TRADE LIBERALIZATION AND UNDERDEVELOPMENT OF THE THIRD WORLD: A CASE STUDY OF NIGERIA; 1999-2010

Ugwoke, Obiora Francis, Inyikalum, Daniel
Department of Political & Administrative Studies, University of Port Harcourt, Port Harcourt, Nigeria
Email.- omoboriowo.adedayo@fupre.edu.ng, chibuikedaniel69@yahoo.com

Abstract: In this research paper we examined the relationship between Trade Liberalization and socio-economic development in Nigeria over the last couple of Years. Trade Liberalization was generally agreed to be a theory of International trade which favour the opening up of State borders for free movement of goods and services from other countries without any restriction or barriers. It argues that when states open up their borders for a trade with other states without any restriction or barriers, it leads to overall development of the states involved in the trade relationship. However this position has attracted criticism from other scholars especially of the third world background, who argued that trade liberalization, only leads to the development of the stronger partners in the trading relationship at the expense of the weaker ones. This work further looked at the relationship between trade liberalization and the underdevelopment of the third world, with particular reference to Nigeria. The work however was carried out using the world systems theory by Immanuel Wallenstein, which believes that there is a world economic system in which some countries benefit while others are exploited. In other words the countries of the world are categorized into Core, Periphery and Semi-Peripheral countries. Our findings show that trade liberalization has made the Nigerian economy to be highly dependent on imported goods from the developed countries, and this has however led to stunted growth of the Nigerian economy, thereby causing underdevelopment in the country. Subsequently, the paper suggests a form of guided trade liberalization or what Claude Ake refers to as Liberalization from below, as the way forward for Nigeria and other third world countries.

Keywords: Trade Liberalization, International trade, Underdevelopment, Third World.

INTRODUCTION:

A couple of years back, it was discovered that, only about 20% of the world's population was under capitalism, while the rest was subjected to command socialist economies or to clumsy third worlds effort to combine capitalism and socialism. Today capitalism has spread to nearly 90% of the world's population because almost all parts of the world are now linked through trade, convertible currencies, foreign investment flows and political commitments to private ownership as the engine of economic development (Falk 1999). In other words, the end of Cold War 1989 marked the victory of the capitalist mode of production over the contending rival called socialism. By this triumph, the United States of America (USA) and other developed capitalist states who are the chief protagonists of marketization and liberalization on global scale became involved in various forms of intensive political, economic, social and cultural packages for the consolidation of further spread of the capitalist mode production on international level. They have raised the political taste of a greater number of nations in the world to embrace liberal democracy. They are campaigning for open trade among nations hence the theory of trade liberalization, which is the removal of all barriers to trade and removal of tariffs and taxes on trade and allowing the free passage of goods and services across borders. However those who have become obstinate in embracing this political and economic system were either influenced by all means or coerced nakedly. The spread of trade liberalization idea around the globe in past decades and its entrenchment in economics policies of nations of the world has presented a picture of global economy, which deserves very serious intellectual attention. Differing opinions and views have surfaced. Many governments of the South, Non-Governmental Organizations (NGO) scholars etc, have lamented seriously on different occasions and quarters that trade liberalization agenda was nothing but an economic diplomacy of the developed countries meant to open up South's economies for exploitation. Khor (2004), Ake (1981) Horllick (1983); Onuoha (2001), Okolie (2001), Onu (2004), Falk (1999) and Kaplinsky (1999), share a common view that trade liberalization does not pose positive effect on the economies of the developing nations. It rather undermines their economic development and institutionalizes import-oriented economy Okolie (2001).

Unfortunately and on the contrary, neo-liberal scholars, the international institutions and the core-capitalist nations see trade liberalization as developmental, arguing that in the current state of economic down turns facing the developing nations, trade liberalization is the only economic option left for these countries to ensure industrialization, transfer of technology and effective exploration and exploitation of their natural resources (Ingram, and Dunn, 1993). It is against this background that we begin to look into the relationship between trade liberalization and underdevelopment of the Third World using Nigeria as a case study. Most of the goods consumed in Nigeria are not product of internal efforts and environment, but product of foreign efforts and environment. Jonah Onuoha (2001) posits that Nigeria appears to be the worst victim of this openness:

> Thus Nigeria has become a dumping ground of goods and services produced in advanced capitalist societies. Goods ranging from detergent, toilet soap, fruit drinks, foot wears, frozen chicken to heavy plants and electronics are now being imported by those local firms that are supposed to produce them locally. (Onuoha 2001)

It is our considered view that developmental efforts in Nigeria have suffered a serious setback due to policy of trade liberalization. We are set in the this work to analyze the effects which this policy imposes on Nigeria's development with special focus on technological and industrial development.

