climate Agreement of 2015.



## **2.6 Summary**

The Addis Ababa Action Agenda (AAAA) and 2030 agenda for sustainable development goals are frameworks that underscores efforts at international financing for development. They are commitments for actions to deliver development in the world particularly in developing societies. As we mentioned, international Finance refers to the securing of funds for business and development activities from international sources. There are international development banks that on a global scale finance development and are collectively known as international finance institution (IFIs). Their priority objective is to reduce global poverty and improve living conditions & standards across developing countries by financing development projects. External flows depict inflow of finance into a country externally (that is, from other places), the sources of external financial flows are from ODA, FDI, remittances, and private capital flows. Bretton Wood Institutions are the duo of the World Bank and the IMF. These two institutions have greatly fostered globalization; however, they are not without criticisms.

This unit was concern with international finance for development. We have elaborated on the meaning and some associated boundaries. International finance for development is

very important, particularly for the developing countries who cannot afford to finance their development, how much more achieve sustainable development goals via the instrument of financing. This underscores the need to support some of these countries. Financing for development is facilitated by international development banks like the African development bank, European bank for reconstruction and development, World Bank and IMF (which are collectively known as the Bretton Wood Institutions).



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## 2.8 Possible Answers to SAEs

### Answers to SAEs 1

the sources of external financial flows into developing countries

- **Official development assistance, ODA**
- **Remittances**
- **Private capital flows**
- **Foreign direct investment, FDI:**

### Answers to SAEs 2

what the Bretton Woods institutions are. For purpose of clarity, when the Bretton institution is mentioned, we simply refer to both the World Bank and the International Monetary Fund (IMF). Both institutions were created on the same date, at an international conference attended by 43 countries and organized in Bretton Woods, New Hampshire, United States of America in July 1944. Now you can understand where the name came from.

## **MODULE 3 - UNIT 3: FOREIGN AID AND DEVELOPMENT IN AFRICA**

### **CONTENTS**

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  - 3.3.2 Motives behind Foreign Aid
- 3.4 Forms and of Foreign Aid.
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- 3.6 Summary
- 3.7 References/Further Readings/Web Resources
- 3.8 Possible Answers to SAEs



### **3.1 INTRODUCTION**

Post-independence, development has continuously remained the challenge of Africa. Amongst this challenge of development, poverty has been at the front row. As part of the global governance efforts, Africa has been on the receiving side of development assistance and foreign aid to alleviate her situation. How much has Africa received in Aid money? Has Africa developed? This unit of the module will focus on foreign Aid and development in Africa. The student will be exposed to the forms of foreign aid and the issue of debt trap.



## **3.2 Learning Outcomes (LOs)**

At the end of this unit, the student should be able to;

- explain foreign aid,
- mention the forms of foreign aid,
- and explain foreign aid and development



## **3.3 MAIN CONTENT**

### **3.3.1 Foreign Aid and development in Africa**

The crux of foreign aid to African countries or developing countries is to enable them progress out of poverty and all other entanglements that undermine their development.

Since decolonization, (that is, since the end of colonization) African countries have been receiving foreign aid in various forms. Foreign aid had mostly come in from the West especially through multilateral agencies plus the international NGOs. In recent time however, China has also ventured into the foreign aid business catching in on globalization and providing huge sum of monies to countries in dire need of it, especially African countries; thus, reshaping the ‘Aid space’. Foreign Aid according to Ajayi (2000), is any form of assistance by a government or financial institution to other needy countries, which could be in cash or kind.

The United States of America is a key donor of foreign aid. American aid money is channeled to;

- countries that are recovering from war,
- developing countries,
- and countries that are of strategic significance to the United States of America.

The United States of America, in 2018 expended over \$47 billion on foreign aid, a figure that is \$1 billion higher than the 2017 figure. Clearly, 37% of the US aid money went to the following ten countries:

| S/N | Country     | Amount (\$)      |
|-----|-------------|------------------|
| 1   | Afghanistan | (\$5.94 billion) |
| 2   | Israel      | (\$3.11 billion) |
| 3   | Jordan      | (\$1.67 billion) |
| 4   | Egypt       | (\$1.23 billion) |
| 5   | Iraq        | (\$1.18 billion) |
| 6   | Ethiopia    | (\$878 million)  |
| 7   | Syria       | (\$835 million)  |
| 8   | Kenya       | (\$824 million)  |
| 9   | Nigeria     | (\$820 million)  |
| 10  | South Sudan | (\$789 million). |

Table 1: Recipients of US Foreign aid.

Relative to other countries, the United States of America is the biggest spender on the DAC, when it comes to foreign aid. Behind the US is Germany; however, the US spends over \$10 billion a year more than this country. When viewed as a percentage of GDP, the United States of America is apparently one of the lowest spenders among all developed countries.

Here are the 10 countries that receive the most foreign aid:

| S/N | Countries   | Amount (\$)   |
|-----|-------------|---------------|
| 1   | Iraq        | (\$1.17 Bn)   |
| 2   | Jordan      | (\$1.16 Bn)   |
| 3   | Syria       | (\$819.37 Mn) |
| 4   | Ethiopia    | (\$806.91 Mn) |
| 5   | Afghanistan | (\$760.17 Mn) |
| 6   | South Sudan | (\$749.53 Mn) |
| 7   | Nigeria     | (\$739.50 Mn) |
| 8   | Dr Congo    | (\$672.06 Mn) |
| 9   | Yemen       | (\$633.60 Mn) |
| 10  | Kenya       | (\$591.36 Mn) |

Table 2: Recipients of the highest global aid.

Sub-Saharan African countries have consistently received the most aid, which has increased from \$6 billion in 1960 to \$46 billion in 2011 (Baker, 2014). Sub-Saharan African countries in 2012 received the highest share of foreign aid in over 25% of total world aid and received over a quarter of all United States of America obligated aid in 2018 (Congressional Research Service, 2020; Tait et al. 2015). As early as 2013, China presented in aid, infrastructural loans to many countries in Africa, South America and East Asia, as part of its massive Belt and Road Initiative – i.e. regional integration efforts to intensify trade and commercial activities between China and Africa and Europe through roads and maritime network (European Bank, 2020). Sub-Saharan African countries have also relished foreign aid from China. China’s official development assistance to SSA expanded from \$0.5 billion in 2000 to \$3.2 billion in 2013. The volume of foreign aid that has entered this particular region of Africa should ordinarily reflect greatly in her infrastructural development. If it is not so, the student is expected to research and find out why.

### **3.3.2 Motives behind Foreign Aid**

The act of giving in the era of globalization is altruistic and, in many ways, humanitarian. Yet there are contrary views. Three of the reasons or motives are listed here:

- Anticipation of gratitude: Majority of donors expect donor-recipient countries to show gratitude. This gratitude should come in the form of conforming and aligning to the interests of the donor in global politics.
- Global Trade: Donors' expectation is in increased trade with recipients, thus expanding donors' economic interests.
- Better living standards: The donors of foreign aid like the OECD, etc. believe that their support or foreign aid to less developed countries fosters better living standards for the recipient countries.

### **3.4 Forms and of Foreign Aid.**

Foreign aid comes in two forms, economic assistance and military assistance.

#### **Economic assistance:**

- Investment in the economy of the needy country
- Loan
- Infrastructural development, etc.

#### **Foreign Aid as military assistance:**

- Supply of military hardware.
- Military agreements, bilateral and multilateral.
- Supply of military technical assistance, as in the case of military presence, etc. (Aluko and Arowolo, 2010).

### **3.5 Components of Chinese foreign aid:**

China is neck deep in economic globalization and eases her way through via massive deployment of foreign aids. Chinese foreign aid is in multiple forms.

- Complete projects,
- Goods and materials,
- Technical cooperation,
- Human resource development cooperation,
- Medical assistance,
- Emergency humanitarian aid,
- Volunteer programs,
- and debt relief

### **3.5.1 Foreign Aid and debt trap**

There are many views that inspite of the fact that Western donors as well as the Chinese continue to finance development in Africa and beyond through ODA etc., the foreign aid has not aided development in Africa. Sub-Saharan Africa has consistently been a recipient of foreign aid since decolonization, yet aids has not reproduced development in the region. Researchers have argued that there is something wrong with foreign aid, that its goal is not to develop but to underdevelop Africa through debt (Jallow 2006, Nduonofit & Onwukwe, 2012). The point to note as some researchers and writers have stated is that, official development assistance or foreign aid as it were is not charity and is not necessarily free. Most of the loans and development assistance come with interest and there is moratorium for these loans (moratorium is time frame for loan repayment) and when the time frame elapse and the loan is not repaid, it is this process that leads to —debt trap. With this trap, these countries will continue to depend on their lender thus ensuring unequal development. Because the borrower will have to assign a percentage of her GDP for debt service. Smith (1994) posits, ‘most of Africa’s debt resulted from loans to dictatorial governments, resulting in little benefit to the people’. Currently, the Chinese have been pouring foreign aids into Africa and Nigeria and the way it is going, it looks

like a free meal. But this could possibly look more like a debt trap diplomacy (Unekwu, 2020).



### **3.6 Summary**

Foreign Aid is any form of assistance by a government or financial institution to other needy countries, which could be in cash or kind. The forms of foreign aid were noted to either be in economic assistance or military assistance with associated components. We have discussed here that much of the foreign aid into Africa came from the West. But in recent time China is neck deep in economic globalization and is reaching out massively to Africa. Since decolonization, Sub-Saharan African countries have been the highest recipient of foreign aid and are also benefiting from the Chinese largesse. The motive of foreign aid is clear in terms of seeking to support decent standard of living, however there are questions. Over the years there has been volume of foreign aid, yet there is still no development, we have discussed here that there is a relationship between foreign aid and debt trap. The student is responsible for a deep dive to make recommendations as to how to go about foreign aids.

