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GLOBALIZATION, GOVERNANCE AND ECONOMIC GROWTH IN WEST AFRICA: THE CASE OF COTE D'IVOIRE AND NIGERIA.

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Abstract

Globalization conveys varying messages to its audience due to its trans-disciplinary nature, and the pattern of governance and socio-political atmosphere in a given economy can influence the extent to which globalization is harnessed. The study examined the influence of globalization and governance on economic growth in West Africa, drawing empirical facts from Cote d'Ivoire and Nigeria. Data sourced from IFS and Polity IV for the period 1960-2004 were analyzed using parsimonious error correction model after carrying out stationarity and cointegration tests. Whereas the measure of globalization was found to influence positively the economic growth of Cote d'Ivoire and Nigeria, the nature of governance and socio-political situations had negative effect. The study recommends that efforts are to be made by these countries to adapt technologies that suit local peculiarities via appropriate policies, in order to significantly partake of the opportunities that are in the globalizing world. The need for the nature of governance and socio-political ambiance to be investment friendly was also advocated.

Keywords: Economic growth, Endogenous growth theory, Globalization, Governance.
JEL Codes: F43; H11; O24.

1.0 INTRODUCTION.

Globalization though commonly used, conveys different messages to its audience due to its multifaceted and trans-disciplinary nature. For instance, what it means to an economist may not be the same to an accountant, a technocrat, political scientist, sociologist, nor communication expert. The economist may see the concept as a form of trade integration among nations of the world, while a sociologist could

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describe it as integration of cultural norms amongst the various ethnic enclaves in the world. In general, one of the difficult problems usually encountered when dealing with globalization is defining it in a widely acceptable way (Strand et al, 2002). In this study, emphasis is placed on the economic perspective to make it more directional. In this regard, globalization is likened to the openness of the world economy where nations link to integrate with another to the extent that they have free trade, movement of capital and financial activities (Igudia, 2004).

Economic analyses propose that openness to trade, flow of factors, ideas and information stimulate economic and political progress (Reich, 1998), which can be broadly termed as globalization. Hence, the economic dimension constitutes the hallmark of globalization, which involves integration of domestic economies with the rest of the world and increase in interdependence of the countries via trade, financial flows, free factor movements and exchange of technology (Obadan, 2004). The modes and indicators of globalization include rapid growth in international trade, foreign direct investment (FDI) and international flows of capital and information, among several others.

The insufficient knack of less developed countries-LDCs (West African region inclusive) to translate globalization to their economic advantage is making them to participate rather unsatisfactorily. Governance and socio-political structure in most African countries as well as unfair playing ground at the global plane, have not made them benefit much from the trend in the globalizing world, thus making Africa somewhat 'the exploited continent' (Aluko, 2004). Among factors perceived to be responsible for this menace include disproportionate importation of consumer goods and exportation of primary commodities, low level of technological, which reflect policy mal-alignment and mal-adaptation (Fosu, 1996; Aluko, 2004).

Artadi and Sala-i-Martin (2003) observed that the Sub-Saharan African (SSA) countries (which is applicable to West Africa) performed unsatisfactorily on most macroeconomic variables. One of the factors identified as responsible was unsatisfactory degree of globalization. The region is quite abundantly endowed with resources (material and human) which have not been efficiently managed. For example, Nigeria earned US\$350 billion between 1965 and 2000, making oil revenues per capita to rise from US\$33 to US\$325 but Gross Domestic Product (GDP) per capita declined from \$1000 in 1980 to \$300 in 2001 (Obadan, 2003, also see Table 4.1 in appendix). This connotes that what was earned during the period did

for significantly improve the living standard of her citizenry (Sala-i-Martin and Subramanian, 2003). Other countries in the region like Côte d'Ivoire (one of the world's largest producers and exporters of coffee, cocoa and palm oil); Ghana (with deposits of gold, diamond, manganese ore, and bauxite); Liberia (with iron, timber and rubber); and Sierra Leone (with rutile, titanium ore); have similar stories (Wikipedia Encyclopedia, 2005).

