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## Article

### Economic globalization and poverty reduction : a Nigerian perspective

**Provided in Cooperation with:**  
KSP Journals, Istanbul

*Reference:* Uzonwanne, Maria Chinecherem (2018). Economic globalization and poverty reduction : a Nigerian perspective. In: Journal of economics and political economy 5 (3), S. 410 - 423.

This Version is available at:  
<http://hdl.handle.net/11159/2519>

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Journal of  
**Economics and Political Economy**

www.kspjournals.org

Volume 5

September 2018

Issue 3

**Economic globalization and poverty reduction:  
A Nigerian perspective**

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**Abstract.** This study aimed to look at the impact of economic globalization on African countries with special attention to Nigeria. It tried to answer the fundamental question underpinning globalization: Has globalization really increased poverty as against poverty reduction in Africa? The philosophy behind globalization envisages the growing interconnection of human activities, the imperatives of local, national and regional economic integration and interdependence as well as responding together to global problems. Dependency theory gave basis to the work in order to ventilate the subject of the study. Data for the study was collected from a secondary source. Descriptive statistics was used in analyzing the data. The Chi-square and the F-distribution done with the help of E-views showed that economic globalization has increased poverty as against poverty reduction in Nigeria. Consequently, the study recommended a way out: globalization properly understood, translates into human, economic and ecological solidarity.

**Keywords.** Economic Globalization, Poverty, Reduction, Africa, Nigeria.

**JEL.** F60, I30.

## 1. Introduction

Globalization and poverty are two sides of a coin in today's global economic and political agenda. The argument on globalization has evoked more heat than light and this is justifiably so because it forms part of the economic experience of the various countries depending on their geographical location, class interests and their reactions to the process of globalization. Developing countries in Africa, Asia and Latin America have been victims/losers rather than beneficiaries/winners (Stiglitz, 2006) of the globalization process especially as poverty and inequality increased in the last twenty globalization years.

However, in concrete terms, the process of globalization which describes the world's evolution into global village can be a source through which businesses or other organizations develop international influence while acting locally. Globalization has provided a platform for more frequent interaction among peoples, companies and governments of different nations on an unprecedented scale due to advances in transportation, communication technology and free trade. Thus, globalization conjures the picture of a borderless world with greater economic integration that enhances the living standards of people across the globe. As a result of globalization, most governments have removed barriers to trade and controls on the movement of capital and services, thereby allowing market forces to play themselves out.

Poverty, on its own side, is about not having access to basic needs of life including food, clothing and shelter. The World Bank (2012) describes poverty in this way: "Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not

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knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty means waking up everyday facing insecurity, uncertainty and impossible decisions about money. It means facing marginalization and even discrimination because of your financial circumstances.” In other words, Poverty has many faces, changing from place to place and across time, and has been described in many ways. The table below shows the percentage increase of absolute poverty rate in different states in Nigeria from 2003-2010.

**Table 1.** *Some State-level head count per capita poverty measure (%) in Nigeria*

State	2003-2004	2009-2010
Abia	40.9	50.2
Kastina	72.9	77.6
Adamawa	76.6	77.8
Ogun	49.9	67.6
Bayelsa	40.0	44.0
Nassarawa	66.1	78.4
Benue	64.7	73.6
Borno	59.8	60.6
Ebonyi	63.2	82.9
Oyo	38.0	50.8
Enugu	50.2	60.6
Kano	59.4	70.4
Edo	53.6	64.1
Plateau	68.5	72.4
Sokoto	75.2	86.3
Taraba	60.5	68.3

**Source:** NBS, Review of 2009/10 Absolute Poverty Rate across Nigeria

Specifically, economic globalization which this study sets out to study, is seen as one of the three main dimensions of globalization characterized by increasing freedom in the movement of labour, goods, services, technology, and capital in the understanding that it will eventually reduce poverty in developing countries (De la Dehesa, 2000) but whether this hope fulfilled or not will be one of the conclusions of this study.

In a developing country like Nigeria, globalization is expected to bring about significant changes in the structure of the national economy, from reliance on primary commodity production (either agricultural raw materials or crude oil) to labor intensive manufacturing, mostly for export markets. It is also expected to promote easier and sounder access to international resources and macroeconomic stability. It is then expected to result in improved economic performance, with rapid growth in output and employment and, as a consequence, a reduction of absolute poverty (Athukorala, 1998).

Professor Wilfred has pointed out that globalization is the pinnacle of imperialism. Speaking then from African perspective, globalization is not new, but a continuation of a long tradition of over five hundred years of domination, colonization and commercialization. Wilfred goes on to underline that originally, “Colonialism presented itself as a movement of unity and global socio-economic integration, but we know the depth of the exploitation to which the peoples and nations have been subjected to, and the devastation it left behind (Wilfred, 1997).