This unit focused on foreign Aid and development in Africa. The goal of foreign aid is to support in building the infrastructures of Africa etc. to warrant development. There are different forms of foreign aid, some are in economic forms others are in military assistance. The Chinese foreign aid has 8 different components and China has entered the aid space serious. In all these, Sub-Sahara Africa has received more aid than any other region in Africa. Foreign aid is considered to have led to debt trap for Africa. It appears the aid from the Chinese could be a trap also.



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### **3.8 Possible Answers to SAEs**

## **MODULE 3 - UNIT 4: WTO AND INTERNATIONAL TRADE**

### **CONTENTS**

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Main Content
  - 4.3.1 WTO and International trade
  - 4.3.2 Formation of the WTO
- 4.4 Functions of WTO
  - 4.3.1 WTO and the Least Developed Economies
- 4.5 WTO: Criticisms
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to SAEs



### **4.1 INTRODUCTION**

Trading has been very useful over the years. International trade has also been very beneficial to countries and engendering cordial relationship and sometimes bitter relationships due to one issue to the other. This unit will explain the role of the world trade organization in international trade.



## 4.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to,

- explain the role of the WTO in international trade



## 4.3 MAIN CONTENT

### 4.3.1 WTO and International trade

With globalization comes serious competition in the business climate. Globalization has transformed the way businesses act and operate since it is a borderless world. Competition in the global economy has come with pressure for outsourcing, value chain reengineering, offshoring, retailing, etc. With all these there is business terrorism, spying, intimidation and all what not. Enters global governance. As international trade takes a different path in the global age, it becomes critically important to build governance around it and set rules of engagement to protect the interest of all and sundry. The outcome of this governance is the emergence of the World Trade organization (WTO). It is the sole organization recognized to deal with global trade, set rules and enforce trades regimes or compliance amongst countries and businesses. The current WTO DirectorGeneral is a Nigerian, Dr. Ngozi Okonjo-Iweala. She assumed her role March 1, 2021.

### 4.3.2 Formation of the WTO

Prior to the formation of the WTO, global trade was governed by the General Agreement on Tariffs and Trade (GATT), which was established post WWII. The GATT was responsible for keeping the global economy sane by negotiating trade barriers and managing other trade related matters of the time. The general agreement on tariffs and

trade, GATT at the time was the only multilateral institution leading global trade and creating opportunity for international trade cooperation. It existed from 1946 until 1995. On January 1, 1995 World Trade Organization was founded. This leads to a more prosperous, peaceful and accountable economic world. The world trade organization as a multilateral organization managing the affairs of global trade ensures that trade barriers are negotiated among member states and lowered as well as between individual businessmen and women and trading economies. Through such instruments of negotiation, WTO is able assure accountable, prosperous and peaceful global economic world. In terms of structure, WTO has the Ministerial Conference as its highest body of authority. The Ministerial Conference is made up of representatives from across all member states, and they meet at least interval of two years. WTO as a multilateral institution is guided by the core principles of non-discriminatory practices, transparency and the pursuit of open borders.

#### SELF ASSESMENT EXERCISE 1

Briefly explain the formation of the WTO.

#### 4.4 Functions of WTO

The underlisted are some of the critical functions of the World Trade Organization;

- enforce/set rules for international trade,
- provide a platform for effective negotiating and monitoring trade liberalization,
- trade disputes resolution,
- transparency of decision-making processes,

- steer cooperation between and amongst major parties involve in global economic management,
- and assist developing economies profit from the global trading system.

#### SELF ASSESMENT EXERCISE 2

Mention three functions of the WTO.

#### **4.4.1 WTO and the Least Developed Economies**

WTO shows a rather careful and extra attention to LDCs. The recognition for least developed countries is that,

- other countries must be flexible towards them. Developed countries must lower trade-import barriers for the LDCs.
- A year after the founding of WTO, a plan of action was set in motion for LDCs to ensure their participation in the global trade. Such actions included technical assistance and access to the industrialized countries market.
- In 2002, a further broad-base programme was put in place to support least developed countries. This broad-based action plan focused on, 1) Improved market accessibility; 2) increased technical support; 3) assistance for third party institutions engaging LDCs for a diversified economy and a quicker process for membership entry.

Over the years there are very interesting programmes the WTO may have planned for the developing economies. It appears they were all mere saying and not clear-cut actions. Developing economies have been struggling and complaining of trade barriers. Goods

and services would come into the developing economies, but a different standard existed otherwise, thus undermining developing countries benefitting from the global economy. It is deducible that the WTO has done much to create a global market that is in recent time based on cooperation, but that does not live WTO without criticisms.

#### **4.5 WTO: Criticisms**

- Developed countries are the main benefactors of the free trade economy. Developing countries cannot use tariff protection in the global trade but the developed economies did in their infant days.
- Most favoured nation principle of the WTO weakens local businesses in the developing economies. This principle means that trade should be carried out without discrimination – meaning localized firms are not to show favoritism towards local contractors. But with the local content law of Nigeria, local contractors have been protected.
- Farmers in developing countries are disadvantaged because of agricultural tariffs. The developed economies like the EU and the US hold tariffs in their Agricbusiness, hence this looks like different stroke for different folks.
- Undemocratic structure: The structure of WTO empowers rich countries to get their demands and benefit more than others.

#### **SELF ASSESMENT EXERCISE 3**

What is WTO? Outline three criticisms of WTO.



## 4.6 Summary

World Trade Organization is the only multilateral institution that is saddled with the responsibility of managing international trade. WTO was established on January 1, 1995 with headquarter in Geneva. The current WTO Director-General is a Nigerian – Ngozi Okonjo-Iweala. The world is now a global village and international trade is the order of the day. There is so much competition in the global economy as such there is need for governance to manage cooperation, and that is the role of the WTO. The organization's highest body of authority is the Ministerial Conference, with representation from all member countries. WTO's core principle is non-discriminatory trade practices, transparency and the pursuit of an open border.

World Trade organization was founded in 1995, it replaced the general agreement on tariffs and trade GATT, which governed international trade cooperation since 1946. WTO is the sole organization recognized to deal with global trade, set rules and enforce trades compliance amongst countries and businesses. The functions of WTO have been spell out here as well as the relationship of WTO with the LDCs. In spite of the over twenty-five years of WTO's existence with associated achievements, there are obvious criticisms leveled against it. With the new leadership, developing countries may have a better opportunity in international trade.



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## 4.8 Possible Answers to SAEs

### Answers to SAEs 1

1. Prior to the formation of the WTO, On January 1, 1995 World Trade Organization was founded. This leads to a more prosperous, peaceful and accountable economic world. The world trade organization as a multilateral organization managing the affairs of global trade ensures that trade barriers are negotiated among member states and lowered as well as between individual businessmen and women and trading economies.

### Answers to SAEs 2

1. WTO is a multilateral institution guided by the core principles of non-discriminatory practices, transparency and the pursuit of open borders.

2. The underlisted are some of the critical functions of the World Trade Organization; • enforce/set rules for international trade, • provide a platform for effective negotiating and monitoring trade liberalization, • trade disputes resolution, • transparency of decision-making processes,

### **Answers to SAEs 3**

- Developed countries are the main benefactors of the free trade economy.
- Most favoured nation principle of the WTO weakens local businesses in the developing economies.
- Farmers in developing countries are disadvantaged because of agricultural tariffs.

## MODULE 3 UNIT 5: ROLE OF INTERNATIONAL NGOS IN DEVELOPMENT

### CONTENTS

- 5.1 Introduction
- 5.2 Learning Outcomes (Los)
- 5.3 Main Content
  - 5.3.1 Role of international NGOs in development
  - 5.3.2 Types of NGOs
- 5.4 Roles in development
- 5.5 How NGOs are funded
- 5.6 Summary
- 5.7 References/Further Readings/Web Resources
- 5.8 Possible Answers to SAEs



### 5.1 INTRODUCTION

As globalization accelerates, the interconnectedness and interdependence of nations also generates or provokes associated issues of global policy. In many cases, some of these issues are not addressed properly at the national or local level. It becomes the sole responsibility of the Non-Governmental Organizations to lead the cause or advocate for good governance, human rights, women rights, populations issues etc. When the term NGO is mentioned, what comes mostly to the mind is civil society. NGOs play a vital role in the society, reshaping and addressing issues in a world of interconnectedness and interdependence. They have been around for a very long time, however, were first mentioned as NGO with the founding of the United Nations in 1945. This unit will introduce the student to the concept of Non-Government Organization and its role in development.



## **5.2 Learning Outcomes (Los)**

At the end of this unit, the student should be able to,

- Explain the meaning of NGO
- Explain the role of NGOs in the development of society
- Mention the types of NGO



## **5.3 MAIN CONTENT**

### **5.3.1 Role of international NGOs in development**

Non-governmental Organizations (NGOs) have a long history and tradition. When the history of NGOs is mentioned in Nigeria, many will ordinarily trace it back to the early 1980s, when the military were in power. When human rights abuse was quite extreme. Others will also connect the dot to tie their origin to the Structural Adjustment Programme (SAP) era. These dates are memorable, but that will be erroneous, to think that the non-governmental organizations are emergent phenomenon. Some writers have traced the origin of NGOs in Nigeria to the time Peoples Union was created in 1908 as well as in 1934 when the Nigerian Youth Movement was founded (Nzarga, 2014). Although these early NGOs metamorphosed to become political parties, they were able to fight for life necessities and demanded equality of treatment against their British counterparts. Charnovitz (1997) reported that as far back as early 18<sup>th</sup> century, NGOs had been formed in the United States of America and were engage in fight and demanding for an end to slavery. According to him, the establishment of the British and Foreign AntiSlavery Society marked the beginning of international NGO as that created a link between the already founded ones in the US with the outside world. Lewis corroborated

this when he noted that NGOs have been quite active in the western societies since the 18<sup>th</sup> century fostered by the struggle for the abolition of slavery. With post WWI shock and suffering, Save the Children Fund (SCF) was founded by Eglantyne Jebb in 1919, and in 1942 Oxfam was founded with the task of making food available for Greek Civil war victims. In the same vein, by 1946, CARE (Cooperative for Assistance and Relief Everywhere) was established and was dedicated to dispatching food packages to victims of the second world war. This ordinarily shows that Non-Governmental Organizations have come a long way in their support to the development of society.