CONCEPTUAL AND THEORETICAL FRAME WORK:

World systems theory:

The World Systems Theory developed by Immanuel Wallenstein is an approach to world history and social change that suggests there is a world economic system in which some countries benefit while others are exploited. Just like we cannot understand an individual behavior without reference to their surroundings, experiences, and culture, a nation's economic system cannot be understood without reference to the world system of which it is a part. The World Systems Theory is embedded on a three level hierarchy consisting of Core, Periphery, and Semi Periphery areas. The Core countries are dominant capitalist countries that exploit peripheral countries for labour and raw materials. They are strong in military power and not dependent on any one state or country. They serve the interest of the economically powerful. They are focused on higher skills and capital intensive production. Core countries are powerful and this power allows them to pay lower prices for raw materials/goods and exploit cheap labour, which constantly reinforces the unequal status between core and periphery countries.

Peripheral countries fall on the other end of the economic scale. These countries lack a strong central government and may be controlled by other states. These countries export raw materials to the core countries, and they are dependent on core countries for capital and have underdeveloped industries. These countries also have low-skill, labour intensive production, or in other words cheap labour. Peripheral countries are commonly also referred to as Third World Countries. Semi Periphery Countries fall in the middle of the economic spectrum. These countries share characteristics of both Core and Periphery countries. These are Core regions in decline or periphery regions attempting to improve their economic position. These countries are sometimes exploited by Core countries, but they also may exploit periphery countries themselves. For example India has a growing technology industry and an emerging consumer market.

> Goldfrank (2000) asserts that the Core and the Periphery are geographically and culturally different, one focusing on low skill, labour intensive production and extraction of raw materials, and the other on higher skill and capital- intensive production.

Similarly, Martinez- Vela (2001), notes that;

> There is a structural relationship between the core and the periphery. This relationship is characterized by a power hierarchy between the core and the periphery, in which powerful

and wealthy core nations dominate and exploit weak and poor periphery nations. (Martinez-Vela 2001).

In summary, there is a power hierarchy between Core and the Periphery in which powerful and wealthy "Core" societies dominate and exploit weak and poor peripheral societies (Martinez-Vela,2001), Core nations have diversified economies, strong central government ,extensive bureaucracies and powerful militaries, and with their Multi National Corporations (MNCs) they extensively influence the weak and poor peripheral nations which are least economically diversified, and least industrialized are forced to follow economic policies that favour core nations and harm the long- term economic prospects of the peripheral nations.(Barfield, 1997:498-499). It is on the above premise that this theory was considered appropriate for this work.

Trade Liberalization:

Studies in international politics and economy reveals that the issue of trade liberalization has over the years attracted a lot of attention from different quarters and different scholars all over the world. However, this attention is not without its contradiction and disagreements arising from the different argument raised by different scholars, probably because of their different ideological orientation or the perspective from which the scholars are looking at the concept of trade liberalization or even because of the school of thought to which each scholar belongs to. (Ugwoke, 2008). There have indeed been two major known theories of international trade in the world lately. These are: the theory of trade liberalization authored by Adam Smith and the theory of trade protectionism authored by Fredrick List. (Kaplinsky 1999). These theories have been applied in national and international economic management of various countries of the world depending centrally on the ideological orientation of the different states.

Most liberal scholars are of the view that market promotes efficiency through competition and division of labour, which specialization allows people and economies to focus on what they do best. Therefore they agitate for the removal of all forms of barrier on investment and investment capital, and dismantling of all territorial boundaries and allowing for free flow of goods and services across the borders. But the radicals argue on the contrary; maintaining that trade liberalization increases world poverty, unemployment and lowers the standard of living of workers and women. In the same vein, it increases the gap between the rich and the poor. In other words, most of the liberal economic literature considers that trade liberalization leads to an increase in welfare derived from an improved allocation of domestic resources. Import restriction of any kind creates an anti-export bias by raising the price of importable goods relative to exportable goods. The removal of this bias through trade liberalization will encourage a shift of resources from the production of import substitutes to the production of export oriented goods. This in turn, will generate growth in the short to medium term as the country adjust to a new allocation of resources more in keeping with its comparative advantage (McCulloch, Winters and Cirera, 2001). The most compelling argument for greater liberalization comes from the effect of economic efficiency, which promotes private investment and economic growth, higher growth in turn helps lower poverty by increasing employment and real income of the poor. In this work therefore we are going to look at both the radical and the classical perspectives of trade liberalization.