As far as development in Africa is concerned, the term, globalization is a very sensitive topic. The true African experience is that globalization has increased poverty and worsened the African situation. Those who accused imperialism of being the bane of Africa hinge their argument on a subtle maneuvering enmeshed in the globalization process advanced by powerful western controlled global economic bodies like World Bank, IMF, UNO, WTO, etc. As an uneven process, it comes with an uneven distribution of benefits and losses.

Globalization has been accused of corroding the cultural base of Africa. Yash Tando (in Ike, 2005), a Uganda political analyst became famous for his stand on this issue when he wrote: “Anybody with any degree of intellectual integrity would see that globalization of Africa or the integration of Africa into the global economy

from the days of slavery to the contemporary period of capital-led integration has on a balance of cost and benefits been a disaster for Africa". Condemning the development experts of World Bank who blame African leaders for poverty and underdevelopment of the continent, he continues very harshly: "it is also a measure of their intellectual dishonesty or ideological brainwashing that they cannot see the connection between globalization and African poverty." However, demonstrations of anger and protests that result from all these technologies brought by globalization have helped to incite curiosity in the phenomenon that daily continue to affect the lives of all humanity especially those in Nigeria.

### 2. Problem statement

Globalization has posed a lot of challenges to many African nations, more especially Nigeria. According to the World Bank (2015), one billion, two hundred million people in the world, the large majority of them live on less than one dollar a day. Forty-eight percent (48%) of the population of Sub-Sahara Africa and forty percent (40%) of the Southern Asia live on less than a dollar a day. Excluding the Far East where the percentage of poor people has declined, there have been no appreciable reductions in the poverty rate in the developing countries in the last decades. Economic growth has been irregular and it has worsened in Sub-Sahara Africa. Income is not the only yardstick of living standards. Welfare is captured more fully by indices that incorporate other variables, such as health and the level and the diffusion of education. Taking account of all these indicators, the picture is negative in the majority of the developing countries more especially in Nigeria as the population increases daily.

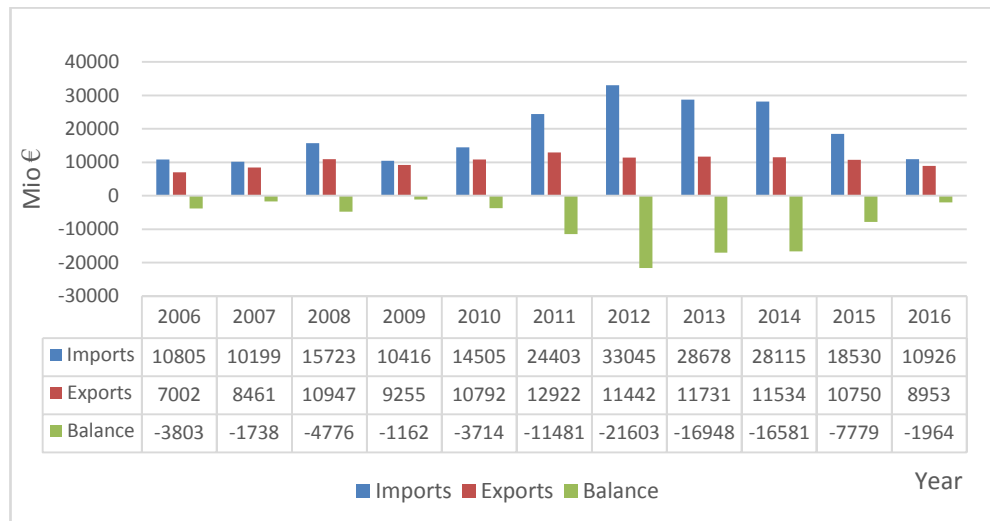
The truth of the matter is that Globalization is a facade. There is a parallel shadow capitalist economy of industrialized nations alongside the smoke screen of globalization (Stiglitz & Pieth, 2016). These are propagated through the various economic programmes designed for the poor countries by the industrialized countries. The shadow economy runs through these programmes that aim at retaining power and economic domination rather than globalization of wealth. A good example is the World Bank ease of doing business programme in which countries especially developing countries are encouraged to make investments' climate of their countries attractive to investors.

Among others, this programme has led to two important consequences for sub-Saharan African countries. The first is what has been tagged as race to the bottom by developing countries. These countries give unnecessary tax holidays to the investors and the precious taxes needed for the development of infrastructures and improvement of social services are lost to the industrialized countries. The second is the massive revision of land tenure system taking place in several African countries to pave way for the co-modification of land in Africa. This has led to massive natural resource losses and land grabbing for industrial agriculture to supply the industries and bio-energy demands of the industrialized countries respectively. Meanwhile, the African artisanal miners and small scale farmers who produce Africa's food requirement are displaced and impoverished the more.