NGOs are very diverse, and their forms of operating is also quite difficult to relate, this obscures the opportunity of stating an absolute definition. In many cases, NGOs are not profit seeking organizations, in other cases they are funded by governments both at the national and at the global levels, yet in many other cases, there are some that seek to generate funds to use for their civil society activities. Be that as it may, the clear point here is that NGOs are not institutions or organizations that are managed or run by the government, they are operated by private citizens and are organized at various levels and platforms as we have mentioned. In Nigeria, there are many NGOs, and these NGOs are organized around different themes. From Democracy, Agriculture, women rights, children issues, education, environment and climate change etc. Some of these local NGOs include;

- Social Action,
- Niger Delta Environment & Relief Foundation, □ Gombe Youth for Global Goals Initiative, etc.
- Nature Cares Resource Centre
- Child Right and Rehabilitation Network (CRARN), etc.

At the global level, there are;

- Greenpeace

- Amnesty International
- Mercy Corps
- Doctors Without Borders
- International Rescue Committee
- Bill & Melinda Gates Foundation

Therefore, we can define NGOs as, Organizations which are run by their own to protect public interests and are independent of government with the sole theme of been a not-forprofit organization. According to the World Bank, NGOs are "private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development" (World Bank, 1995:7). Both definitions have something in common, that is; public interest is the critical or driving force for the role of the NGOs.

#### SELF ASSESMENT EXERCISE 1

Give a brief explanation of NGOs.

### 5.3.2 Types of NGOs

The United Nations have always recognized two types of NGOs, these are:

- **Operational:** These are NGOs that have their focus and attention on development projects. They are engaged in displaced persons projects, earthquake, fires etc.

- **and advocacy:** These types of NGOs focus on the promotion of certain course of action – Childcare, gender mutilation, domestic violence, environmental pollution etc.

#### SELF ASSESSMENT EXERCISE 2

Mention the types of NGOs

#### 5.4 Roles in development

- **Human rights:** NGOs are critical in the human rights space. They go all out to, dedicate themselves to protecting people and ending abuses of all forms and shapes. The task of protecting human rights from time has never been the concerted efforts of the government, rather human rights non-governmental organizations have campaigned and pointed the international community to various abuses ongoing in countries for necessary interventions. In many cases they have really shaped the world. Amnesty international, Human Rights Watch, Children Defense Fund (CDF) etc. have been at the forefront of human rights advocacy.
- **NGOs and Democracy:** Fighting, advocating for democracy has been one aspect or area where the NGOs have fought. Especially as the world becomes a global village with democratic practices taking a grip in the world, NGOs paid enormous price fighting for democracy particularly in Third World countries where military Junta had a grip. They advocated for transition to democracy, campaigning around the world and making cases before international organizations. This was and

remains one of the critical areas where not-for-profit organization have played a role that changed society and ushered in development. Seriously, Nigeria is benefitting from democracy as a result of the sustained NGO activities in the 1990s that led to democracy in 1999.

- Environment/Climate change: NGOs are very active in fighting the adverse side of globalization. Greenpeace, Amnesty international etc. have been in severe advocacy over the environment campaigning against transnational corporations' prioritization of business gains over the safety of the environment for all and sundry. Strong evidences exist that shows the impact of man on the environment and all are leading towards global warming. Government is interested in the tax and royalties TNCs will pay to them as such not much is been done. The clarion call that comes from NGOs, their advocacy and demonstrations have led to social learning for the world underscoring the development of the mind towards the negative aspect of economic globalization.



Figure 5: Showing protests against Shell.

Beyond the roles listed out here, NGOs play many more roles in the development of the globalized world. Their roles in gender, child rights, compensation for soldiers, education and many more are testimonial that the world would have been different without the existence of Non-Governmental Organizations (NGOs). The student is expected to create time and opportunity to read up other materials for more knowledge.

## 5.5 How NGOs are funded

NGOs are a not-for-profit organization, that means that they are not controlled by and are not funded by national governments. They have their own sources of funding. However, despite their independence from government some NGOs still rely on government support. In many times, such funding is viewed as controversial as it has capacity to influence decisions and may be termed political. Some of the ways NGOs secure their funding is listed below.

- Membership dues
- Private donations
- The sale of goods and services
- Grants from other non-profits
- government funding

### SELF ASSESSMENT EXERCISE 3

How do NGOs get funding for their work?



## 5.6 Summary

The World Bank defined NGOs as "private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social

services or undertake community development. For us, we have defined NGOs as organizations which are run by their own to protect public interests and are independent of government with the sole theme of been a not-for-profit organization. NGOs are notfor-profit organizations; they operate by themselves but exist for the interests of the common citizens. Their role in the development of a country is quite enormous. As we have mentioned here, NGOs have always been at the forefront of advocacy. They played a vital role that has led Nigeria into a democracy and are still playing critical role in the environment space and fighting against economic globalization undermining the one Earth.

Non-Governmental Organizations (NGO) as discussed here a very important in today's global world, and their contributions to development is noted. NGOs have come a long way before even been mentioned by the United Nations in 1945. The types, their role and how they secure funding for their activities have well been noted in this unit.



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## 5.8 Possible Answers to SAEs

### Answers to SAEs 1

NGOs are very diverse, and their forms of operating is also quite difficult to relate, this obscures the opportunity of stating an absolute definition. In many cases, NGOS are not profit seeking organizations, in other cases they are funded by governments both at the national and at the global levels, yet in many other cases, there are some that seek to generate funds to use for their civil society activities. Be that as it may, the clear point here is that NGOs are not institutions or organizations that are managed or run by the government, they are operated by private citizens and are organized at various levels and platforms as we have mentioned.

## **Answers to SAEs 2**

The United Nations have always recognized two types of NGOs, these are:

- **Operational:** These are NGOs that have their focus and attention on development projects. They are engaged in displaced persons projects, earthquake, fires etc.
- **and advocacy:** These types of NGOs focus on the promotion of certain course of action – Childcare, gender mutilation, domestic violence, environmental pollution etc.

## **Answers to SAEs 3**

Some of the ways NGOs secure their funding is listed below.

- Membership dues
- Private donations
- The sale of goods and services
- Grants from other non-profits
- government funding

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## MODULE 4 - UNDERSTANDING THE CONSEQUENCES OF GLOBALIZATION AND DEVELOPMENT

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### Module Introduction

- Unit 1: Negative and positive dimension of globalization**
- Unit 2: Transnational Corporations (TNCs) and development in Nigeria**
- Unit 3: Global Financial meltdown**
- Unit 4: Globalization and conflict/terrorism**
- Unit 5: Technology in the age of globalization**

### Module 4- Unit 1: Negative and positive dimension of globalization

#### CONTENTS

- 1.1 Introduction
- 1.2 Learning Outcomes (LOs)
- 1.3 Main Content
  - 1.3.1 Negative and positive dimension of globalization
- 1.4 Positive Dimension of globalization
- 1.5 Negative Dimension of globalization
  
- 1.6 Summary
- 1.7 References/Further Readings/Web Resources
- 1.8 Possible Answers to SAEs



#### 1.1 INTRODUCTION

This unit of the Module is set to introduce the student to the impact of globalization. In this unit we will expatiate on the negative and positive effects of globalization.



## 1.2 Learning Outcomes (LOs)

At the end of this unit, the student should be able to

- outline and discuss the positive and negative impact of globalization.



## 1.3 MAIN CONTENT

### 1.3.1 Negative and positive dimension of globalization

From the outset we said that the concept of globalization means different thing to different people. In terms of definition we also said that globalization is a multidimensional concept but that the understanding is all about the interconnectivity and interdependence that has taken place. Globalization is characterized totally by the integration of economies of the world through the machineries of trade and financial flow. Recall we had emphasized that the dominant actor in globalization is the free market. In unit one of the first Module, we offered some definitions of globalization where we decided to look at multiple definitions. Let us quickly refresh with a few here.

Globalization according Anthony Giddens (1999), is defined 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 versall. Giddens definition simply sees globalization as a set of processes which affects individuals at the level of their everyday lives irrespective of their location. According to Giddens, *‘although everyone lives a local life, phenomenal worlds for the most part are truly global’* (Giddens, 1990 in Tomlinson, 1994:1). Largely, Giddens is saying that what

transpires in Vietnam, a country mile away in Asia has a corresponding impact in Uganda and many more places because it is now an interconnected world.

On the other hand, Guillen (2001) looks at globalization as, a process leading to greater interdependence and mutual reflexivity among economic, political and social units in the world and among actors in general. Meaning that globalization constitutes a process. an interdependence, which signifies that there are actors. Hence in this complex of interdependence there is the tendency of profitability and perhaps, loss. We have discussed in previous modules that globalization is beneficial. It is so because it involves global trade. If globalization is beneficial, it is believed it should have another dimension that would be contrary. Therefore, going forward we will explore the positive and negative components of globalization. Meaning that we are going to look at some of its positive aspects and the negative aspects as well.

#### **1.4 Positive Dimension of globalization**

##### **Education**

One very important aspect of globalization is in the direction of education. There is no gain saying that Globalization has enhanced education. With advancement in information and communication technology education has been made available and in many cases knowledge has expanded. Researchers, students all over the world can connect to global libraries online without any difficulty, in many cases without paying any money (there are free e-libraries like Project Gutenberg, Open Library, Questia, The Literature Network etc.). Moreso, there is greater access and opportunity for people to attend universities and gain knowledge and expertise without even stepping their feet into the physical university. You can be in Owerri or Uyo, may be Ogbomosho and school in a university in Venice, New York or Vietnam. Online education has become possible and

has afforded so many people the opportunity to gain access to quality education or skill training. In many other instances, people also have greater opportunity to read books free of charge. Books that could not be easily purchased are now clearly available and anyone can access it.

