Research Paper

Globalization And Economic Development In Nigeria

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ABSTRACT: *The study investigated the nexus between globalization and economic development of Nigeria. The study employed both cointegration and causality test. The result shows that Foreign direct investment is a component of globalisation and important factor influencing the economic development of Nigeria. Trade openness shows a negative relationship. The causality test indicates that a unidirectional causality exist between economic development and globalisation that is causality flows from economic development to globalisation in other words, it is the level of economic development that determines how a country like Nigeria can benefit from globalisation. Again the study reveals that trade partner of Nigeria appears to be gaining more than the country especially the developed trade partners.*

I.   INTRODUCTION

By its nature, globalization concurrently provides economics opportunities and economic threats. More so, it seems to be biased and has unequal considerations on countries. Above all developing economies are hold-out for benefiting from globalization due to their economic status. Cross-country capital flows are growing rapidly, and domestic systems are consequently increasingly exposed to shocks emanating from abroad. Since cross-boarder financial flows tend to be more volatile than domestic flows especially equity flows, such flows heighten the risk of financial crisis in many developing economies (Earnest, 2004). Really, exposure of developing economies to external shocks of global financial integration raises capital fight and inflows. This affects exchange and interest rates, hence pose new challenges of macroeconomic management of the economy. Dos Santos as cited in Suleiman (2004) believed that, "unequal exchange led to the development of dependency relationship where third world has their economies conditioned by the growth and expansion of another economy. Nigeria as an example experienced dependent economy which is considered among the factors responsible for economic slow growth rate. Globalization imposed a dependent capitalist social system and western values in the forms of industrialism, market principle and institutions on Nigeria. A culture of dependency also was institutionalized through internationalization of capital and social life…. underdevelopment and inferiority complex were also instituted as a cumulative product of Western hegemony on Nigerians (Suleiman, 2004).

Nigeria has been experiencing disappointing performance in terms of growth in GDP and the general development of her economy. As a result there is no improvement in the reduction of poverty. In the last decades, the global economy suggest a challenge; the utilization of the opportunity engineered by globalization while at the same time managing the problem and tension it poses, for developing countries like Nigeria. Rather than strengthening the economy, globalization seeks to retrench it, thus Nigeria enters the global market at a competitive disadvantage as a largely mono-product economy with weak currency, shrinking indigenous industrial space, mounting debt profile, corruption-infested political and economic climate. This unacceptable posturing imposes a systematic dispossession and exploitation of initiatives and resources and also the misuse and squandering of the economic surplus by the regional and local power elites.

Obviously, liberalization of trade will certainly pose serious challenges on industrial development of the developing economies. Increase competition in a single developed market will put away developing

economies far from fetching benefits of the global market, because they cannot compete with developed nation. Developing economies cannot protect their industries, hence multinational corporations dominate their soil thereby ripping the benefits supposed to be ripped by developing countries. To a large extent, developing economies would be dined of their chances to benefits from trade comparative advantage due to mass production which lessen cost unit. More so, absolute advantages will not doubt be shared among the developed economies.

Globalization foster global governance of global economy by developed economies and international institutions in the so called grouping of G-7, G-10, G-15 and G-22 where international economic issues are most often discussed by the groupings without due consultation of developing economies or their representatives. This has posited the superiority complex and/or re-introduction of colonialism (i.eneocolonialism). Exotic brand of politics (favouring world developed economies) has been nurtured to developing economies.

Characters, ideas, values and norms of developing economies citizens are intelligently and logically being controlled, regulated through the power of world media and communication gadgets to enable the developed countries transmit their mission which will place them at the advantage position from the globalization's integration. In general the initiators of globalization must consider themselves first in terms of benefit accruable, consequently, the rationale why globalization is considered to be biased, hence tailored towards providing benefits to the developed nations at the detriment of other participants (developing economies) to the so-called globalization.

In a nutshell, globalization seems to be initiated to serve as conduit for transmitting modern colonialism by the power of technology across the world. Alternatively, it is considered as a mechanism to efficiently influence rapid development in the developed countries and partially provides opportunities for economic development in developing countries with bearable hardships at any different stage to break through. Therefore the broad objective of this research work is to study entirely, the relationship between globalization and Nigeria economic development.

II.   LITERATURE REVIEW

Over the past decade, globalization has been a pervasive trend in almost all economies. The world economy, according to Seunghee et al (1998), is becoming increasingly interdependent, deepening and intensifying international linkages, most notably in trade. Lawrence (1996) stressed that about 90 per cent of world nations are involved in regional economic arrangement, such as the European Union (EU), the North American Free Trade Agreement (NAFTA) and the Asia–Pacific Economic Corporation (APEC). The integration of individual economies into the world economy, according to Machlup (1976) and Seunghee (1998), has progressed, forming new links between developed and developing economies. Globalization in developing countries has occurred largely as a consequence of moves towards external liberalization, part of broader shift to more market oriented and export–led development strategies often in line with the stabilization and structural adjustment programmes of the IMF and World Bank (Motley, 2001). The ratio of world trade to GDP in nominal terms has been on a steady rise since 1987 in advance economies but this is not so in Nigeria. While there is improvement in the world trade during the globalization era, i.e. from the 1990s to the present day, the effect is yet to be felt in Nigeria.