The result is that globalization has made the wealthy countries and people wealthier while poor countries and people remain poorer in contrast to the win-win situation intended by globalization for all nations and peoples of the world. In a nutshell, globalization has not only increased poverty; it has entrenched and legalized global economic structures for the sustenance of poverty.

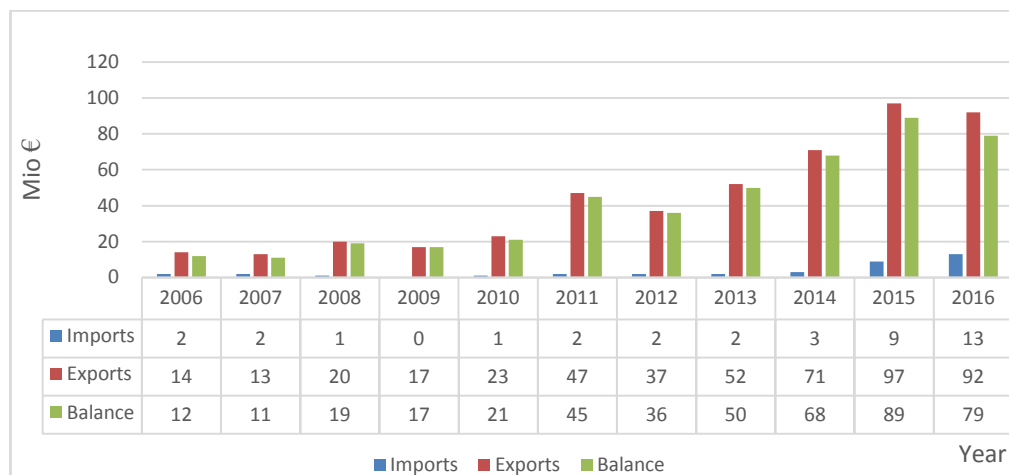
At the heart of globalization is also an idea that humans, materials, food etc. be allowed to travel freely across borders. But it has been observed that while goods do not have difficulty to move from developing Sub-Saharan Africa to the industrialized nations, the reverse is the case when it comes to the movement of human beings. One wonders if globalization is not a tool designed for the exploitation of Africa resources without giving them the opportunity to enjoy them more especially with Nigeria (the giant of Africa). Below are the tables showing

the movement of trade from three African countries to Europe and the rate of legal migration of Africans to Europe.



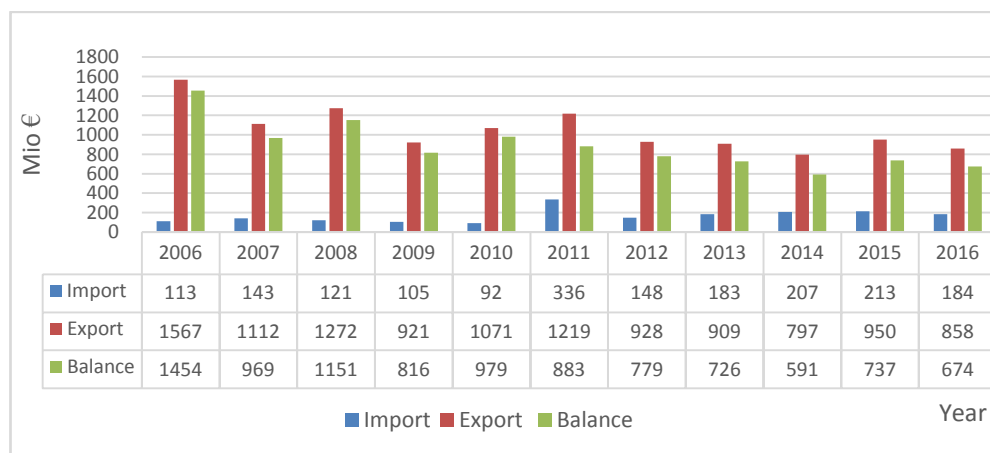
**Figure 1. European Union Trade with Nigeria (2006-2016)**

Source: Eurostat Comext - Statistical regime 4 (2016)



**Figure 2. European Union Trade with Somalia (2006-2016)**

Source: Eurostat Comext - Statistical regime 4 (2016)