## **Employment**

There is greater employment due to globalization. We have mentioned that with globalization there is advancement in information communication. This means that there are modern jobs or employment that has emerged in the global age. Globalization has created so many self-employed individuals. Young people and those skilled in the art of the internet are now doing lots of internet / online businesses that has lifted them out of poverty. The global age is knowledge-based. There are new skills and new jobs that has offered greater employment opportunities than anyone could have imagined. In today's world, there is crypto-business and a lot of young people have become entrepreneurs making money online training others to gain access into the new age employment. Today's labour market is more advanced than previous decades or centuries and businesses thrive more on artificial intelligence (AI). Thus, new skills are required to match the existing or created opportunities. ILO (2020) acknowledges that the advancement in information technology is changing the labour market, that the Internet of Things and blockchains will lead to the creation of entire new industries, jobs, goods and services.

## **Technology**

As we mentioned above, globalization is associated with technological advancement. The improvement in technology has intensified and has spread abroad between countries leading to improved income and improvement in standard of living. Before now, the cost of transportation was quite heavy especially on production and transportation of goods

and services. Technological globalization has reduced such costs in and led to improvement in communication. Through technological globalization there is also improvement and exploits in raw materials sourcing, this has created various opportunities for businesses as well as countries. Globalization though improvement in technology has led to the development of robotics in medicine. There is now —Telemedicine, which has obviously emerged as a tool for the delivery of surgery. Telemedicine simply refers to the science of delivering health services from a distance.

### **Foreign Investments**

With globalization comes improvement in telecommunication which has also aided how businesses do their business. With such technological improvements raw materials are easily sorted, this enhance the location of businesses in the developing societies. Many multinational companies are now operating in many other countries. In such ways, there is foreign investment in a particular country that elevates standard of living. Through foreign investment a countries local economy is boosted and that creates a value chain for other businesses. The presence of multinational corporations in a country also boost local businesses that begin to gain knowledge through local business development framework design by foreign businesses. Investors boost the country's economy by paying taxes to the government. They help to improve institutions such as schools and hospital through the government agencies which benefits the locals and their family members.

### **Consumption pattern**

Globalization has impacted positively on consumption. With technological improvements emerged the information communication that has ushered in online supermarkets facilitated by radical and dynamic advertisement of consumables or non-consumable goods. This increase in consumer goods is beneficial to the industries and companies enhancing their productive capabilities. Through the internet, consumers all over the world can reach out to goods and services in faraway countries. For the first time in

history, the Chinese were the highest consumers of General Motors (GM) made Cadillac, driving so much profits for the company (Lynch, 2019). Consumption patterns have transformed globally as consumers have capacity to order products around from anywhere – Jumia, Konga, Amazon etc. These online supermarkets have changed the way consumption takes place. They facilitate consumption pattern by bringing products right to the consumers doorstep. Through it all, increased consumer goods equally lead to increased production, which implies increased volume of sales and employment.

#### SELF ASSESSMENT EXERCISE 1

- List and explain three positive impacts of globalization

#### 1.5 Negative Impacts of Globalization

Globalization is not all too rosy; it has attendant negative implications. We discuss some under this section.

##### **Environmental Degradation**

A consequence of globalization is the degradation of the environment. One would ask how this happens, but the truth is with globalization there is greater production which comes with greater use of natural raw materials. To that extent, it means the natural environment would be degraded for the usurpation of the raw materials. As we already mentioned earlier, majority of the transnational corporations (TNCs) for which the Bretton Wood Institutions fund or lend financial assistance are engaged in the oil and gas sector, where they carry out fossil fuel operations damaging the biophysical environment leading to pollution and environmental decay. Which translate to destruction of flora and fauna undermining local communities' economic mainstay. According to the United Nations, oil and gas production are instrumental to air pollution, a major destroyer of

human existence. There is also the issue of deforestation. Widespread deforestation has happened almost everywhere in the world where logging industry exist, and this is fueled by increased demand for disposable products. Nigeria is also a victim of deforestation as her rain forest is fast depleting due to international trade (Adesina, 2012).

### **Unemployment**

Truth be told, globalization creates employment, yet at the same time it also leads to unemployment. As a result of global market competition some countries have reduced cost of production with weaker labour laws which motivate companies from other countries to relocate and set up their factories away from home country. In so doing, it means the relocation of employment thus creating unemployment for one country while creating employment for another. Recall that in recent time the NAFTA (North Atlantic Free Trade Agreement) was resented by the Trump administration for causing ‘job flight’ and was eventually replaced to woo back American companies into the US.

### **Incremental Terrorism**

Globalization has intensified cross border relations and commercial activities, which sounds like a positive dimension, but this cross-border exchanges has also led to incremental terrorism across the globe. Terrorism is not just a substantial problem in most developed countries, it has been transported to the developing countries as well. As a result of global integration, global travels have also increased yet not all the travels are for good. Some have clear intentions of destruction, setting off a bomb at a mall or shooting a handful of busy tourists etc. This has become a global issue, which cannot be solved by just one country but an integrated and collective efforts. Nigeria today is experiencing globalized terrorism transported by ISIS into the country in the form of Boko Haram. Many have lost their lives to the menacing craze of these terrorists, and the end is not even at sight.

## Currency Fluctuation

In the global economy, commercial activities or global trade takes place using the United States of America Dollar. The price of dollar is quite unstable thus affecting the economies of the developing countries in a negative way. Dollar instability fluctuates local currencies making the price of goods and services in local economies like Nigeria to be on the high side. In the local Nigeran market, a bag of cement continuously fluctuates and sales at N5000 likewise other building materials as well as other consumables.

### SELF ASSESMENT EXERCISE 2

- List and explain three negative impacts of globalization



## 1.6 Summary

Globalization is a multidimensional concept, and as we have stated it is beneficial. It has a good dimension which we have called positive effects here and a bad side which is the negative dimension. Globalization has increased knowledge and open up opportunities for access to education, employment and encouraged consumption. Even at that, the negative effects which has led to the degradation of the environment, unemployment as well as global terrorism remain dire negative consequences of globalization.

The impact of globalization is far-reaching. It touches positively and negatively as it were. As we have discussed, the good aspects of globalization are in many cases also negative. While it creates employment it also provokes unemployment. Whereas it leads to increased consumption, it also portends to undermining of natural resources leading to deforestation and environmental degradation.



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## 1.8 Possible Answers to SAEs

### Answers to SAEs 1

- Employment: through globalization there are greater chance of employment to the people, skilled are offered job opportunity are created.
- Foreign Investments: With globalization comes improvement in telecommunication which has also aided how businesses do their business. With such technological improvements raw materials are easily sorted, this enhance the location of businesses in the developing societies.
- Consumption pattern Globalization has impacted positively on consumption. With technological improvements emerged the information communication that has ushered in online supermarkets facilitated by radical and dynamic advertisement of consumables or non-consumable goods.

### **Answers to SAEs 2**

- Environmental Degradation A consequence of globalization is the degradation of the environment. One would ask how this happens, but the truth is with globalization there is greater production which comes with greater use of natural raw materials.
- Unemployment Truth be told, globalization creates employment, yet at the same time it also leads to unemployment. As a result of global market competition some countries have reduced cost of production with weaker labour laws which motivate companies from other countries to relocate and set up their factories away from home country.
- Currency Fluctuation In the global economy, commercial activities or global trade takes place using the United States of America Dollar. The price of dollar is quite unstable thus affecting the economies of the developing countries in a negative way.

## **Module 4 - Unit 2: Transnational Corporations (TNCs) and development in Nigeria**

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- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
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  - 2.3.1 Transnational Corporations (TNCs) and development in Nigeria
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### **2.1 INTRODUCTION**

The global economy is dominated by Transnational Corporations (TNCs) or Multinational Corporations (MNCs), and their presence is spread abroad. Wherever they are in the globalized world they are critical to the development of the local economy of their host country as well as home of the parent company. The central focus of this unit is to expose the student to an understanding of the role of TNCs/MNCs in the development of the host country, in this case Nigeria.



## 2.2 Learning Outcomes (LOs)

At the end of this unit, the student should be able,

- to define a transnational corporation,
- explain the impact of TNCs or MNCs in the development of a host country like Nigeria.



## 2.3 MAIN CONTENT

### 2.3.1 Transnational Corporations (TNCs) and development in Nigeria

In this unit we will make use of TNC and MNC interchangeably, as we believe the two nomenclature translates to one and the same thing. In this era of globalization, the world has become a single unit, where there is increasing and greater interdependence of national economies in trade. It is a global village and of course, a global economy dominated by transnationalism. That is, firms operating without bounds, license free to penetrate all axis of national boundaries and domestic economies.

Multinational corporations according to Calhoun et al. (1995) are firms with operations and subsidiaries in many countries. On the other hand, Schaefer (2003) refers to it as commercial organizations that are headquartered in one country but do business throughout the world. These definitions speak to the fact that TNCs or MNCs have a parent organization with subsidiaries in many other countries.

Multinational corporations are very powerful and rich, their financial resources are so large that they often manipulate smaller nations. They can play significant role in the political and social institutions of their host country. Schaefer (2003) observes that TNCs can be very blatant and aggressive, they may use illegal means to achieve their goals. Where they experience unsympathetic government towards their goals, they may even attempt to topple such government particularly in developing countries (Calhoun et al.

1995). Though TNCs play a positive role in the countries where they operate, they are however also considered to negate certain expectations of their host countries.

### **2.3.2 Examples of Transnational corporations**

- Exxon Mobil
- Honda Motor Company
- Hewlett-Packard
- Royal Dutch Shell
- Chevron
- Toyota motors
- Coca-Cola
- Unilever
- Nestle
- Guinness
- MTN Nigeria

There are international standards that guide the operations of transnational corporations. These guidelines are developed to assure responsible practices and conduct amongst the TNCs wherever they operate. We shall quickly look at the OECD Guidelines. The organization for economic cooperation and development (OECD) guidelines for multinational corporations operating outside their mainstay stipulates that MNCs should;

- Contribute to economics, social and environmental progress with a view to achieve sustainable development.
- Encourage local capacity building through close cooperation with the local community.
- Encourage human capital formation, in particular by creating employment opportunities and facilitate training opportunities (OECD, 2000).