Krugman (1990), summarized the reasons why trade liberalization is good for growth in developing countries, firstly, developing countries have production patterns that are skewed towards labor-intensive service, agriculture and manufacturing, people have low per capital incomes and markets in such countries are usually small. A liberalized trade regime allows low-cost producers to expand their output well beyond that demanded in the domestic market. Secondly, whereas industrialization based on protection of domestic industries thus results in even higher capital intensity of production, the open trade regime permits enjoyment of constant returns to scale over a much wider range and finally import substitution regimes normally give bureaucrats considerable discretion either in determining which industries should be encouraged or in allocating scarce foreign exchange in a regime of qualitative restrictions, leading to serous efficiency losses. On the other hand, open trade regime force greater reliance on the market. Empirical evidence on the positive effects of liberalization on growth is quite abundant (Dollar, 1992, Frankel and Romer 1999; Dollar and Kaaray 2001; Bhagwati and Srinivasan, 2001; Wacsiary 1998).

However, there are some critics who dispute these findings on mythological ground (Rodrik 1996; Rodriguez and Rodrik 1999) Rodriguez and Rodrik caution that their main intention is to challenge the over-enthusiasm on the questionable outcome of many researches showing strong positive correlation between openness and growth rather than to convey the message that trade protection is good for growth. The most recent well-known study that provides evidence on trade liberalization, growth and poverty reduction is that of Kraay and David Dollar (2001). The study concludes that one third of the developing countries, which include Bangladesh, India, and Sri Lanka in South Asia, have experience large increases in trade and significant reduction in tariff and non-tariff barriers. Bangladesh for instance, saw its trade GDP ratio almost double (during the course of the 1990s decade). In contrast, the remaining two-thirds of the developing world, with a large concentration in Africa, that did not experience trade expansion due to lack of sufficient outward orientation, performed poorly both in terms of growth and poverty reduction. On the contrary,

Martin Khor (2003), examines the nature of economic globalization, some of its key aspects (Financial, trade and investment) and recent development and implications for the South. Khor argues that though modern development in communication encourage globalization, the bulk of encouraging factors lies with the policy choices at the global and national levels which in recent years have led to finance trade and investment liberalization. Although the government of developing countries embrace these policy choices, Khor argues that the decision-making processes of these policies have been dominated by government of the developed countries and by international institutions that are mainly under their control or influence. He therefore sees economic liberalization policies as policies of integration. On the issue of trade liberalization and the South, Khor highlights three key effects of trade liberalization on the developing countries: these include: liberalization harms local producers, low commodity prices face the developing economies and debt problem and lack of technology continues to put developing countries on primary products. The developing countries, Khor argues, have made weak responses to the challenges of trade liberalization due economic unavailability engendered by the lack of domestic economic capacity and weak social infrastructure, low export price and significant terms of trade decline as well as debt crises and the burden of debt servicing, and lack of bargaining power in international relations. The author sees international monetary Fund (IMF) and World Bank (WB) as agencies through which the bulk of liberalization policies are hatched and implemented. He advises Southern countries to play positive role in determining the agenda of globalization through their own regional bodies and intellectuals.

He further maintains that in history, countries that rapidly liberalize grow slower than those that were not so fast to do so. Trade liberalization, he adds leads to de-industrialization. He maintains that developing countries have been striving hard, often at considerable cost to integrate more closely into the world economy, but protectionism in the developed countries has prevented them from fully exploiting their potential competitive advantage. Onuoha (2001) Summarizing the views of the radical perspective, cited a radical scholar Asobie, who maintains that globalization in its current phase is essentially the universalization of capitalism, in its speculative variety. Referring still to Asobie, he argues that in its current manifestation, trade liberalization is not simply the product of the inexorable march of market forces, it is the outcome of conscious planning and execution ,first by big businesses namely MNCs and second, by the government of the United States and United Kingdom. From the radical viewpoint, the author points out that globalization in general increases world poverty, unemployment and lowering the standard of living of workers and women. In the same vein it increases the gap between the rich and the poor.