Studies have related the effects of globalization to different macroeconomic indicators and sectors of various nations of the world. For instance, Akinlo (2003) enunciated on the role of globalization to stock markets on the economies of Sub-Saharan Africa; Dunning (1998) discussed the consequences of globalization on the role of the national government; Tussie (1998) examined its influence on world trade; while Alege and Ogun (2005) expounded its impact on the growth of manufacturing sector in Nigeria. Evidences therefore reveal that empirical examination of the concept of globalization in African continent with governance and economic growth in a particular region has not been sufficiently attended to. Therefore, this paper seeks to address this area by exploring on how nations in a given region (West Africa) can benefit from the gains that are available in globalization to their socio-economic progress.

The above objectives will be achieved using two of the prominent countries in the region and also the most populated Francophone and Anglophone country, viz: Cote d'Ivoire and Nigeria, respectively. Moreover, the two countries comprise about 65% of the region's GDP figure and close to 60% of the population. The rest part of the paper is structured as follows; section 2 contains the literature review, followed by theoretical framework and methodology in section 3; while data analysis and conclusion are in sections 4 and 5, respectively.

LITERATURE REVIEW.

2.1 The Concept of Globalization. Globalization could be defined broadly as the increasing interaction and integration of economic activities of the human societies around the world whose rhythm became very loud at the end of the last century (Alege and Ogun, 2005). It could also connote the process of denationalizing clusters of economic, political and social activities that allows the flow of capital, among others, across national boundaries (Igudia, 2004). In other words, globalization results in increasing economic interdependence of nations of the world via increasing degree of cross-border transactions of goods and services, capital flows, and technology.

The spread and revolution of various forms of technology such as mass media, telecommunications internet facilities, etc have played an essential role in driving the engine of globalization, thereby causing a significant nudge from centrally controlled economic system to open up their economies. This stance has opened them up to trade with other nations of the world. Thus, transforming the world to a global village that can easily be accessed. To Holm and Sorensen (1995) globalization involves the intensification of economic, political, socio-cultural interactions amongst the nations of the world. Therefore, the process of globalization integrates national economies through trade, capital flows, etc by reducing barriers to trade, technology, and movement of capital and labour resources (Imimole and Akosodo, 2005). The concept also portrays the image of a borderless world in which there are no impediments to trade, capital flow and labour mobility (Obadan, 2006; Obadan and Oaikhenan, 2007).

2.2 Globalization, Governance and Economic Growth. The effects of globalization and economic growth among nations of the world especially the developing countries have led to some elements of debate. World Bank (1992) had observed that global integration of markets is capable of turning the economies of developing countries to low-cost suppliers of some manufactured goods. It has also been said that a positive relationship between globalization and economic growth exists and that international trade is one of the variables that explained economic growth in a given nation (Artadi and Sala-i-Martin, 2003). This means that there could be a significant relationship that exists between globalization and economic growth.

Ajayi (2001) noted that a more open economy, premised on economic integration, would improve the level of economic growth; offer new opportunities via expanded market; and the acquisition of new technologies. Uwatt (2004) examined the link between globalization and growth using panel data for forty-one (41) African nations from 1980 to 1999. Though results were mixed, it was suggested that African nations must stand up to face the demands of globalization through meaningful policies that will promote and engender increased trade and capital inflows. This depicts that a nation with higher access to international markets will experience higher level of investment and economic growth.

In similar a manner, Ndiyo and Ebong (2004) using vector auto-regressions (VARs) model empirically investigated the dynamic influence of globalization, FDI among others, on growth, established a negative influence of globalization on Nigerian economic growth.

They further affirmed that external reserves, net foreign indebtedness, and FDI had positive impact on economic growth. Agiobenebo and Ajie (2004) suggested that major efforts are required to build African capacities to take full advantage of the knowledge and technological revolutions occurring around the globe, given the trend of globalization and catch-up with the rest of the world in this 21st century.

India, 2004 equally noted that a higher measure of globalization will ensure better flow of foreign investment from developed countries to LDCs. It is equally a *prima facie* that the LDCs (especially the West African nations) have not fully aligned their economies to allow the investment to stimulate satisfactory level of growth. This has been attributed to so many factors such as inability of LDCs to formulate investment friendly policies, political and social unrest, reliance on primary products for exports, institutional and structural imbalances, and weak infrastructural base (Obadan, 2004; Aluko, 2004).