Fu-chen Lo et al (2000) stressed that growing networks of flows in goods and services, capital, finance, people and information are increasingly linking nations through the activities performed in their major urban centres. They went further by saying that the logic of globalization driven has privileged some regions and cities over others. The developed world and some developing and newly industrialized economies (NIEs), according to them, have benefited the advanced economy while many developing countries have been marginalized. Yeung and Lo (1996) emphasized the important elements in the evolution of the global system as the expansion of trade, capital flow, (particularly direct investments) and a wave of new technologies. Akinbobola (2001) stressed that globalization of the Nigerian economy may foster a re-orientation of the domestic economy and re-direct the course of industrialization and technology development. According to Obaseki (1999), globalization has both positive and negative effects, the positive effects or benefits are numerous but the most important ones include: increase specialization and efficiency, better quality products at reduced prices, economies of scale in production, competitiveness and improvement and   Increase managerial capabilities. He states further that although globalization has both positive and negative aspects, there is no doubt that it has improved global welfare. Globalization, according to him, penalizes countries that adopt the wrong macroeconomic and sectorial policies while enhancing the growth potentials of those that apply sound policies. As a result, countries must strive to adopt policies that are in consonance with the current reality of the rapid integration of the world economies. Differences in macroeconomic, sectorial and structural policies have accounted for the varying degrees of benefits accruing to countries in the context of the rapid integration of goods, services and financial markets, and information systems across the globe.

Dicken (1992) in his own argument about the importance of globalization pointed out that, while the growth of trade and financial flows is linking the nations of the world, one of the dominating forces of the global integration is the rapid increase in inflows of foreign direct investment (FDI). According to him, the major channel of FDI is the transnational

Corporation (TNC). He also noted that "technology is without doubt, one of the most important contributory factors underlying the internationalization and globalization of economic activity. Lo (1994), stressed that the world economy is facilitated by new information technologies, in which ideas, capital and people move rapidly and in large numbers. According to him, the new waves of technologies have created new growth markets in both developed and developing countries as out-dated products and production processes decline in demand. Information technologies play a key role in increasing global integration and speeding economic transactions. Innovations and advances in information and transportation are but a few of the new wave of technologies that are enabling truly large-scale revolutionary change. Together, according to Lo (1994), they have helped to bring about a new "techno-economic paradigm" based on knowledge of intensive production. The benefits of globalization, no doubt, tend towards richer nations than poorer nations. The development in the Internet and related telecommunication technologies will make markets more transparent and continues to drive globalization process as they drive prices for long distance transactions down.

III.   METHODOLOGY

Model Specification

Considering the previous empirical studies on the topic it is very obvious that divers approaches have been used in the past to demonstarate the impact of globalisation on a country's economic growth. For instance, Rodrik 1999, Huymen and Hilderink(2005) were of the opinin that foreign direct investment and trade openness are the most siginifcant variables to capture globalisation. However, (Šliburytė and Masteikienė, 2010) were of the opinion that, policy variables and nature of government institution should also be included as variables of globalisation. On this note our model uses these two forms of variables to proxy globalisation. In addition, the model also included some control variables such as per capita income, capital formation and oil revenue as part of the independent variables. The model is thus specified as follows:

$$gdpgr = f(fdi, top, \emptyset, \beta)..3.1$$
$$\text{That is: } gdpgr = \alpha_0 + \alpha_1 fdi + \alpha_2 top + \alpha_3 \emptyset + \alpha_4 \beta + \varepsilon_i ....3.2$$

Where,
gdpgr= GDP growth rate (proxy for economic development)
fdi= foreign direct investment
top= trade openness
$\emptyset$ = represents the policy variables that comprise of both fiscal monetary policy variables
B= represents the control variables used, they are selected macroeconomic variables.

Definition of variables

Globalisation Variables: This comprise of foreign direct investment (fdi), trade openness(top), policy and government institution variables. Policy variables used in the model are money supply growth rate (msgr), inflation rate (inf)and exchange rate (exr). This are monetary policy variables while, ratio of fiscal deficit to fiscal surplus (fd/fs) represents the fiscal policy variable. Nature of government as an institution is capture with dummy variable of political instability (pol). 1 is entered for when the country undergoes political stability while 0 is used for periods of political instability.