In his view therefore, Onuoha argues that globalization is the last stage in capitalist development characterized by maximization of production and marketing of goods and services worldwide with little hindrance. In his argument the true situation that necessitated globalization is the over production and under consumption that characterized economies of the developed countries in the 1970s. The Multinational Corporations (MNCs) and their states including the stakeholders in these businesses decided to embark on a strategy to facilitate their businesses by introducing liberalization aimed at removing all barriers to investment, trade and capital. Spero.(1981) Arguing against trade liberalization, raises some points advanced by the South. First the South argued that the prices of raw materials exported by the undeveloped countries were declining in relation to the prices of the manufactured products imported by the less developed countries from the developed countries. Second, the present international trade system is not truly liberalized as the developed countries have continued to embark on protectionist measures which affect South's terms of trade. Third, the South maintained that the system is characterized by inherent instability of commodity prices, which hindered export earnings, investment and disrupted development planning. Finally, the south felt that its real potential to manufactured export products was constrained by northern dominance of the market. The head start of the North which gave the developed countries established position prevented the expansion of Southern manufactured goods.

Ake (1981) reveals the theoretical and structural pattern, which brought Nigeria to her present dependent position on the Western nations for trade and finance. From Ake's analysis, the present trade liberalization increases Nigeria's dependence on the western capitalist countries as the idea of liberalization was fundamentally packaged and served by the same structure that aided colonialism and imperialism. Trade liberalization in Nigeria is therefore imperialistic. Ake further notes that:

> The existence of the role of trade in the integration of African economies into the world capitalist system was that it prompted complementary or interdependence, albeit on "unequal" interdependence between the African economies and the metropolitan economies. Trade created interdependence through complementarities by encouraging specialization in the primary product of raw materials needed by the metropole, while the metropole specialized in manufacture.

In the post-colonial era, he maintains that in trade, the old pattern of dependence largely remains even though African economies have rather more room for maneuver. He sees the bulk of the export of African countries going to the former colonizing powers and their allies with very little in the way of diversifying dependence by increasing commerce with specialist countries. Inferring from Ake's analysis, the Nigeria's dependence on USA and Britain mainly for trade through all forms of capitalist institutions and infrastructure shows that the trade agenda for the third world countries will only intensify the countries dependence and increase trade gap. Onu (2004) in his own argument which supported trade liberalization, but only at the regional and sub-regional level, places emphasis on importance of regional integration in the west-African sub-region, picking ECOWAS, the evolution of common policy in and joint development of transport, communication, energy and other infrastructural facilities, elimination of custom duties between member states etc are necessary for effective operation of free trade in the sub-region.

The author's conviction that trade liberalization at the West African sub-regional level will bring about economic development is based on the fact that it will not only ensures integration, but it will ginger the development of industrial sector among member states. If trade liberalization is allowed globally, he argues the already existing structure of the contemporary world economy will perpetuate the condition of asymmetrical trade relations between the industrialized and the less industrialized nations. From Onu's view, we can infer that Nigeria can only benefit from trade liberalization if her focus becomes Africa, West Africa in particular and not the developed industrial world.

The Concept of Development:

Development as a concept is a victim of definitional pluralism. It is a difficult word to define. However attempts have been made by erudite scholars to conceptualize development. Some of these definitions will be explored for the purpose of this study. Gboyega (2003) capture development as

> an idea that embodies all attempts to improve the conditions of human existence in all ramifications. It implies improvement in material well being of all citizens, not the most powerful and rich alone, in a sustainable way such that today's consumption does not imperil the future, it also demands that poverty and inequality of access to the good things of life be removed or drastically reduced.

It seeks to improve personal physical security and livelihoods and expansion of life chances. The pride of any government is the attainment of higher value level of development in such a way that its citizens would derive natural attachment to governance. However, for a nation to be in a phase of development there must be some pre-requisites, which include socio-political and economic stability (Lawal and Oluwatoyin 2011). Naomi (1995) believes that development is usually taken to involve not only economic growth, but also some notion of equitable distribution, provision of health care, education, housing, and other essential services all with a view to improving the individual and collective quality of life. Chrisman (1984) views development as a

> process of societal advancement, where improvements in the wellbeing of people are generated through strong partnership between all sectors, corporate bodies and other groups in the society. It is reasonable to know that development is not only on economic exercise, but also involves both socio-economic and political issues and pervades all aspect of societal life.