The above scenario gives an indication that West African countries need to fully embrace and strengthen democratic governance that would make their economies investment friendly. This is because domestic policies put in place in these nations will influence the degree of their globalization (flow foreign investments), which will ultimately affect the level of economic growth. Therefore, the economic benefits that are latent in the globalizing world would be reaped when the nature of governance in West African countries is evidently strong to promote domestic savings and attract foreign capital. This was stressed by Ogujuiba et al (2004) that unguided level of globalization could have deleterious implications for economic growth especially if the nature of governance (as manifested by institutional, legal, infrastructural framework) is weak. Similar conclusion was reached by Fosu (1992) that political instability had adverse effect on economic growth in SSA.

From the views explored in the literature, this paper will carry out empirical investigation of the degree to which globalization had impacted economic growth of the countries in West Africa, on one hand, and examine whether the nature of their governance is catalytic or inhibiting to economic growth, on the other especially in recent times. Empirical evidences would be drawn from Cote d'Ivoire and Nigeria for the period 1960-2004.

THEORETICAL FRAMEWORK AND METHODOLOGY.

Harrod-Domar model (Harrod, 1939; Domar, 1947) was an early attempt to model economic growth, which shows that economic growth is directly related to savings and capital/output ratio respectively. The major deficiency in this model is its reliance on a non-flexible production function i.e. non-substitutability between labour and capital inputs. In response to the drawback of Harrod-Domar model, Solow (1956) initiated the neoclassical growth model. To make a distinction between the latter and the former, Solow defined a production function that allows for substitution among factors. Generally, the Solow neoclassical growth model posited that the main determinant of the per capita output (proxy for economic growth) is the rate of change in capital stock that depends on investment per head.

The Solow's model was also faulted, which led to the augmented version specified by Mankiw, et al (1992) that uses Cobb-Douglas production function, thus endogenizing the growth model. The model is usually represented as follows:

$$Y = AK^{\alpha}L^{\beta} \dots\dots\dots(1)$$

Where K = capital input; L = labour input; parameters α and β are K and L share of output, respectively. A is an index of production efficiency (technical efficiency); while Y is the output. Another key assumption of the function is that the coefficients of both α and β usually lies between 0 and 1 (and).

This study adapts the Mankiw, et al (1992) by extending the formulation. It equally draws insight from Alege and Ogun (2005) and Adjasi, (2006) models but with significant modification to incorporate explanatory variables of interest. Whereas the former examined the impact of trade openness and technology on Nigerian manufacturing sector, the latter looked at the competitiveness of exporting firms in Ghana. In this study, the degree of globalization (GLOB) would be proxied using the ratio of volume of trade to GDP. The basic idea here is that, the more open a country is to the elements of globalization, the higher would be the level of her economic growth, ceteris paribus. That is, GLOB is expected to have a direct relationship with real per capita GDP (PGDP).

Another variable is the nature of governance in the countries (NGO). The inclusion of this variable becomes very imperative because it is not unusual to find situations where the governance style in the region, instead of facilitating economic growth, tends to

inhibit it via activities that are geared towards unproductive channels. It was also observed in the literature that the socio-political atmosphere of a nation could influence the economic growth. This becomes very crucial when examining the economic growth of nations especially West African region where political tumult and social turmoil are prevalent in some of the countries. The clear examples of Liberia and Sierra Leone readily come to mind in this regard. In fact, most of the SSA countries have had their own dosage of socio-political upheaval at one time or the other (Artadi and Sala-i-Martin, 2003). The socio-political situation and the nature of socio-economic policies of a country, to a very large extent, is a reflection of its nature of governance. This will be captured using a dummy variable (NGO) that would be obtained by bifurcating the political competition data defined in Polity IV (Marshall and Jaggers, 2005). Thus, the model for the study in extended form can be written implicitly as:

$$RPGDP_u = f(A_u RK_u^{\lambda_1} LF_n^{\lambda_2} GLOB_n^{\lambda_3} NGO_n^{\lambda_4} U_n) \dots\dots\dots(2)$$

Where:

- RPGDP: real per capita income, obtained by dividing the real GDP by population.
- RK : real capital stock, proxied by real gross fixed capital formation (GFCF).
- LF : labour force in the countries,
- GLOB : measure of globalization, the ratio of trade to GDP (export + import divided by GDP)
- NGO : nature of governance in the countries dummy variable, obtained by grouping the political competition data as reported in Polity IV into 1 and 0 as the case may be.
- U : stochastic term capturing other variables not included in the model.

