Globalisation, Economic Restructuring and Competitiveness of the Nigerian Economy: A Focus on the Financial Sector.

Orji Anthony: Department of Economics, University of Nigeria, Nsukka, Nigeria
tonyorjiuss@yahoo.com

Mba Peter Nwachukwu: Department of Economics, University of Calabar, Nigeria
petermbanta@yahoo.com

Ani Emeka Gabriel: Department of Economics, University of Nigeria, Nsukka, Nigeria
emekaanih2006@yahoo.com

Abstract
With a population of over 150 million people, Nigeria is the most populous country in Africa, with a GDP second only to South Africa. Yet, following several years of military rule and poor economic management, Nigeria experienced a prolonged period of economic stagnation, rising poverty levels and the decline of public institutions. In view of the afore-mentioned anomalies that characterised the socio- economic and political existence of this nation, before the comprehensive reform programme during the second term of Obasanjo administration, one begins to wonder where the nation is heading to despite several efforts that have been made to enlist Nigeria into the global scheme of things as popularised by the concept of globalisation. This paper therefore focuses on the issues of globalisation as it affect the Nigeria economic restructuring programmes from 2004-2010. Also, the issues of competitiveness are analysed with a focus on the financial sector. We conclude and recommend that Nigeria should completely restructure her financial sector, enhance corporate governance culture, diversify her productive base and transform her political economy in order to frontally confront contemporary global challenges.

JEL Class: FO2; G3

Keywords:
Globalisation, Economic Restructuring, Competitiveness, Financial Sector

1. Introduction
Nations and states have indeed consistently intensified efforts towards engaging in business across the national borders and constructing production and distribution networks on a global scale. Globalisation constitutes a mega trend in global political economy and has assumed a new phase in contemporary international economics relations. Given the emergent socio-political and economic transformation as well as the technological advancement in communication, information, transportation, etc. the process seems to be irreversible.

In this light, Nigeria had long envisioned a crucial role for itself an engine of growth in the Africa continent. Based on its comparative advantage, the country aspires to support economic growth, regional integration and political stability on the continent. This position is being accentuated by the searchlight which the world community now beams with greater intensity on Africa as it ponders the question of a new impetus for global economic growth.

Unfortunately, Nigeria's enthusiasm to be on the vanguard of African economic emancipation and for greater relevance has not been matched by a strong domestic economy, especially since the era of military rule, and the emergence of petroleum as a dominant source of income. The familiar picture of large scale under - development, poverty, huge foreign debt, and political repression has not helped the emergence and sustenance of the desired profile, 'the diversion created by petroleum resources, coupled with mal-administration created a fertile ground for economic mismanagement, corruption, political instability, and poorly developed institutions. This situation made change and reforms in Nigeria imperative.

Many countries in the world have undertaken one form of economic reform or another in the course of their history. The goals of such reforms are always directed towards putting their economies on the path of sustainable growth and development. In developing economies, such reforms have characterised the development strategy. The compelling reasons for reforms typically includes structural weakness in the economy, high debt service burden, spatial and sectorial unevenness and poor growth performance.

In the last two decades, Nigeria has witnessed various economic reform programmes aimed at fostering economic growth and development. For instance, following the collapse of the world oil market in the late 1970s, there was a drastic reduction in earnings from crude oil as a result of which the country began to experience a severe economic downturn.

Consequently, in 1981, government adopted various austerity measures such as price control and demand management policies. However, by December 1985, it became evident that austerity measures without a proper structural adjustment were inadequate response to the fundamental economic problems confronting the economy. Thus in July 1986, Nigeria embarked on the Structural Adjustment Programme (SAP). Its major objectives were to stimulate domestic production, diversify the economic base, achieve fiscal and balance of payment viability, reduce the size of government expenditure as well as improve its efficiency and enhance the growth potentials of the economy.

SAP was an internationally designed and endorsed economic reform package which suffered from low degree of participation and hence widespread public resistance. Under SAP, the economy continued to tatter on the brink of collapse with volatility in virtually all major macroeconomic aggregates. The economic ills the initiative was supposed to address remained significantly unabated. The economy was characterised with infrastructural inadequacy, widespread corruption, inefficiency in the public sector and low degree of private sector participation in economic activities. With these features, the hope of meeting internationally agreed millennium development goals (MGD) of reducing poverty by half by 2015 continued to diminish.

Learning from this experience, the Obasanjo administration decided in 2004 to adopt a home grown programme styled the National Economic Empowerment and Development Strategy (NEEDS). The NEEDS has as its key targets, an annual growth rate of $3Bil in agricultural export by 2007, and reduction in food imports to 5% in 2007. The NEEDS could be seen as heralding a new dawn in the planning and budgeting approach and process in the agricultural sector of the economy next to oil, contributing about 42% to the GDP, and 33% to the non - oil GDP as of 2005 (CBN, 2005).

In almost every economic reform programme, the primary objective is to achieve high and sustainable growth. In doing this, the major drivers of growth such as agriculture, manufacturing and services are given adequate attention. However, for the reform to have the desired impact on the real sector, the financial sector must of necessity be reformed too. This is because of its role in mobilisation of financial resources and because it acts as a conduit for monetary policy actions to the real economy. There is an aphorism that the strength of any economy can be judged by the strength of its financial system.