**Figure 3. European Union Trade with Sudan (2006-2016)**

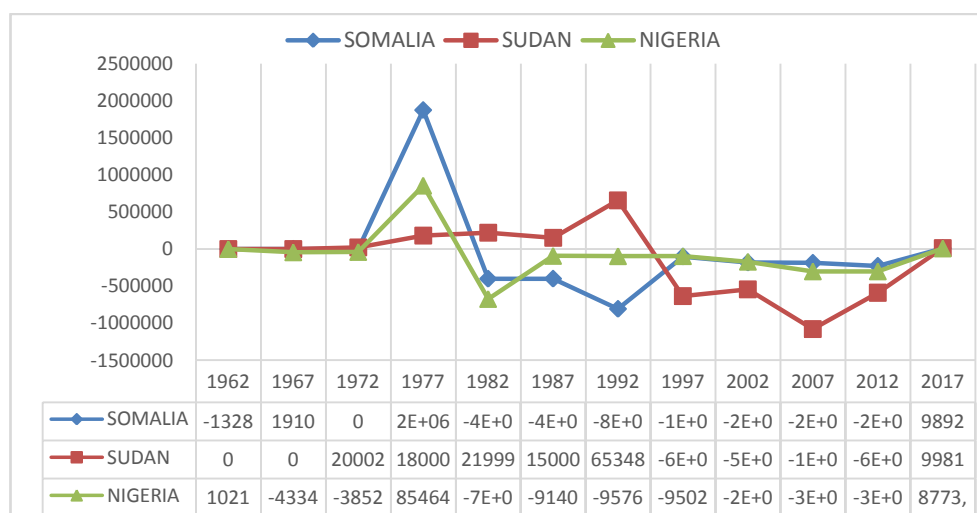
Source: Eurostat Comext - Statistical regime 4 (2016)

The charts above (fig.1, fig.2 and fig.3) represent the trade relationships between the European Union (EU) and three selected sub-Saharan African nations – Nigeria, Somalia and Sudan for a period of ten (10) years, from 2006 to 2016.

The charts and data showed that Nigeria is a net importer of goods from the European Union as she recorded a deficit balance of trade with the European Union all throughout the eleven annual periods of focus unlike Somali and Sudan. Nigeria had her highest (best) balance of trade in 2009 with a trade balance of -1,162 million Euros whereas in the same period, Sudan and Somali had positive trade balances of 816 million and 17 million Euros respectively. Nigeria's lowest trade balance with the European Union occurred in 2012 which fell abysmally to a low and negative balance of -21,603 whereas during the same period, the other nations of Sudan and Somalia enjoyed the trade advantage of globalisation by recording positive trade balances of 779 million Euros and 36 million Euros respectively.

Sudan enjoyed the highest positive trade balance in 2006 (1,454), Somalia followed with 89 million Euros in 2015; but Nigeria was import dependent as she had no positive balance to show. Over the 11 year periods also, the average trade balances for countries are about 862 million Euros for Sudan; about 41million Euros for Somalia; whereas the largest economy in Africa – Nigeria, had an average and deficit of about -8,323. These show clearly that Nigeria has not enjoyed the trade benefit of globalization even when put in juxtaposition with smaller economies like Somali and Sudan.

Below also is a graphical comparative analysis showing the trend of net legal migration among Nigeria, Somalia and Sudan.



**Figure 4.** Comparative trend analyses of net migration among Somalia, Sudan and Nigeria

**Source:** Author's computation from World Development Indicator 2018 and CBN Statistical Bulletin 2016.

The doctrine of globalization is being preached on the altar of a borderless world. Nevertheless, Nigeria has continued to experience deficit in legal migration since 1962 till 2017, except for 1962, 1977 and 2017. The graph above is a proof of the poor legal migration of the three African countries; this study looked into more especially Nigeria's. The depreciation in legal migration is so evident till present. Now the question that boards this study is: Why is it that Sudan and Somalia are doing somehow better in the area of trade export but poorly in migration? Can this be the reason why many Africans migrate illegally to Europe? This is a proof of the fact that goods can migrate but human beings have no right to migrate. The case of Nigeria is even worst. The results of the two areas (trade and legal migration) are so discouraging. One can easily see the disparity in it. This takes one back to believe the opinion of Wilfred (1997) when he said that globalization is the



continuation of colonization, exploitation, commercialization and domination which resented itself a movement unity, political and economic integration.

### 3. Theoretical and empirical literature

This section of the study deals with a brief review of Dependency theory and recent related studies. The review was taken in order to gain more insight into the scope of the study in the related field.

#### 3.1. The Dependency Theory of Underdevelopment

The dependency theory states that the dependency of less developed countries (LDCs) on developed countries (DCs) is the main cause for the underdevelopment of the former. This theory of underdevelopment originated in the writings of a few Latin American Economists. The prominent among them are Frank, Sunkel, Furtado, Santos, Emmanuel, Paul Prebisch, Hans Singer and Amin (Frank, 1976). The explanation given by the various writers differ in degree only. Each tries to pinpoint and specify certain factors which have been responsible for the underdevelopment of LDCs by DCs. So there is a plurality of dependency views; different meaning accorded the concept of dependency and different analyses are offered to explain underdevelopment as a result of the interplay between internal and external structures. As there are varieties of dependency theory, we shall briefly discuss the one that best suits this work.