Subscript 't's represent time dimension (i.e. period) and 'i's denotes the respective countries viz: Cote d'Ivoire and Nigeria. Real variables (i.e. dividing their nominal values by consumer price index, CPI) were used in preference to current variables in order to remove the possible influence of price fluctuation.

Modifying equation (2) explicitly and taking logarithmic transformation, the equation below would be derived:

$$\log rpgdp = \lambda_0 + \lambda_1 \log rk + \lambda_2 \log lf + \lambda_3 \log glob + \lambda_4 ngo + v \dots\dots\dots(3)$$

(the intercept), v is (the residuals), λ i 's ($i=1,2,3, 4$) are the parameters to be estimated that denote the rate of change in the dependent variable with variations in the respective independent variables. The log of NGO was not taken since it is a dummy variable. (It is also worthy of note that the logarithmic form of the model captures the rate of changes in the variables, which gives indication to their growth rates.) The apriori is such that λ i 's ($i=1, 2, 3$) > 0 . This means positive relationships are expected between $rgdp$ and the independent variables, except ngo . The sign of ngo is an issue for empirical resolution (i.e. λ $4 < 0$ or > 0).

4.0 PRESENTATION OF DATA AND INTERPRETATION.

4.1 Data Presentation.

The paper employs econometric analysis in explaining the related variables for the period 1960 -2004, which will help in empirically achieving the objective of the study. The choice of this scope is to have a relatively large observation (sample), which is usually essential for time series analysis. In addition, 1960 was the year both countries had their political independence. The data for the variables (except LF and NGO) were obtained from International Financial Statistics (IFS). The data on few macroeconomic variables for the two countries are presented in Table 4.1 in the appendix. The values of PGDP were converted from the national currencies to the US dollars using the official exchange rate for comparative purpose.

In terms of the measure of globalization, it was a bit higher for Cote d'Ivoire than Nigeria from 1960, but in recent times especially from year 2000, it had been commensurably high for both countries with the latter been higher. This means that the countries are becoming more globalized in recent times. More so, with respect to their PGDP, it appeared better in Cote d'Ivoire than Nigeria in the early years. It improved for both countries in late 1970s and early 1908s when the values were in the neighborhood of \$1000. The trend had since changed (except between 1996 and 1998 for Nigeria) in recent years though it appeared higher for Cote d'Ivoire. This could be attributable to the rising population and unsatisfactory level of growth that usually characterized the region.

Stationarity and Cointegration Tests of Variables.

Empirical studies (e.g. Engle and Granger, 1987) that deal with macroeconomic time series data, it had been observed that variables may not be stationary at levels. What this means is that the Ordinary Least Squares (OLS) regressions done at levels may yield spurious results. Therefore, testing to know whether the variables are stationary or not and also find out their level of stationarity becomes vital. The popular ways of testing out stationarity (unit root) test of variables are Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests. The two tests have similar approaches and results but the main distinction is that the latter takes into account the time series uniqueness of the variables in the presence of structural change (Ndiyo and Ebong, 2004; Idowu, 2005). PP test appears to be a modification of the ADF because it takes less restrictive nature of the error process into account. The beauty of it is that, a variable that is stationary at a given order using PP, will always be stationary using ADF. For this study, the PP test was used for stationarity test of the variables with the aid of E-views software. The results are reported in Table 4.2a.

Table 4.2a: Stationarity Test of Variables with Phillip-Perron (PP) Test

Variables	COTE D'VOIRE				NIGERIA		
	Level/ 1st Diff	Intercept no trend	Intercept & Trend	Remark	Intercept no Trend	Intercept & Trend	Remark
LOGRPGDP	Level	-0.6118	-2.1107	I(1)	0.7482	-1.5173	I(1)
	1st Diff	-4.4809	-4.4831		-6.1031	-6.6340	
LOGRK	Level	-1.6127	-2.0225	I(1)	-0.1948	-1.7847	I(1)
	1st Diff	-3.9881	-4.0498		-4.9324	-5.1001	
LOGGDP	Level	1.0722	-9.8446	I(1)	1.3762	-2.6108	I(1)
	1st Diff	-11.5922	-11.1331		-6.8282	-7.0516	
LOGGLOB	Level	-3.2274	-3.2652	I(1)	-1.2267	-2.6600	I(1)
	1st Diff	-11.4477	-11.3455		-7.4662	-7.4899	
C.V.5%							
Level		-2.9286	-3.5136				
1st Diff		-2.9303	-3.5162				

Notes: 1st Diff = First difference; C.V = critical value; a variable is stationary when PP value is greater than the C.V

Source: Output generated from author's computation.