These guidelines in detail, suggest corporate social responsibility for and by MNCs. Meaning these corporations are not excused from contributing to the development of their host countries. As Hopkins stated, corporate social responsibility is a vital opportunity for MNCs to affect their operational environment. Indeed, for instance in Nigeria, many of these MNCs have been engaging in corporate social responsibility, Chevron (a multinational corporation operating in the oil and gas sector in the Niger Delta) some time back announced overhauling and reshaping of its community development efforts.

## **2.4 Multinational corporations: Contributions to development in Nigeria**

### **Foreign direct investment (FDI):**

Globalization entails improvements in technology, and big businesses or multinational corporations are those involved in such technologies. There has been the influx of foreign direct investment into Nigeria as a result of transfer of technology by MNCs. Investment in areas such as the global system of mobile communication (GSM) telecommunication has experienced heavy FDI. The operations of the Multinational corporation in the oil and gas sector has over time also led to an incremental level of foreign direct investment into the country, and this has been rising upward over time. According to (Akanegbu & Chizea, 2017), foreign direct investment flow into Nigeria rose to \$11billion in 2009 compared to early 2001 figures. The increased flow of FDI has direct impact in improvement of the Nigerian economy in many ways.

### **Employment opportunities:**

One of the most burning issues for developing countries is creation of employment opportunities for the teeming youth population. With the United Nations establishing the Global Compact in the year 2000 as an agenda to rally state and non-state actors to join forces in creating enabling social intervention programmes to advance youth development and undermine unemployment. Consequently, many Multinational companies (MNCs)

aligned with this leading to job creation for many Nigerians. The existence of firms like MTN Nigeria, Chevron, Shell petroleum development company (SPDC), Exxon Mobil, Coca-Cola etc. has generated so such employment opportunities for young Nigerians. These employments come in the form of both skilled and unskilled labour. Local industries alone cannot afford to cater for the employment needs of Nigeria as that would have been catastrophic. In majority of cases, the job creation also spurs indigenous vendors in the business supply chain of Multinational companies. Through such approach the local companies are also able to create job opportunities for other Nigerians. This way, the MNCs systematically contribute to a critical mass of employment opportunities.

## **Education**

Education remains a critical priority of for many developing countries like Nigeria, especially with education being one of the fundamental priorities of the sustainable development goals – SDG 4. It has been reported that Multinationals corporations have been contributing immensely to educational development in Nigeria. MTN, Chevron, Shell and a host of others in the country through their social investment portfolio have contributed to the educational advancement of Nigeria. This has come in the dimension of scholarships, for both males and females at the tertiary and secondary levels. Organizations like Etisalat contributes to educational development in Nigeria by intervening in post-primary educational activities like: Adopt a school programme, STEM camps for girls to encourage science education, and career-counselling session as well as funding infrastructural development (Ismail, 2020).

The United Nations Children's Educational Fund (UNICEF, 2005) reported that 10 million school-aged children in Nigeria did not attend school. In view of this, most Multinational corporations created portfolios for intervention in this educational backwardness. The subsidiary of the Royal Dutch Shell in Nigeria – SPDC established what is called the cradle – to – career programme (C2C) to provide access to quality education for hard to reach children of the poor in the Niger Delta Region. The

programme affords these very poor but brilliant children the opportunity to be brought to Port Harcourt City and enrolled in five of the most expensive but quality schools in the state. Over the years the company has also supported in offering local and international scholarships to young Nigerians. Through her global memorandum of understanding (GMOU) framework the company has also funded infrastructural development projects in schools across the Niger Delta where she has her footprints as well as Nigeria as a whole. In general, Transnational corporations (TNCs) have played a critical role in the educational advancement of Nigeria.

#### SELF ASSESSMENT EXERCISE 1

- What is a transnational or Multinational corporation?

### **2.5 Downsides of Multinational Corporations (MNCs) in Nigeria**

Transnational corporations beyond the above contributions to Nigeria's development have also been viewed in the negative. Their role in the country has also attracted some critical dimensions. In this section we take a stab at a few.

- **Environmental degradation:** The presence of MNCs in Nigeria, particularly in the oil and gas sector has come with attendant social issues. Multinational Oil Companies (MNOCs) in the country over the years have contributed enormously to the degradation of the environment. During their drilling operations as well as exploration activities, TNCs have destroyed farmlands, biodiversity as well as wildlife. The flora and fauna of the areas where they carry out their activities in the Niger Delta regions has been decimated. It is clear that in most cases the oil

spillages are not operational spills (that is spills cause by the company's malfunctioning facilities) but third-party spills which is popularly called pipeline vandalization. In majority of cases, the response to such spills by the Multinational companies is usually inadequate. The combination of operational and third-party spills usually leads to loss of revenue to the Nigerian economy. Ibeanu (2009) reports that the country lost N2.456 trillion in revenue in 2006, and about N2.97 trillion in 2008 due to the in adequacies of MNCs responses.

- **Human capital development.**

It is true that MNCs create employment opportunities and build the skills of their employees. However, there is need to understand that the MNCs are also advanced in terms of technology. That technological aspect is what they have failed to inculcate in the countries where they operate. How do we mean? Corporate social responsibility in the area of human capital development is lacking. The type of human capital development the MNCs embarked on locally is not the one that generates multiplier effects for the country, otherwise they would not have been bringing expertrates from abroad or mother countries to come fix technical issues in their business in Nigeria. There is the bit that we can say, that these corporations encourage human capital development but the point is, the measure of human capital development they deploy here is in the form of a disarticulated human capital development – that is to say it is not a sincere approach. There is still a dearth in the skill-pool of offshore gas engineers and deep-sea drilling instrumentalists in Nigeria because these companies want it to remain that way. To a large extent, they do this to create dependence on them going forward.

## **Conflicts and violence**

Conflicts and violence are elements of war(s). They were known to be associated with inter-state relations in terms of inimical relationship with countries that usually led to loss of lives and property. In today's world of globalization, these have become elements of the global economy particularly linked to the Transnational corporations. It is known that in the developing countries like Nigeria, Transnational corporations are facilitators of conflicts and violence. Nigeria is a major producer of oil in Africa and her gas reserves are extremely very high as such Nigeria attracts a lot of investment from international businesses that come in the form of TNCs or MNCs. These companies have been fueling conflicts and violence across the oil rich region of the Niger Delta for many years, because they are in partnership with the leadership of the country who represent their selfish interests and that of the TNCs to the detriment of operational communities. Oil-rich communities in Nigeria have always protested for the right to be treated fairly by these MNCs, but the government would always support the MNCs. In the early 1990s there were a lot of protests against the MNCs but rather than assuage the demands of the protesting communities, government would send security operatives to quell protests violently. The government and the MNCs would instigate communities against communities and natives against their own. As such the regions has been embroiled in violence only until recently that there is respite in this violence due to the development of new framework for working with the communities engineered by the MNCs.

### **SELF ASSESSMENT EXERCISE 2**

- Mention the contributions of TNCs/MNCs to Nigeria's development.



## 2.6 Summary

It is the era of globalization, and transnational corporations dominate the global economy with operations cutting across all boundaries. Transnational or Multinational corporations are commercial organizations that are headquartered in one country but do business throughout the world. That means that TNCs or MNCs have a parent organization with subsidiaries in many other countries. MNCs transfer technology; they create employment and job opportunities for the local population of host countries and improve living standards and contribute to cash inflow for the countries where they operate like Nigeria. However, they have failed to distinguish themselves in certain areas also. This has brought them severe criticisms.

Transnational corporations play a very crucial role in the development of the economy of their host country. They perform various corporate social responsibilities to sustain their businesses also. As we have discussed in this unit, Multinational corporations are also known as Transnational corporations. We have seen the different ways by which they contribute to development in the country – education, foreign direct investment, etc. In spite of their positive role, they are still confronted with criticisms.



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## 2.8 Possible Answers to SAEs

### Answers to SAEs 1

1. Multinational corporation is refer to a commercial organizations that are headquartered in one country but do business throughout the world.

## **Answers to SAEs 2**

- Employment opportunities: One of the most burning issues for developing countries is creation of employment opportunities for the teeming youth population.
- Education Education remains a critical priority of for many developing countries like Nigeria, especially with education being one of the fundamental priorities of the sustainable development goals

## **Module 4 - Unit 3: Global Financial meltdown**

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## **3.1 INTRODUCTION**

The global age is an era of global economy where trade and commercial activities is interconnected and interdependent on a currency - finance. Where there is a gap there is a repercussion on every other aspects of the chain of interconnectedness. Over the years, the experience with financial globalization has been catastrophic, impacting the entire economy of the world and bringing about a global meltdown in financial activities and transactions, leading to economic recession. In this unit, we will discuss global financial meltdown.



## **3.2 Learning Outcomes (LOs)**

At the end of this unit, the student is expected to be able to

- explain the meaning of global financial meltdown,
- understand the meaning of economic depression,
- explain the causes of global financial meltdown,
- and understand the impact of global financial meltdown on the Nigerian economy.



## **3.3 MAIN CONTENT**

### **3.3.1 Global Financial meltdown**

The global financial meltdown can be said to be a period when there is extreme financial crisis across the world, impacting on whether developed or developing countries. It is a most difficult period experienced by the banking system and or financial institutions. In recent time it has come to be known as global financial crisis (GFC). The global is in

recognition of the era in which the world now exists in – globalization, where all facets of the financial world are interconnected and of course, interdependent. The New York Stock Exchange, Nigeria Stock exchange, Australia Stock Exchange, British Stock Exchange, Venezuela Stock Exchange, etc. are all interconnected one way or the other so much so that what goes wrong in the New York Stock Exchange finds meaningful expression or in this case impact on every other Exchange or financial institution.