According to Dos Santos (1964), Frank (1976) and Sunkel (1969), dependency is a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. It is a situation where some countries (the dominant ones) can expand and be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion. This intrinsic connection between the duo leaves the development of the LDCs at the dictates of the DCs. For them, in the scenario, the peripheral LDCs are heavily dependent on the central DCs for foreign capital and importation of technologies, etc. In turn, the DCs want a cheap and regular supply of raw materials for their productive economies. The obvious thing to do then is to safe-guard the structures of economic dependency. The implication is that the LDCs have no opportunity of adding values to their primary commodities to transform their economies and break away from dependency.

This invariably brings in stagnation of agriculture, high concentration of primary commodities for exports, high foreign exchange content of industrialization and growing fiscal deficit in the peripheral countries which necessitate foreign financing of them. It has also led to metropolis-satellite chain in which the surplus generated at each level in the periphery is successfully drawn off by the centre because the foreign investors exploit LDCs by insisting on the choice of projects, making decisions on pricing, supply of equipments, technical knowhow and personnel. As a result, the periphery is impoverished and the centre is enriched. In this vein, the development of the underdevelopment of LDCs may be viewed as leading to *immiseration* i.e. the growing poverty of the mass of the population in the periphery. In Sunkel's words, it is this aspect that finally sums up the situation of dependence; this is the crucial point in the mechanism of dependency while Todaro (1994) calls it the *neo-classical dependency model* which attributes the existence and continuance of third world underdevelopment primarily to the historical evolution of a highly unequal international capitalist system of rich country-poor country relationships.

Further, the dependency on the developed nations leads to much a higher outflow in the form of declared profit and tax evasions. Debt service and repayment also drain third world wealth as they stunt agriculture, encourages trade and investment dependencies and reinforces the dominance of exploitative elites of LDCs. Thus, globalization signifies sustenance of the structures of dependency as a means of exploitation of the periphery by the DCs.

In a nut shell, this paper sees this theory as more realistic in describing the negative impact of globalization in African countries especially in Nigeria. It tries to tackle the problem of dependence which came in form of globalization to the LDCs but enhances poverty to its fullest. For instance, the theory has it that once a LDCs country continues to depend on DCs, their level or rate of poverty and laxity will continue to increase as many human resources will remain dormant and unproductive both in long run and in short run. Therefore, globalization in contrast to what it claims is oriented to make Africa forever dependent and incapable of leveraging on the assets that could contribute to engender her development. Generally, globalization has become a threat to the poor in Africa rather than an opportunity for global action to eradicate poverty.

### 3.2. Empirical literature

The empirical literature of this study takes a look at the different views of pro-globalist and anti-globalist concerning the part that globalization has played towards the relationships that exist between globalization and poverty in African countries. But before then the study will explain first of all, what we mean by pro-globalist and anti-globalist.

The pro-globalist is a vision of globalization as an extensive opportunity for the development of the whole world. It aims at generating tremendous benefit particularly for the developing countries by giving them the opportunity to be economically equal with the developed nations in the long run. In contrast to the pro-globalist, the anti-globalist considers globalization as a phenomenon that generates global ills. Accordingly, in this vision, Shrestha (2010) underlines that globalization may hurt economic growth in low income countries due to their comparative disadvantage *vis-a-vis* to developed countries.

Rahman & Mittelhammer (2006) went further to measure the impact of globalization on the well-being of the poor. To understand the situation better, their paper analyzes the quality of life (QoL) of the poor and non poor of 40 African countries over a period of 20 years (1980-2000) and then examines their causal association with openness to trade, in order to understand the impact of openness to trade on the well-being of poor in relation to Africa. He found out that; firstly, nearly every well being indicator declines as the poor population share increases. Secondly, the tendency for QoL to decline with increasing poor's population share is common to the African and non African countries. Thirdly, women suffer a double QoL disadvantages in areas of health and education as the poor's share of population increase. Fourthly, globalization has increased income (GDP/GNP?) of African countries; however, there is no significant decline in poverty and improvement in the wellbeing of the poor over the period. Following these, they recommend a policy implication on globalization which will help to ameliorate the quality of life of the people in the developing countries.

Pare (2016) on his own side studied the impact of globalization on African economy. On one side, he concentrated on investigating the impact of globalization on per capita income growth and on another he examines the relationship between education attainment, war, employment and gross capital formation on per-capita income. Using a panel database of 11 African countries from 1971-2010 and several control variables in the regression viz education, employment, gross capital formation and also a war dummy, he found out that globalization has had a negative impact on economic growth in Africa and will not boost economic growth. Therefore, he recommends globalization which is rooted in the wellbeing of the community, which emphasizes the priority of people over profit, labour over capital for their development and the one structured from above according to abstract economic laws.