Table 4.2a shows that all the variables (except NGO-dummy that was not subjected to stationarity test) were stationary at first difference (1st Diff) for both countries, meaning that they are I (1) series. This implies that all the variables have to be differenced once to yield meaningful results.

When variables that are known to be I(1) series produce a stationary process, then cointegration may exist between them. This connotes that long-run relationship exists among them, which implies that they will move together in the long-run. To ascertain this, a cointegration test was done with the use of Johansen's multivariate approach and the result is reported in Table 4.2b.

Table 4. 2b: Johansen's Multivariate Cointegration Test Among Variables

COTE D'VOIRE			NIGERIA		
H0:	Eigenvalue	Likelihood Ratio	Eigenvalue	Likelihood Ratio	5 % C.V
None*	0.965921	207.1939	0.561666	88.15986	68.52
≤1*	0.595069	65.27263	0.481598	53.51934	47.21
≤2	0.325075	27.30299	0.283691	25.92519	29.68
≤3	0.226493	10.79053	0.243647	11.91213	15.41
≤4	0.000097	0.004085	0.004365	0.183739	3.76

Notes: * Reject H0 of no cointegration of the variables at 5% significant level.

Source: Output generated from author's computation.

The Likelihood Ratio in Table 4.2b shows that the null hypotheses of no cointegration and at most one cointegrating equation cannot be accepted at 5% level of significance for both countries. This is because the Likelihood Ratios are greater than the critical values at those levels. The implication is that a long-run relationship exists between the variables and they can be combined such that the regression estimates can be used in making useful deductions because they reflect equilibrium values.

4.3 Results from Error Correction Model and Interpretation.

The parsimonious error correction model (ECM) was further estimated in the paper, which is reported in Table 4.3 for both countries.

The results in Table 4.3 indicate that all the variables (except NGO that had negative sign) came out with the expected positive sign for both countries, depicting that the economic criterion for the model estimation was adequate. In terms of their level of significance, the t-statistics shows that LOGRK was statistically significant at 1% for both countries; LOGLF was significant at 1% and 5% for Cote d'Ivoire and Nigeria, respectively, while LOGGLOB and NGO were statistically significant at 10% for both countries.

Table 4.3: Results of the Error Correction Model for Cote d' Ivoire and Nigeria

COTE D'VOIRE		NIGERIA		
Dependent Variable: D(LOGRPGDP)				
Variables	Coefficient	t-Stat.	Coefficient	t-Stat.
Constant	0.1608	0.6876	0.1530	1.3834
D(LOGRK)	0.6239*	7.2646	0.7211*	11.2950
D(LOGLF)	2.1181*	2.8763	4.4624**	2.0923
D(LOGGLOB)	0.2267***	1.7633	0.2034***	1.8297
NGO	-0.0963***	-1.9502	-0.0780***	-1.9338
ECM(-1)	-0.4091**	-2.0912	-0.5464*	-3.7707
R-squared (R2)	0.6797		0.8054	
Adjusted R2	0.5764		0.7791	
F of regression	0.0936		0.0635	
F statistic	6.5788 (0.0000)		30.6310 (0.0000)	
DW stat.	1.9627		2.08241	
Observations	43		43	

Note: *, ** and *** means significant at 1, 5 and 10 % respectively. Tabulated two-tailed t-values were 2.701, 2.021 and 1.684 for 1, 5 and 10 %, in that order.

Source: Output generated from author's computation.

The coefficients, which represent the elasticity of LOGRPGDP with respect to one explanatory variable holding others constant per time, connote that 100% increase in LOGGLOB will lead to about 22.67% and 20.34% increase in LOGRPGDP for Cote d'Ivoire and Nigeria, respectively. A look at the influence of NGO on LOGRPGDP denotes that 100% increase in the former will result to about 9.63% and 7.80% decrease in the latter for Cote d'Ivoire and Nigeria, accordingly.