Financial crisis usually provokes a recession that can degenerate to a depression. But both concepts are however different from one another. Throughout time, there has been more recessions than depression. According to NBER (2020), there has been 33 recessions since 1854 compared to just one depression. According to Ashe (2020), the two concepts vary in duration, severity (that is, seriousness) as well as their impact. A recession can be qualified as a decline in economic activity across the economic space that lasts more than a few months. A depression on the other hand is rather more sustained extreme economic downturn, and the United States of America has historically experienced one - The Great Depression of 1929 to 1939.

#### SELF ASSESSMENT EXERCISE 1

What is the meaning of global financial meltdown?

#### **3.3.2 Some indicators of economic depression are:**

- Worsening unemployment rate
- Rising inflation
- Declining property sales

- Increasing credit card debt defaults

### **3.3.3 Indicators of economic recession include:**

- Decline in real GDP
- Decline in real income □ Rise in unemployment
- Slowed industrial production and retail sales
- Lack of consumer spending

### **SELF ASSESSMENT EXERCISE 2**

- Distinguish between economic recession and economic depression

### **3.4 HISTORY OF FINANCIAL CRISIS**

Over the years, there has been series of financial crisis that sent the world into turmoil. In this section of the unit, we will explore some of such crisis.

#### **The Credit Crisis of 1772**

This crisis started in London and is understood to have spread across to other European countries sporadically. Through colonialism, the British empire had gathered so much wealth. By the late 1760s, this raw accumulation of wealth created a sort of confidence in the British banks. Their huge confidence led to a season of expanded credit system. But this was short-lived as they could not see the future, until when one of the banks in the British empire could not afford debt repayment. A partner (Alexander Fordyce—of the British banking house: Neal, James, Fordyce, and Down) according to Bondarenko

(2021) fled the country and headed to France to hide over there abandoning lots of debts, and by 1772 there was some sort of panic that enveloped England, this propelled creditors across Britain to demand for the withdrawal of their cash. This was a blow-out as it spread across the entire Europe resulting in a big financial crisis. History according to Bondarenko relates this situation to being responsible for the Boston Tea Party protests and the ensuing American revolution of 1776. What is certain here is that at that point, such financial crisis did not have a corresponding impact on the entire globe because globalization was still at the formative stage.

### **The Great Depression of 1929–39**

It is believed that the financial crisis of the late 1920s was and remains one of the worst and most dreaded economic tragedy of all time. October 29, 1929 is on record as the day billions of dollars was lost and numerous investors went to oblivion as Wall Street went under. The crash of Wall Street (the financial hub of the United States of America) in 1929 triggered the Great Depression as it is popularly called and left America in economic ruin, leading to massive unemployment, loss of income, closure of businesses and spiraled to all industrialized countries crippling economies of nations. Many believe that the excessive large bank loans and poor government policies of the late 1920s were the critical causes of the terrible financial crisis of that era that flowed in as a recession but eventually expanded to become a depression. The question is, did it have any impact on Nigeria and many other African countries? The answer is simple - It had impact on the British colonial government and not on African countries because at the time, colonialism was still raging.

#### **3.4.1 The OPEC Oil Price Shock of 1973**

This was considered an energy crisis but transformed into something else as it had impact on global politics as well as global economy. OPEC stands for Organization of the Petroleum Exporting Countries. The crisis was as a result of the supply of arms to Israel

during the Arab-Israeli war commonly called, the Yom Kippur War (4<sup>th</sup> Arab-Israeli War). Arab member countries decided to fight back at the United States for her role with an oil embargo – (that is, they refused to sell oil to the US). The impact of this was on a global stage as it led to energy scarcity as well as in oil prices increase, sending shock waves across the US and other economies. Many economists have chosen to label this period as ‘\_stagflation’, meaning stagnation plus inflation.

### **The Financial Crisis of 2007–08**

This is considered the most severe of all recent financial crisis in the world. Its impact was devastating across the entire world because of how neck-deep globalization has become. It started off from the United States of American, underscored by the collapse of Lehman Brothers - a major global investment bank, led to the collapse of many other important financial institutions, loss of millions of jobs and billions of incomes, collapse of businesses etc. Joseph Stiglitz, a foremost Economist believes that there was so much waste in the US financial institutions and the regulators of the institutions were very assumptious that some of the financial institutions were too big to fail, as such they relaxed on their policies and regulatory strategies. This assumption failed because the too big to fail banks eventually failed, this error led to the crisis (Riley, 2013). The financial crisis was so global that it impacted every country, Nigeria inclusive undermining various sectors in the Nigerian economy.

### **3.5 Causes of the global finance crisis**

There are multiple reasons about the cause of global financial crisis. Each economist perhaps might have his or her own explanations, yet the major reasons are also very clear to everyone especially those that are in the monetary economics space. Here we present

brief causes of the global financial crisis and encourage the student to read further to gain more knowledge.

- **Deregulation:**

One of the leading causes of the global financial crisis is deregulation. Such deregulatory policy gave room to financial institutions like banks to engage in what economists call hedge fund trading with derivatives. Meaning that banks were trading to make so much profits. In simple terms, a hedge fund is an alternative investment that is designed to protect investment portfolios from market uncertainty. In this type of investment, risks are minimized while profits are maximized. It is a form of gambling by the banks.

Banks have been running on low interest rates for pretty long time. Especially in the US where the federal reserve under Alan Greenspan reduce interest rate consecutively

- **Relaxed regulation of the financial system / regulatory failure:**

As we mentioned earlier, Joseph Stiglitz, is of the view that there was so much waste in the US financial institutions and the regulators of the financial institutions were very assumptious that some of the financial institutions were too big to fail, as such they relaxed on their policies and regulatory strategies.

- **Securitization of loans:**

This was one of the real causes although many overlook it. Securitization is the financial practice of raising profits by selling off assets to investors. In the financial space, banks are retainers of originated loans. This way lenders could easily underwrite defaulting loans. With the introduction of securitization, the approach was overlooked somehow by the banks. Reason is the banks do not hold securitized loans and this was not motivating to keep a close eye on the quality of underwritten loans or the standard of such. All these went without clear monitoring and is part of the financial crisis.

Beyond the above stated reasons for the global financial meltdown, there are also many other reasons ranging from excessive risk taking and leverage of the banks with regards to subprime lending, global current account imbalances and global savings glut, and distorted incentives of credit rating agencies. All these and many deducible factors or reasons are contributory to the global financial meltdown of 2007-2008.

### SELF ASSESSMENT EXERCISE 3

Mention three causes of the global financial

#### 3.5.1 Impact of the global financial crisis on the Nigerian economy

- **Nigeria capital market:** Prior to the global financial meltdown the Nigerian capital market was doing quite well in terms of growth. When the financial crisis went global from the shores of the United states of America, the Nigerian capital market amongst others was the first to experience signs of distress. The pressures from investors selling off their assets hit the capital markets in an unexpected manner that the All-share index and market capitalization dwindled in 2008 and early 2009 (NSE, 2008; cited in Sanusi, 2011).
- **Unemployment:** The impact of the global financial meltdown was massive in the banking sector of Nigeria creating grave downsizing of personnel leading to unemployment. Unemployment cut across various sectors of the economy. As Omotola (2013) explained, Gross Domestic Product (GDP) for the country grew downward as oil sector GDP fell severely to as low as -6.19 percent growth rate in 2008. The Non-oil sector GDP growth fell from 9.46 percent in 2007 to 9.01 percent in 2008, all these led to non-recruitment in the sector, of course increased

unemployment. Gabriel (2010) in Abah et al. (2016), reported that the banking industry beyond reduction in lending to the private sector, relieved more than ten thousand working men and women, thus congesting the labour market with already unemployed individuals.

- **Capital flight:** Foreign capital is of great consequence in the Nigerian capital market. As a result of the global financial meltdown, foreign investors began to selloff their assets and investments in the country. This engendered heavy capital flight from the country rendering the market further impotent.
- **Lack of investor confidence:** With the global financial meltdown, foreign investors lost confidence in the country's financial sector. There were suggestive indications that the economic woes of the country were further supplemented by the banking reform which ordinarily battered financial sector confidence. The lack of investor confidence in the financial sector occasioned by reduced lending in the banking industry was catastrophic.

#### SELF ASSESSMENT EXERCISE 4

Mention three impacts of the global financial crisis on the Nigeria economy



### 3.6 Summary

The global financial meltdown is a period when there is extreme financial crisis across the world, impacting on both developing and developed countries. Economic recession is not the same thing as economic depression, they are both provoked by financial crisis.

Historically, there have been various financial crisis that has thrown the world into turbulence. The causes of the global financial meltdown are numerous, and few have been stated in this unit of the module. The impact of the global financial crisis on Nigeria has also been discussed noting the severe impact on the Nigerian Capital Market.

Global financial meltdown is the consequence of gaps in the financial sector. The gaps in the United States of America's financial sector led to the global financial crisis of 2007 – 2008. The causes have been treated here as well as the various impacts it has on the Nigeria economy as per its global nature.



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### **3.8 Possible Answers to SAEs**

#### **Answers to SAEs 1**

1. The global financial meltdown can be said to be a period when there is extreme financial crisis across the world, impacting on whether developed or developing countries.

## **Answers to SAEs 2**

## **Answers to SAEs 3**

- Deregulation: One of the leading causes of the global financial crisis is deregulation. Such deregulatory policy gave room to financial institutions like banks to engage in what economist call hedge fund trading with derivatives.
- Securitization of loans: Securitization is the financial practice of raising profits by selling off assets to investors.

## **Answers to SAEs 4**

- Capital flight: Foreign capital is of great consequence in the Nigerian capital market. As a result of the global financial meltdown, foreign investors began to selloff their assets and investments in the country.