Globalization, according to Mowlana (1998), by insisting on African countries to open their economies to foreign goods and entrepreneurs, limits the ability of African governments to take proactive and conscious measures to facilitate the emergence of an indigenous entrepreneurial class. By this statement, he



emphasized that globalization aims to make Africans forever dependent and incapable of controlling freely the assets that could contribute to engender their development. In this context, he sees the structure of globalization as problematic, because it creates vulnerability and instability in revenue, arising from any external shocks.

Simpson (2017) carried out a comparative research on the impact of globalization on the development of Bangladesh and Tanzania. He measured globalization with openness in trade and investment flows. He used a modified human development index and at the end he found out that globalization has brought both positive and negative effects on the two countries studied. Therefore, he suggested that both positive and negative forces have counterbalanced one another.

Prebisch (1960), carried out a research, looking at both the export from developing countries and import from developed countries. He concluded that poor countries export primary commodities to the rich countries who then manufacture products out of those commodities and sold them back to the poorer countries through importation. He went on to say that the "Value Added" by manufacturing a usable product always cost more than the primary products used to create those products. As a result, poorer countries would never be earning enough from their export earnings to pay for their imports and will get poorer but rich countries will get richer because they are earning more to the detriment of poor.

For Obadina (1998), globalization is a form of entrapment for African countries by developed countries. It has created a global village of privileged people whose borders are impenetrable to the poor. It is a scheme that only aims to benefit rich countries and make poor continent like Africa poorer. For example, we have the Structural Adjustment Programs (SAP) encouraged by the World Bank, and its attendant pressure on African governments to remove subsidies on essential goods meant to protect the poor and the weak. Nowadays, the majority of African nations implementing SAP are experiencing increasing indebtedness, budget deficits and mass unemployment.

Dappa & Olukoya (2010) studied the effects of globalization on developing countries, using Nigeria as sample. They used descriptive method and found out that the unequal effect of globalization has preponderantly distorted third world economic development. Poverty which is accompanied with it consummated terminal diseases has been on the rise, income per capita has been on the downward trend with no meaningful result from policy changes. The study therefore recommends the panacea to ameliorate or eliminate the negative effects of globalization and to dominate the positive side of globalization as a vehicle for economic development of Nigeria and other third world countries.

In summary, from the seven works reviewed in this study, it is obvious that globalization with all its benefits has not succeeded in reducing poverty in the African countries, more especially in Nigeria.

### 3.3. Theoretical Framework

This study is anchored on the Dependency theory associated with Paul Prebisch and Hans Singer. The theory aims to investigate why underdevelopment which has led to persistent poverty in most of the African countries like Nigeria has continued. While most scholars would argue that underdevelopment is as a result of countries pursuing bad economic policies such as unfavorable trade terms, or the presence of authoritarian regimes and corrupt leaders, Dependency theorist argues that the way in which periphery countries are integrated into the global economy and the inequality in international system has hampered the growth of underdeveloped nations and has created continuous increase in poverty and atmosphere for rapid migration of people in search for welfare. Dependency theory perspective on development is very different from the way modernization theory, and neo-liberalism explains the problem of development. Both theories focus particularly on the internal problems that fuel underdevelopment. Dependency

theory, in contrast, focuses primarily on the external causes of underdevelopment which has brought constant increase in the rate of poverty. The theory's main argument is that developed countries that represent the core of the global capitalist system have systematically impoverished underdeveloped and developing countries that account for the periphery of the global economy (Chase-dunn, 1975).

#### 4. Model specification

This study seeks to examine the impact of economic globalization on poverty reduction in Nigeria. In line with the theoretical framework above, the model is expressed as:

$$POV=f(NTM, BOT)$$

This is further stated in mathematical form below:

$$POV= \beta_0 + \beta_1NTM+ \beta_2BOT$$

The econometric equation can be explicitly transformed into the following log-linear specification thus:

$$POV = \beta_0 + \beta_1 \log NTM + \beta_2 \log BOT + \mu$$

Where:

POV = Poverty rate;

LNTM = Log of Net Migration

LBOT = Log of Balance of Trade;

$\beta_0$ = Constant;  $\beta_1$  and  $\beta_2$  = Estimation parameters;  $\mu$  =Error terms.

##### 4.1. Estimation technique and procedure

The study will first determine the integrated order of the data series through the application of the Augmented Dickey-Fuller (ADF) unit root test. After which, a co-integration test will be carried out. The Johansen co-integration test will be done to determine the long run equilibrium relationship among the data series of the same order. That is to say, if in the long run, two or more data series move closely together, whether the series itself is trended, the difference between them is constant. After this, an error correction model (ECM) will be applied to investigate the short run dynamics and long run equilibrium relationship among the data series. The application of ECM is necessary because, it is used to correct temporary short run deviation of a series within long run equilibrium relationship.

The estimation technique used in this study was drawn from developments in the co-integration test. This has been developed to especially overcome the problems of spurious correlation often associated with non-stationary time series data.