For the purpose of this work therefore our emphasis will be on economic development of Nigeria which cuts across the provision of jobs, increase in income, development of the manufacturing and the industrial sectors which in turn affects the life of the citizens positively and the overall increase in the country's Gross national Product (GNP). This will however be the yardstick for accessing how the country has fared in her trade relationship with the developed countries under a liberalized trade arrangement.

TRADE LIBERALIZATION AND THE NIGERIAN ECONOMY:

The Nigerian manufacturing sector has no foothold in the area of industrialization in the world market. The economy has a weak manufacturing base and as a result her contribution to the world export is very insignificant. The analysis done by Obadan (2002) bears eloquent testimony to this conclusion. His study showed that manufactured export accounted for 0.1% of Nigeria's export earning its contribution to GDP was very low, averaging 7.3% between 1990-1998 and reduced to 6% in 2000. In the area of capacity utilization, the study showed that the average capacity utilization was 72.3% between 1975-82, but dipped to 37.9% over the period of 1983-1998 and further declined to 34% in 2000. He also showed that the average manufacturing growth rates were high and increasing in the 1970, being as high as 25.1% from 1975-79, but the growth rate plummeted from 1980 turning into negative over the years except period between 1988-98 and 1999-2000.

The poor performance of the Nigeria's manufacturing sector have been attributed to various factors ranging from uncompetitive nature of her product, to high cost of production, poor infrastructural facilities, poor electricity/fuel supply, foreign exchange constraint, poor credit facilities to the manufactures and high interest rates on loans, political instability, policy inconsistencies, multiple levies (taxes and regulations) high level of insecurity to life and property, administrative customs inefficiency at ports, inadequate legal system and dumping of imported goods. Obadan (2002) in his study further asserted that Nigeria has not benefitted from the globalization trend, despite occupying the 10th position among the world's most highly populated countries and running a reactively open economy.

The review showed that in 1980, Nigeria has the second largest export earnings after Japan and was the highest among developing countries. Its export earnings stood at \$25.9 billion compared to others like Mexico \$8 Billion. However, while other countries recorded significant leaps in their export earnings, Nigeria's export earnings took a down ward trend from 1981 such that by 1998 the country export earnings was just \$9.0 billion, compare this with the corresponding earnings of countries listed above viz Mexico (US \$117.5 billion) South Korea (US \$138.6 billion) Singapore (US \$110.4 billion) Hong Kong (US \$174.0 billion) Malaysia (US \$77.9 billion) and the Philippines (US \$29.4 billion). In another study by Obaseki (1998), he revealed that apart from Nigeria's over dependence on crude oil export, her performance in the global market is worsened by the low level of primary commodity exports. This factor he said is largely responsible for the crash in commodity prices and the constraining effect of higher income and improved living standards on the demand for them, in addition to the low level of export of manufactures, contributed to the predominance of the oil sector. Nigeria's low export performance especially in manufacturing is a major factor preventing the country from benefitting adequately from the integration of goods and services market across the globe.

The lack of comparative advantage in manufacturing has limited the scope for specialization, with the mobility of all factors of production in the context of international specialization, it is obvious that only those countries with the requisite skills would be able to compete in the global arena. With the current low level comparative advantage in manufacturing sector as has been mentioned above, Nigeria will continue to be marginalized in her economic relations with the rest of the world.

Table I. (State of industries in some states of Nigeria between 1999-2010 as occasioned by trade liberalization).