## Module 4 - Unit 4: Globalization and conflict/terrorism

### CONTENTS

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Main Content
  - 4.3.1 Globalization and conflict/terrorism
- 4.4 How globalization affect terrorism
- 4.5 Countering terrorism: Global Governance
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to SAEs



### 4.1 INTRODUCTION

The global age is the age of globalization, there is interconnectedness and interdependence that has narrowed the world together, hence a global village. As ideas of violence and conflict evolves in a country it migrates without difficulties to the next country and impacts the global community. This unit of the Module introduces the student to, globalization and conflict/terrorism.



## 4.2 Learning Outcomes (LOs)

At the end of the unit, student should be able to

- explain how globalization engender terrorism
- understand various global governance approaches to countering terrorism



## 4.3 MAIN CONTENT

### 4.3.1 Globalization and conflict/terrorism

Globalization is an era of increasing interaction between countries around the world. The development in technology and information communication as well as improved transportation simplifies this interaction, yielding economic and commercial transactions. However, this increasing interaction between countries on a global scale also leads to and is considered as a threat. As countries come together based on economic and commercial interactions, the elements of sociopolitical and sociocultural are impacted upon and in many cases, this leads to superiority and inferiority complexes which is considered a risk in many respects. With increasing globalization, therefore, comes various challenges for the world and the rise of terrorism and conflicts is one of such. Terrorism involves the use or threat of violence and seeks to create fear, not just within the direct victims but among a wide audience.

Samuel Huntington (1996) stated that as globalization intensified, conflicts would rather be differentiated and take the form of intrastate more than interstate. Intrastate conflicts and violence according to him are identity related and economic in nature due to unequal accumulation and appropriation of resources. The problem with intrastate conflicts and violence is that they are resistant and tend to defy resolution (Marshall & Gurr, 2005). As countries engage in trade in the global economy, exchanges would occur and dominant and democratic cultures would want to impose certain social and cultural changes on the

other, which will ignite resistance. In Samuel Huntington's framework, this is where violence, conflict evolve and beget terrorism. The free market and all that comes with it seems not to encourage the development of the mind, rather facilitates a terror laden mind-set across not just the middle east but all over the world where sects, groups have emerged and are antagonistic of globalization or modernity. Otherwise how can you explain a group of people beheading innocent young men and women and sharing same over the social media?

#### **4.4 How globalization affect terrorism**

Globalization comes with the influx of foreign investments that transforms traditional systems and builds good transportation and energy systems. With the dynamics in transportation and energy, a very remote and rural community that used to be the hub of economic activities gradually loses its steam or relevance. It cannot compete any more since local and traditional knowledge is no longer required. This destruction of local economy leads to the complex of inferiority that triggers some sort of resentment. As small rural communities are integrated into globalization with infrastructural development, the concept of meaning and relevance changes in the community. A small community where there was no poverty or class begins to degenerate from traditionality to urbanized living with the emergence of class and wealth, causing differentiation between and amongst people who ones were knitted by culture and common values.

As differentiation occurs with wealth, emerges political power and scarce resources that leads to competition, further exacerbated by media and advertising. Who advertised images showing better living, comfort, richness, wealth and a better life of the Western or American dream. All these images are carried forward by the new technology of cable satellite, transmitting western cultures to the most remote of communities making them (these traditional communities) look like they are existing in the stone age. As young people begin to get used to this, they begin to question their own cultural values...what Anthony Giddens calls =='detraditionalization''. These are cultural assault, and not many

can withstand this. Most black women deploy make-ups and medical operations/surgery to make them look like the real blonde they are supposed to be, young men assume different personalities.

As globalization ushers in development, some are better placed, while others are shortchanged (Norberg-Hodge, 2015). Those who benefit the most control most resources and discriminate against others especially favouring their own ethnic groups to the detriment of the others. Particularly with concentration of political powers in the hands of an ethnic group or based on religious affiliations. This discrimination is obvious in political representations and how resources and positions are being distributed in the community, state, or country and is viewed lopsided. This creates bitterness and rancor and ethnic/religious dichotomies generate animosity or hatred for one another...conflict and violence loading. Vicious groups emerge who embrace dangerous extremist ideologies spreading through the internet or social media. Violent extremist groups wake up to terrorism and the destruction of human lives. Hatred for westernization and the division caused by globalization in terms of cultural variations provokes extreme terrorism that develops through the use of telecommunication etc. Boko Haram in Nigeria, ISIS in the middle east etc. these extremist groups unleash terror without recourse to human life. From 2012, life in Nigeria has been horrible as terrorism has nested in the country deeply rooted in the North were carnages of terrorism occurs on a daily basis.

Many scholars have argued that terrorism is anchored on globalization because of the poverty created by globalization. It is this poverty that creates room for the acceptance of ideologies of hate and extremism (Shelley & Picarelli, 2005). Others have also maintained that ineffective government and government institutions are the spur of the moment that encourage outright terrorism leading to destruction of lives and properties (Rhinehart, 2009). As we have already mentioned, the divisions created by ineffective governance especially in Sub-Saharan Africa as well as North Africa created the leeway for these places to become increasingly exposed to terror-pronged ideas. There is hunger

and starvation and the political class largess on the loans and official development assistance that come in from international development institutions.

As globalization intensifies it encourages greater urbanization that leads to the construction of megacities. It is clear also that urban centres are weapons of division between the poor and the rich. Meaning as megacities evolve, other rural areas will be abandoned and left to ruin with dearth of infrastructures. Many (Smith, 2011) are of the view that this will further create the differentiation we talked about, polarizing young men and women and enabling them to tilt towards violent actions that can engender the embracing of terror-based ideas to unleash resentment on the city, thereby destroying lives and properties.

Terrorism has become a global phenomenon. We mentioned earlier in the Module that distance is no longer a barrier in the age of globalization. As such what happens in Lima, Peru finds its way straight to other places enhanced by global communication means – information technology, in this case social media. As ISIS began to unleash mayhem in the middle east, you will recall that it started having roots in other parts of the world. Many young persons from Africa and Europe began to imbibe the ideology. The question is how? Remember we have talked about information technology. The ideas of these vicious organizations were cascaded via the social media and recruitment followed easily. Countries in Europe and elsewhere began to experience terrorism at a global scale. According to Richie et al. (2019), the global death toll from terrorism over the past decade ranged from 8,000 in 2010 to a high of 44,000 in 2014. In 2017, terrorism was responsible for 0.05% of global deaths. Apparently, terrorism is geographically inclined as 95% of deaths in 2017 was carried out in the Middle East, Africa or South Asia. As recorded by the Global Terrorism Index (2020), besides Afghanistan and Iraq, Nigeria is number three on the list of countries most impacted by terrorism. Nigeria's deadliest terrorist groups Boko Haram and bandits have increased their attacks in the country, and these terrorist attacks are targeted at ordinary civilians.

#### SELF ASSESSMENT EXERCISE 1

- Mention global frameworks that are in place to counter terrorism.

#### **4.5 Countering terrorism: Global Governance**

Terrorism has become a global phenomenon, and its impact is equally on a global scale. From Africa to Europe, Asia, South America to the United States of America, all have experienced the impact of terrorism. Therefore, no one country can successfully fight terrorism to a standstill. Countering terrorism requires a global effort, this is what we discussed earlier when our focus was on global governance. It must be a collective effort of all to counter and overcome terrorism to as low as reasonably possible. In spite of what not, terrorism must not be justified as it stands completely against human rights and the right to life. In this section of the unit, we will outline some of the global efforts that are ongoing to address the menace of terrorism as a global threat.

- In Europe, there is the global governance against terrorism called - Organization for security and co-operation in Europe (OSCE).
- The United Nations' (UN) Global Counter-terrorism Strategy.
- APEC's Counter Terrorism Action Plans (CTAPs): Asia Pacific Economic Cooperation is a global governance effort to benefit from globalization. With terrorism terrorizing the world the global partnership set up what is called counter terrorism action plans (CTAPs). It provides a checklist of counter terrorism measures undertaken by member countries to protect against terror attacks.
- The African Union's (AU) Counter Terrorism Framework

Beyond the global level where there are various elements of plans and strategies to counter terrorism at the global stage, at the level of nation-state or national government

there are also various protocols and strategies put in place by individual countries to mitigate violence, conflicts and terrorism. With all these governance around fighting terrorism comes multiple checks at the airport and other places that appears quite uncomfortable to the ordinary citizen. However, all are strategies put in place to protect humanity.



#### **4.6 Summary**

Globalization has engendered progress in the world, yet has also engendered violence, conflict and terrorism. Global terrorism is at its highest point in the history of the world. The changes in terms of development that accompanies globalization undermines certain aspects of sociopolitical and sociocultural dimensions of people's life. In generating development globalization ends up creating divisions and poverty which creates differentiation between and amongst people that had no differentiation with regards to wealth, class or power. These tendencies create resentments that leads to conflicts and violence and a rejection of cultural dominance, with inclination to extreme ideologies that leads to terrorism. Efforts exists at the global stage to abate terrorism and violent conflicts. Frameworks of global governance cuts across the various continents as well as individual countries.

Global terrorism is a derivative of globalization. The world has seen so much violence orchestrated by humans against other humans in the name of poverty, cultural complexities, globalization etc. In this unit we have come to understand that there are lots of frameworks in place to arrest and drastically end terrorism in the world. These frameworks are at the global stage as well as by individual countries.