Evaluating the general performance of the explanatory variables, the values of R-squared explains that about 67.97% and 80.54% variations in LOGRPGDP were explained by the explanatory variables for Cote d'Ivoire and Nigeria, in that order. The F-statistic, which is a measure overall significance of the regression indicates that the explanatory variables were significant at the 1% level. The standard error of regression (S.E. of regression) is also very low corroborating that the sum of squared errors were minimized. In addition, it could be observed that the result is free from first order autocorrection, as indicated by the Durbin-Watson (D.W) statistics that is approximately 2. Thus, the results could be used in making valuable inference about the interactive influence of globalization and governance on economic growth of both countries.

Another essential variable in the regression results presented in Table 4.3 is the error correction term-ECM (-1). The coefficient has the expected sign which is significant at 1% for Cote d'Ivoire and 5% for Nigeria. Its value (absolute) was approximately 0.41 and 0.55 for Cote d'Ivoire and Nigeria, respectively. The meaning of this is that there is a moderate speed of adjustment from the short-run to the long-run for Cote d'Ivoire and Nigeria, but it is a bit faster for the latter for the study period.

4.4 Implications of Results and Recommendations. Some implications can be drawn from the regression results presented in the previous section. The measure of globalization was found to influence positively and significantly the economic growth of Cote d'Ivoire and Nigeria. This implies that globalization has the potential of enhancing their economic growth. However, from the coefficients, the level of influence is not that high. This may be as a result of mal-aligned trade policies in these countries, importations of finished products, exportation of unprocessed/primary products (like crude oil in Nigeria) and low level of technological innovations on one hand and some of the pitfalls that uneven playing global plane portend.

The study also found that the nature of governance and socio-political situations in the countries were counter-productive and growth inhibiting. This is because the socio-political ambiance had been that of repressive, suppressive, and factional while only in few years it was transitional and competitive. (For example, Nigeria only transited to democratic era in 1999 while Cote d'Ivoire is still undergoing the process). This means that that nature of governance and socio-political situations in these countries make investors, foreign and local, skeptical about their investment

sions. This because socio-political tumult will make investment environment more thereby increasing the cost of capital which will reduce the level investment with adverse effects on economic growth. The incessant youth agitations in the Niger area of Nigeria, communal and religious crises, and social uprising in most part region, are testimonies to the above.

It will be helpful to recommend that these countries put in place trade policies that will reduce excessive importation of finished products and also reduce to level of exportation of their primary products. This will be achieved by improving their technological innovations and make any adapted technology to suit their local needs and structural peculiarities. It is believed that the countries can benefit more from the globalizing world instead of being marginal players with appropriate trade policies. Moreover, the nature of governance and socio-political scene have to be made conducive and investment friendly. This will be achieved by strengthening the on going democratization and ensuring that the path of dialogue for lasting tranquility is followed to reduce the ravaging effects of religious and ethnic crises.

5.0 CONCLUSION. Globalization conveys several meanings to its audience due to its interdisciplinary nature, and the nature of governance in a given country can influence the extent to which such a country can benefit from globalization. In addition, economic maxim usually suggest that globalization opens nations to trade, flow of factors, ideas and information that are capable of stimulating economic growth. The study carried out an empirical investigation of the possible benefits that countries in Africa can derive from the globalizing world, using statistical facts from the most populated Francophone-Cote d'Ivoire and Anglophone-Nigeria.

The data were sourced from IFS and Polity IV for the period 1960-2004 and were analyzed using parsimonious error correction model (ECM) after testing for stationarity and cointegration between the variables using Phillips-Perron (PP) and Johansen multivariate methods, respectively. The measure of globalization was found to influence the economic growth of Cote d'Ivoire and Nigeria, positively. The study established that the nature of governance and socio-political situations in the countries were not growth inducing. The reason would be that that nature of prevailing political situations in the countries studied would make investment environment risky thus increasing the cost of capital which will adverse effects on economic growth.

From the findings, it is recommended that for the countries to partake of the opportunities that are in globalization and experience satisfactory economic growth, efforts are to be made to improve their technology and make any adapted technology to suit their local peculiarities by adopting appropriate trade policies. Also the nature of governance and socio-political ambience has to be investment friendly and conducive for economic growth. This will be achieved by strengthening the on going democratization and ensure that dialogue is used to reduce negative effects of socio-political crises. In addition, the roles of the Western world (managers of globalization) in ensuring even playing field for the LDCs will be helpful.