The study employed Auto Regressive Distributed Lag (ARDL) model because it can be re-parameterized to yield an error correction model. However, using ARDL estimation technique assumes that the underlying time series is stationary. Meanwhile, after the estimation of the model, we proceeded with the evaluation of the results of the calculations, which deals with the determination of the reliability of these results. The evaluations consist of deciding whether the estimates of the parameters are theoretically meaningful, statistically, and econometrically satisfactory. For this, we used various criteria which are classified into three groups:

*A' Priori Expectation:* As summarized by Iyoha (2004), this criterion discusses appropriateness of specification of the model from the point of view of economic theory. This criterion includes examining whether all relevant variables have been included, and analysis of the conformity of the empirical results, particularly signs and magnitude, with relevant theory. This also examine whether the results agree with a priori specification or not and how do they satisfy restrictions contained in the underlying theory. Hence, it is expected that  $\beta_0 > 0$ ,  $\beta_1 < 0$  and  $\beta_2 < 0$ .

However, if the estimates of the parameters turn up with signs or size not conforming to economic theory, they would be rejected, unless there is a good reason to believe that in the particular instance, the principles of economic theory do not hold.

*Statistical Criteria (First-Order Test):* This aims at the evaluation of the statistical reliability of the estimates of the parameters. In this line, the “t-statistics” was employed to test the hypotheses concerning the true values of the population parameters. The “R<sup>2</sup>- Statistics is also employed as the coefficient for determination to measure the goodness of fit of the regression line to the observed samples values of the variable while the “F-statistics” was also used to test the overall significance of the regression.

*Econometric Criteria (Second-Order Test):* It aims at detecting the violation or validity of the assumption of the econometric method employed (that is, LS). To test the validity of the assumption of non-correlated disturbances, the “Durbin Watson Statistics” was used in the evaluation of the results of estimates.

## 4.2. Data presentation and analysis

This part of our work discusses in detail the data employed in the study and the results obtained with the help of E-views. The nature of data for the study was essentially secondary data. The scope was from 1981 – 2016. The secondary and time-series data were collected from publications of Central Bank of Nigeria (CBN) such as Statistical Bulletin vol. 27, 2016 and the World Development Indicators.

*Unit Root Test.* As earlier noted, the tests used for observing the stationarity of the time series data used for analysis in this study is the Augmented Dickey-Fuller (ADF) unit root test. The results are summarized in Table 2 below.

**Table 2. Summary of ADF unit test result**

Variables	ADF statistic	5% Critical values	Order of Integration	Remarks
D(POV)	-5.624427	-2.948404	I(1)	Stationary at first difference
D(LNTM)	-8.807250	-2.957110	I(1)	Stationary at first difference
D(LBOT)	-6.009321	-2.954021	I(1)	Stationary at first difference

**Source:** Researcher’s compilation using E-views 9 (2018).

As seen in Table 2, the variables are all stationary at first difference. This however provides a necessary condition for estimating cointegration and error correction model.

*Cointegration Test:* Having confirmed the stationarity of the data, we then proceed to examine if the variables are co-integrated. The cointegration test is used to test for the existence, not of a long-run relationship among the variables. The Johansen methodology is preferred to the Engle-Granger test because it is unbiased and allows for more co-integrating equation. Table 3 shows the cointegration result of our variables.\*denotes rejection of the hypothesis at the 0.05 level.

**Table 3. Summary of Johansen cointegration result (Trace Statistic)**

Hypothesized No. of CE(s)	Trace Statistic	0.05 Critical Value	Prob**
None*	40.58644	29.79707	0.0000
At most 1	17.92776	15.49471	0.2582
At most 2*	5.448002	3.841466	0.0350

**Source:** Researcher’s compilation using E-Views 9 (2018).

As evidenced in Table 3, the result shows the existence of one co-integrating equation(s) in the trace statistics at 5% level of significance, thereby suggesting that there is long-run relationship among the variables of the study and the need to conduct an error correction model.

## ARDL Result

**Table 4.** Summary of the ARDL result: Dependent Variable – DPOV

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.448342	1.343571	0.333694	0.7411
DPOV(-1)	-0.002144	0.181412	-0.011819	0.9907
D(NTM)	-2.91E-06	1.14E-05	-0.256434	0.7995
DBOT	0.001195	0.000987	1.210641	0.2362
DBOT(-1)	-0.005744	0.001539	-3.732685	0.0009
DBOT(-2)	0.003287	0.002469	1.331331	0.1938
ECM(-1)	-1.002144	0.181414	-5.524134	0.0000
R-squared	F-statistic	Prob (F-statistic)	Durbin-Watson stat	
0.401572	719.2921	0.009949	1.908993	

**Source:** Researcher's compilation using E-Views 9 (2018).

The poverty rate in Nigeria will be -0.002144 if all other variables in the model are zero. The poverty level in the previous period has negative but insignificant relationship with the present poverty status of the country. Estimated coefficient of net migration (NTM) shows that a percentage increase in net migration will subsequently reduce poverty rate to about 0.2%. In addition, the estimate coefficient of balance of trade (BOT) indicates that a percentage increase in the balance of trade will subsequently increase the poverty level by about 0.12%. The ECM coefficient of -1.002144 indicates that there would be an annual 100% rate of adjustment in correcting the short run disequilibrium for equilibrium in the long run.