Industries	Date of closure	Staff affected	Product	State and location
Express Fisheries Nig Ltd	2000	500	Hig Fishing firm production and interior decoration	Idiroko, Ikorodu, Lagos
Jay Lab Ltd	2002	900	Rainbow hair and body cream	Amuwa Adofin Lagos
Kesingsheen Lab and Cosmetic	2001	1200	Hair and body cream	Ejigbo, Isolo Lagos
Berec Int. Plc	2000	1000	Domestic and industrial battery	Isolo Lagos
UTC Technical Nig Ltd	1999	1500	Industrial and mechanical tools	Lagos Island
Metal Box Toyo Glass Nig Ltd	1999	1400	Bottles and Glass products	Agbara Estate Ogun
Ketad Textile Mills	2003	2500	Textiles	Sharada, Kano
First Tennery	1999	2000	Leather	Bompai Kano
Delas Tennery	2000	500	Leather	Chalawa Kano
Tango Sweet	1999	1200	Confectionaries	Bompai Kano
Naregu Hides and Skin	2000	900	Leather	Sharada Kano
Nigerian Sugar company	2002	1200	Sugar	Sharada Kano
Aigland Group of Companies	2004	3000	General goods	Sharada Kano
Globus Int. Ltd	2000	600	Leather	Halawa, Kano
Amara Sweet	2004	200	Confectionaries	Sharada Kano
Universal Textiles	2005	2500	Textiles	Bonipai, Kano
Nigeria Oil Mill	2006	1500	Vegetable oil	Bompai, Kano
Nigercem	1996	900	Cement	Wkalagu, Enugu
Sunrise Flour Mills	2000	650	Maize Flour	Ezeamgbo, Enugu
Enugu Building Materials Ltd	2002	400	Roofing materials, wood upholstery	Abakaliki Ebonyi
AVOP	1999	1200	Vegetable Oil	Nachi Enugu
Pioneer Milling group	2009	2500	Maize flour	Jos south, plateau
Jos steel company	2001	1700	Rod and spare parts	Jos south, plateau
Grand steel and oil mills ltd	2009	800	Vegetable oil and flour baking	Jos south, plateau
Stanford int. company	2003	2000	Spare part	Jos south, plateau
Nasco fibre company	2008	1200	Floor flex, bags, carpet	Jos south, plateau
Navaguta leather works	2003	900	Leather shoes, bags and belt	Jos south, plateau
Jos flour mills	2005	250	Maize floor and feed	Jos south, plateau
Nasco household company	2004	750	Detergent, soap and pomade	Jos south, plateau
Zabtek Int company	2003	900	Stocking, T-shirt jersey	Jos south, plateau

Source: The information in this table is gotten from chambers of commerce and Industry of Lagos, Enugu, Kano and Plateau States.

Table 1 above gives a picture of large scale industries especially located in the industrial cities of Nigeria. These industries employ a very significant number of the population. Despite the high cost incurred by these industries due to poor infrastructure and power supply, they still face dangers involved in unrestricted importation of goods which they produce as well. Studies carried out shows that about 80% of industries in Nigeria folded or were at dwindling condition between the years 1999 – 2010 due to non protection given to them by the government.

Hence Agunnale (2005) said that:

> In 2002 when government showed adequate interest in the industry, there were barely 50 companies operating at 30% capacity utilization compare to 175 mills in the mid 1980s. Within the last two years (2003 – 2004) more than half of the remaining 50 mills had further shout down. The largest textiles group in the country the UNT PLC, was not immune from this closure quake. Two of its subsidiaries, Zamfara textiles and supetex were closed down in 2004 consequently 2,806 workers lost their jobs. In Lagos UMT and Enpee employing over 5,000 workers also closed down in 2004. Hitherto, Nigeria's functional industries cities like Lagos, Kaduna and Kano are now filled with Okada (motorbike) riding youth. This ugly trend represents underemployment compared to industrial employment (Agunnale 2005 p. 13)

The above assertion cum statement is a pointer to the information contained in table 1 above which shows the number of workers that were returned to the labour market in Nigeria between 1999–2009 in only four States of the federation, as a result industrial closure. From the table, it can be observed that among the few industries studied in the selected states; Lagos State alone had between 1999 – 2009 returned 6,500 workers to the labour market due to the dwindling situation of only six (6) industries studies. Kano State returned 16,100 workers to the Nigerian labour market from affected eleven (11) companies. Enugu State returned 4,450 workers from affected five (5) companies while Plateau returned 12,500 workers from affected ten (10) companies. This ugly situation in the industrial sector has to a large extent affected the totality of the Nigerian economy. The above data as presented in table 1, goes a long way to buttress our argument that The Third world and Nigeria in particular has not in any way benefited from the policy of trade liberalization, rather she has continued to suffer from massive closure of industries to its attendant loss of jobs, which at the long run has consistently affected the development of Nigeria negatively.

CONCLUSION:

In conclusion, it was discovered that Trade Liberalization, though has had a positive effect on the Nigerian economy, still has not optimally contributed to the development of the countries of the third world. This as has been shown above is due to the unequal trade relations between the third world economies and that of the developed ones. The third World countries have not developed their technology to the level that they could compete favorably with the developed countries. This created a kind of division of labour where Nigeria and other Third World and peripheral countries concentrate only on the production of primary, perishable low -priced agricultural products, while the developed core countries of the world produce durable and highly priced high-tech goods. This condition tends to perpetuate dependency and underdevelopment of Nigeria and other Third world countries, which indirectly further impoverish these countries instead of advancing their developmental strides.

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