¹ Labour force was obtained from World Bank database as reported in Iyoha (2004:260&315). *ngo* was obtained by grouping the political competition data reported in Polity IV into 1 and 0 as the case may be. The years with 0, 4, 5, and -88 (not applicable; transition; competitive; and transition periods, respectively) which are favourable was represented as 1, While 0 was attributed to other periods (1, 2, -66, 3 and -77 i.e. repressive; suppressive; interruption; factional; and interregnum, in that order), which portend governance situation that are not conducive for meaningful economic activities.

² This conclusion was reached when the variables were subjected to both tests.

³ The over-parameterized estimations for model selection and optimal lag length using the Akaike info criterion (AIC) were carried out before the ECM but the results were not reported for brevity sake.

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Appendix

Table 4.1: Some Macroeconomic Indicators for Cote d'Ivoire and Nigeria (1960-2004)

YEAR	COTE D'IVOIRE			NIGERIA		
	Exh (Fr/\$)	PGDP (\$)	GLOB	Exh (N/\$)	PGDP	(\$)GLOB
1960	245.130	163.534	0.577	0.714	82.219	0.349
1961	245.065	178.545	0.639	0.714	79.610	0.345
1962	245.005	179.679	0.606	0.714	82.296	0.338
1963	245.100	203.313	0.582	0.714	94.132	0.302
1964	245.005	237.256	0.614	0.714	98.151	0.334
1965	245.075	227.882	0.589	0.714	102.429	0.364
1966	247.590	233.083	0.600	0.714	107.558	0.342
1967	245.425	240.813	0.598	0.714	85.723	0.387
1968	247.405	270.927	0.642	0.714	81.596	0.357
1969	277.915	258.620	0.665	0.714	131.111	0.292

1970	276.025	283.067	0.675	0.714	241.935	0.211
1971	261.225	303.918	0.670	0.658	296.747	0.265
1972	256.050	318.750	0.678	0.658	307.927	0.254
1973	235.425	398.645	0.740	0.658	333.388	0.345
1974	222.225	527.655	0.845	0.616	554.782	0.465
1975	224.275	564.437	0.768	0.627	621.106	0.449
1976	248.487	653.193	0.775	0.631	747.357	0.457
1977	235.250	934.640	0.764	0.651	824.227	0.500
1978	209.000	1,124.935	0.739	0.648	863.211	0.469
1979	201.000	1,216.377	0.723	0.561	1,151.605	0.448
1980	225.800	1,141.125	0.762	0.544	1,348.934	0.516
1981	287.400	910.873	0.775	0.637	1,132.073	0.492
1982	336.250	805.552	0.758	0.670	1,071.847	0.390
1983	417.375	649.125	0.727	0.749	1,027.827	0.266
1984	479.600	619.513	0.771	0.808	1,031.412	0.230
1985	378.050	789.521	0.792	1.000	922.854	0.254
1986	322.750	898.949	0.696	3.317	273.006	0.236
1987	267.000	998.440	0.630	4.141	316.651	0.427
1988	302.950	854.284	0.476	5.353	317.372	0.347
1989	289.400	878.541	0.511	7.651	333.880	0.589
1990	256.450	905.640	0.490	9.001	319.762	0.623
1991	259.000	873.059	0.570	9.862	352.666	0.636
1992	275.325	793.152	0.566	19.646	292.094	0.596
1993	294.775	717.931	0.564	21.882	325.485	0.574
1994	534.630	555.186	0.760	21.997	411.015	0.423
1995	490.000	689.852	0.490	21.887	869.595	0.587
1996	523.700	698.197	0.810	21.886	1,209.956	0.554
1997	598.810	732.026	0.704	21.886	1,228.081	0.737
1998	562.210	838.395	0.670	21.886	1,174.311	0.618
1999	652.953	723.002	0.705	97.950	295.169	0.716
2000	704.951	639.677	0.714	109.550	386.602	0.775
2001	744.306	620.077	0.719	112.950	357.797	0.826
2002	625.495	751.515	0.843	126.400	359.967	0.806
2003	519.364	892.820	0.826	136.500	418.401	0.914
2004	481.578	983.883	0.804	132.350	502.111	0.995

Notes: Exh: Exchange rates; PGDP: Per Capita GDP; GLOB: Measure of globalization. Sources: The data (except exh) were computed by the author from the figures obtained from International Financial Statistics.