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## 4.8 Possible Answers to SAEs

### Answers to SAEs 1

global frameworks that are in place to counter terrorism

- In Europe, there is the global governance against terrorism called - Organization for security and co-operation in Europe (OSCE).
- The United Nations' (UN) Global Counter-terrorism Strategy.
- APEC's Counter Terrorism Action Plans (CTAPs): Asia Pacific Economic Cooperation is a global governance effort to benefit from globalization. With terrorism terrorizing the world the global partnership set up what is called counter terrorism action plans (CTAPs). It provides a checklists of counter terrorism measures undertaken by member countries to protect against terror attacks.
- The African Union's (AU) Counter Terrorism Framework

## Module 4 - Unit 5: Technology in the age of globalization.

### CONTENTS

- 5.1 Introduction
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  - 5.3.1 Technology in the age of globalization
- 5.4 Importance of technology to globalization
- 5.5 Negative dimension of technological globalization
  
- 5.6 Summary
- 5.7 References/Further Readings/Web Resources
- 5.8 Possible Answers to SAEs



### 5.1 INTRODUCTION

The spur of globalization is technology. Advancement or improvement in technology by far is responsible for the speed of globalization. Technological globalization is enhanced further by the diffusion of technology in the world. By technological diffusion we mean the spread and speed of technology across borders. The entire world is relishing the impact of technological globalization, but it comes with some implications and a vast majority of the rural areas are relishing as the urban centres. This unit is concern with the import of technology in the global age. The student will learn about the extent to which technology is use in the global age.



## **5.2 Learning Outcomes (LOs)**

At the end of this unit, the student will be able to

- explain the importance of technology in the global age
- understand the negative aspect of technological globalization



## **5.3 MAIN CONTENT**

### **5.3.1 Technology in the age of globalization**

Without the advancement in technology, globalization would not have been possible; or could possibly be crawling. There is no gain saying that technology is the spur of the moment for globalization. The reason we have called it technological globalization, owing to the role it has played and is still playing to change the face of the earth, especially through the internet. Access to the global village is via the internet, a form of interconnected network technology that utilizes standardize communication protocols that links thousands if not millions of web servers (Leiner et al. 1997). Prior to the invention of the internet, other inventions or improvements in technology like radio, telephone, telegraph and the computer set the stage for further research and development in the area of packet switching and dissemination of information. The dissemination of information has improved and intensified greatly due to technological advancement. Technology has activated globalization in such a way that information sharing and access to information today is incredible. Infact one can comfortably say that technology has enhanced knowledge, hence the globalization of knowledge. There is so much information that one can even have information overload, processing such overload becomes an issue.

## SELF ASSESSMENT EXERCISE 1

Explain how technology facilitated globalization

### 5.4 Importance of technology to globalization

We will discuss some of the importance of technology to globalization. In other words, we are saying, the role technology has played to enhance the intensification of globalization. We look at this accordingly.

- **Facilitation of communication:** Technology has made globalization easy, simple and quick. Once very difficult aspect of social life was distance communication. It probably used to take 3 to 6 months before a letter sent from New York would get to Lagos or Port Harcourt, and in many cases such correspondences usually missed reaching their destination. Today, that is not the case as you can communicate the President of Japan directly from Lagos and you can even see him face to face virtually. That barrier that once stalled people from reaching out or communicating easily has been broken by technology.

According to Shirky (2008:17) —when we change the way we communicate, we change society. Business communications used to rely on either air transportation, sea or by road. This probably made production difficult as delays were always incurred. With technology comes the ease of communication which has come in multiple ways, either with the use of a mobile phone, social media like Facebook, WhatsApp, Twitter, 2Go, etc. Therefore, distances as well as time barriers have been eradicated in communication.

- **Technology and advertisement:** Advertisement is very important to globalization. It is through the process of advertising that goods and services become well known, exposing the realities of the proximities of goods and services in globalization. Technology facilitates this making the world really globalized. Through the utilization of the technology of advert through the internet people have come to comprehend that they can purchase things across the globe rather too easily. Internet marketing, internet shopping or shopping online are all derivatives of the technology of advertisement. With the technology of advertisement in place, online supermarkets have become a common feature of globalization. Amazon, Jumia, Konga, and the rest of them are now part of the global age markets were through advertisement buying and selling has become a thing carried out from homes. Advertisements of today are gradually moving away from billboard broadcasting to mobile phone broadcasting where adverts are now sent directly to mobile phones (Adigun & Akinbinu, 2017).
- **Technology facilitates global banking:** Globalization is simply depicted with the phrase ‘\_global village’. This means that you can reach out and do things easily wherever you are in the globalized world. Technology facilitates this process by facilitating internet banking, mobile banking etc. Access to banking has become very easy thus reducing the number of persons that make their way into the banking hall. You can be in the airplane and be banking or send money to a friend in Ota, Nigeria while you are in a helicopter in Cuba.

This simplification has also led to the integration of small rural household in the developing societies into the global economy. Rural communities in the less developed or developing countries have an infrastructural dearth, therefore require physical banking hall. With technological improvement in the mobile phone technology, access to online banking has become possible as rural communities now have point of sales (POS) centres where they can collect money and also

make transfers limiting the number of persons that have to queue up at the banking halls. This is also a way of integration into the global village.

- **Technology facilitates integration into the global economy:** Globalization is underscored by the global economic space. Technology plays a critical role in mobilizing participation in the global economic space otherwise just, but a few countries would participate and that would underrate the concept of globality in globalization. Through technology, the entire world is more integrated than before especially via the commodity value chain where organizations in the developing societies are now part of the value chain of production and distribution of goods and services. The technology of things or the internet of things has supported this integration as earlier mentioned, business communication is effective and very accessible. Through technology international organizations have representation in various countries in terms of franchise (that is, the right to do business in the name of another). Through such franchise system driven by technology, the world is rather more globalized and there is more participation in the global economy. Reports has shown that there are over 200 or 300 franchise businesses in Africa, worth over sixty billion dollars (\$60billion); and in the next 4 to 5 years seven of the top fastest growing economies will be in Africa (Franchising.com). With this, it means Africa is already way in into globalization.

### **5.5 Negative dimension of technological globalization**

The importance of technology in globalization cannot be overemphasized. As noted in this unit, technology has played and still plays a very functional role in the globalization of the world. Howbeit the negative aspects are obvious. In this section, we will outline some of the negative dimensions of technology.

- **The technology of violence:** Violence and conflicts are two words associated with war. But that was then, as these words are now associated with technology in the

globalize age. Globalization thrives on technology, but in this era, technology has simplified conflicts and violence. Technology is now an instrument in the hands of terrorist and facilitates crime. Terrorists have access to modern technological devices which they use in detonating bombs that maim, kill and destroy lives and properties. By using artificial intelligence (AI) the scale and impact of these attacks can be possibly greater than imagined. Through the utilization of social media, terrorist have made it a point of call to televise and share gruesome killing, beheading of innocent men and women. Prior to increased globalization the world had never known such atrocities. Social media as an aspect of technology is in the hands of these terrorists for perpetuating sinister and dastard videos which are mostly shared across the world indiscriminately. Technology has enhanced the globalization of violence through other means such as armory and weapons of mass destruction. The globalized world of today is too unsafe as through technologies terror organizations can blow up a plane, derail a train or destroy lives in a shopping mall.

- **Technology and cyber-insecurity:** Technology has made it possible for information in the form of data to be stored in various forms. These forms may come as an Application, a Programme, Network, or Software. In the globalized world there is clear dependence on the information superhighway for military operations, commerce, governance, communication etc. This dependence creates opportunities for security threats and makes society susceptible to the likes of economic exposures, environmental fragilities etc. (Prahladrao, 2019). Cyber insecurity refers to the unauthorized access to any of the above-mentioned forms of information that causes breaches to stored information.

Technological threats such as data fraud and theft are on the rise, while cyberattacks remain a potential threat. The latter can translate to money and data fraud leading to personal data breaches or personal information loses. For

instance, in India, the government Identity database experienced multiple breaches that compromised the entire records of her registered citizens. Moreso in the same county, a cyber-security attack led to the leak of a government owned utility organization and avail anyone the opportunity to access and download names and identity numbers. In recent time, according Schneider (2020) the United States of America has also experienced cyber insecurity - attack on her elections, and more than fifty firms were impacted with massive breaches. These are however emerging global threats that should be addressed properly otherwise many countries would lose the identities of their citizens.

Advances in technology in the global age has also come with internet fraud, hence advance fee fraud. Internet fraud is the use of Internet services or software with access to the internet to swindle victims or to otherwise take advantage of them. This has become a serious problematic in the age of globalization as so many people have been defrauded of their hard-earned incomes. Internet fraud comes in various forms including credit card fraud, internet auction fraud, business fraud etc. There are many examples that indicates the role of technology in facilitating internet crimes, cyber-crimes, etc. in the technological globalization of our time (Harrison, 2014; Button & Cross, 2017). Not too long ago, two Nigerians were arrested for alleged money laundering and cyber fraud - Olalekan Jacob Ponle a.k.a "mrwoodbery" and Ramon Olorunwa Abbas, a.k.a "hushpuppi" (Madawo, 2020).

## **SELF ASSESMENT EXERCISE 2**

Discuss the negative dimension of technology to globalization



## 5.6 Summary

We have said that technology plays a critical role in advancing globalization. In other words, without technological improvements globalization would have been quite slow. Access to the global village is through the internet, which is a form of interconnected network technology that utilizes standardized communication protocols that links millions of web servers. Technology is key to globalization because it facilitates communication, eases global banking, facilitates advertisement which endears multitudes into the global space and integrates all and sundry into the global economy. Despite the critical role of technology in facilitating globalization, its negative aspects are also noted.

Technology is very important to globalization as it simplifies situations and facilitates access and integrates people into the global space. Though the benefits of technology are obvious the negative dimension poses a serious threat to the peace and safety of the world.



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## 5.8 Possible Answers to SAEs

### Answers to SAEs 1

Without the advancement in technology, globalization would not have been possible; or could possibly be crawling. There is no gain saying that technology is the spur of the

moment for globalization. The reason we have called it technological globalization, owing to the role it has played and is still playing to change the face of the earth, especially through the internet. Access to the global village is via the internet, a form of interconnected network technology that utilizes standardize communication protocols that links thousands if not millions of web servers

### **Answers to SAEs 2**

**The technology of violence:** Violence and conflicts are two words associated with war. But that was then, as these words are now associated with technology in the globalize age.

**Technology and cyber-insecurity:** Technology has made it possible for information in the form of data to be stored in various forms.