## 5. Evaluation of result

### 5.1. Economic *A priori* Criteria

This shows the relationship between the modeled regressions. It also serves as a basis for evaluating our estimated model to ensure conformity with economic theory. Table 5 below shows the a priori expectations for the variables in the model earlier specified.

**Table 5.** *Apriori Expectations*

Variables	Expected Sign	Obtained Sign	Remarks
NTM	Negative	Negative	Conform
BOT	Negative	Positive	Does not conform

**Source:** Researcher's compilation (2018)

From the table above, NTM sign conforms to economic theory whereas BOT does not conform to economic theory. This might be unconnected to the mono economy of the country which has dominated the nation's export trade over the years.

### 5.2. Statistical Criteria (First Order Test)

#### a. Coefficient of Determination ( $R^2$ )

The R-squared measures the overall goodness of fit of the entire regression. The value of the R-squared is 0.401572 approximately 40%, indicating that the independent variables account for about 40% of the variation in the dependent variable whereas the other 60% of the variations are taken care of by the error term.

#### b. T-Statistics

The t-test is summarized in Table 6 below

**Table 6.** Summary of t-test

Variable (t-Statistic)	Prob./ Decision rule	Remark
NTM (-2.91E-06)	0.7995 < 0.05	Insignificant
BOT (-0.001195)	0.2362 < 0.05	Insignificant

**Source:** Researcher's compilation (2018)

As shown in table 4.5, Net migration (NTM) and Balance of Trade (BOT), are not significant at 5% level of significance.

*c. F-Statistics*

The F-statistics is used to test for simultaneous significance of all the estimated parameters

$$H_0: \beta_1 = \beta_2 = 0$$

$$H_1: \beta_1 \neq \beta_2 \neq 0$$

*Decision Rule*

From our ARDL ECM result, the F-statistics is 3.757853 and the Prob (F-stat.) is  $0.009949 < 0.05$ . Hence, we accept the fact that our independent variable which is globalization is simultaneously significant and the overall regression model is statistically significant.

5.3. Econometrics Criteria (Second Order Test)

*a. Test for Autocorrelation*

The Durbin-Watson test was used to test for autocorrelation of our variables.

*Decision Rule:* From the result, the Durbin-Watson stat is  $1.908993 \sim 2$ . Therefore, there is no presence of autocorrelation in the model. But from our ARDL result, it can be deduced that the balance of trade have a positive insignificant impact with poverty rates in Nigeria.

**6. Conclusion and policy recommendations**

In conclusion, we have seen that globalization which is supposed to reduce poverty, bring development and significant changes for a developing Countries in Africa like Nigeria, both in the structure of the national economy, from reliance on primary commodity production (either agricultural raw materials or fuel) to labor intensive manufacturing economy, has failed in Africa. Obviously, globalization may have increased the GDP of some African Countries but it has nonetheless concentrated this wealth in the hands of very few political elites. Globalization as it is today has resulted in a monumental and growing inequality between the DCs and LDCs, poverty among the African countries and within the individual Countries. In Nigeria for example the poverty has crystallized in unprecedented discontent among her citizens, civil unrests and terrorism. The economic system instituted by globalization simply reinforces the status quo. Globalization has led to the loss of policy space for the LDCs to make their own economic decisions and as the saying goes, "He who pays the piper, dictates the tune". It is admissible that globalization may have been packaged in what sounds like a pragmatic philosophy but the pragmatic strategies to materialize the philosophy is yet to be seen. Therefore, a review of the foundational philosophy becomes imperative in order to chart a new and more prosperous course for the future of Africa.

In the light of the aforementioned conclusions, the African national governments must take into cognizance the followings:

1. Make a conscious decision to take the future of their nations in their hands. Every developed country comes to the international policy table to safeguard her interest. The gospel of projecting a global interest should be taken only with a pinch of salt.

2. African countries, especially the big ones like Nigeria, must have it before themselves always that what interest the DCs the most is the abundance of natural resources and the ever growing African market. The governments need to take more proactive measures to add values to their natural resources locally protect the local market and promote locally produced goods.

3. Additionally, the governments need to fund research to build confidence in local researchers and scientists, promote local innovative ideas to develop indigenous technology. The truth is that foreign technology may not necessarily provide solutions to local problems. Local solutions are always the best for local problems.



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