Note that trade openness is calculated as follows; $\frac{\text{Total export} + \text{Total import}}{\text{GDP}}$

Control Variable: The control variables used in this study comprise macroeconomic variables such as gross capital formation (cap). Per capita income (pci) and oil revenues (oil)

Estimation Techniques

Considering the nature of the objectives of these study cointegration analysis will be used to verify the existence of long run relationship between globalization and economic development while, granger causality test will be conducted to examine the direction as well as the nature of causality between the variables of globalization and economic development that is GDP growth rate. However the cointegration test starts with the test for stationarity that is the unit root test.

Unit Root Test

Testing for the existence of unit roots is a key pre-occupation in the study of time series models and co-integration. What are unit roots? Let us begin with a definition. A stochastic process with a unit root is itself

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non-stationary. Another way of looking at it is that testing for the presence of unit roots is equivalent to testing whether a stochastic process is a stationary or non-stationary process. In sum, the presence of a unit root implies that the time series under scrutiny is non-stationary while the absence of a unit root means that the stochastic process is stationary, Maddala (1992) has offered an interesting perspective and interpretation on the testing for unit roots.

According to him (1992:578), testing for unit roots is a formalization of the Box-Jenkins method of differencing the time series after a visual inspection of the correlogram. No wonder then that testing for units roots plays a central role in the theory and technique of co-integration.

Currently, there are some commonly accepted methods of testing for unit roots. These are the Dickey-Fuller (DF), Augmented Dickey-Fuller (ADF) test and the Philip Peron (PP) test.

The Augmented Dickey-Fuller (ADF) test is considered superior to the Dickey-Fuller (DF) test because it adjusts appropriately for the occurrence of serial correlation.

$$X_t = b_0 + b_1 X_{t-1} + b_2 X_{t-2} + b_n X_{t-n} + U$$

Where U is a stationary error term. The null hypothesis that X_t is non stationary is rejected if b_1 is significantly negative.

The number of lag (n) of X_t is usually chosen to ensure that the regression is approximately white noise. It is simply referred to as the DF test if no such lags are required in which case $b_i = 0$ ($i = 1$…………..n). However, the t-ratio from the regression does not have a limiting normal distribution.

An important assumption of the DF test is that the error term are independently and identically distributed. The ADF test adjust the DF test to take care of possible serial correlation in the error term by adding the lag difference terms of the regressand. Phillip and Perron use non-parametric methods to take care of the serial correlation in the error term without adding lagged difference terms. Since the asymptotic distribution of PP test is the same as the ADF test statistic, the PP test is preferred for this study.

Co-integration is based on the properties of the residuals from regression analysis when the series are individually non stationary.

A series is stationary if it has a constant mean and constant finite variance.

Thus, a time series X_t is stationary if its mean E(Xt) is independent of time and its variance $E\{X_t - E(X_t)^2\}$ is bounded by some finite number and does not vary systematically with time. It tends to return to its mean with the fluctuations around this mean having constant amplitude.

(B)   Co-integration Test

The theory of multivariate co-integration, as propounded and propagated by Johansen and Joselius provides a nexus or connection among integrated processes and the notion of long run equilibrium.

The co integration test commenced with a test for the number of co-`integrating relation or rank (r) of π using Johansen's maximal Eigenvalue of the stochastic matrix and the likelihood Ratio (LR) test based on the trace of the stochastic matrix π which is the long – run multiplier matrix of m x n that is the matrix of the coefficients. Note that the Eigenvalue of π1 are the roots of the kth order characteristic polynomial $|\Pi_1 - vI|$ obtained by solving the characteristic equation

$|\Pi_1 - v I| = 0$

The number of non – zero Eigenvalue is the rank of the matrix π. Also, the trace statistic suggested by Johansen to determine the co- integration rank in a multivariate model is based on the ordered (estimated) Eigenvalue in the following relation.

$$Trace(r_0 / k) = -T \sum_{ir=r_0+1}^{K} \ell n(1 - \lambda_i).$$

Where   λi = ordered (estimated) Eigenvalue.

This is the relevant test statistic for the null hypothesis $r \leq r_o$ against the alternative $r \geq r_o +1$ following a sequence (This sequence has been fully discussed under chapter three)

Π matrix (the matrix of the coefficient in the VAR models) is a product of two matrices α and β. Let Y denote an n x 1 vector of the I(1) variables the rank of π which is r, determines how many linear combination of the variables in the levels are stationary. If r = o such that π = 0, none of the linear combination are stationary. Π can be factored, that is π = α β. Both α and β are n x r matrices. While β contains the co-integrating vector (the error – correction mechanism in the system), α is the adjustment parameter.

The second is the maximum Eigenvalue (λ_{max}) statistic:

$$\lambda_{max} = -T\ell n(1 - \lambda_{r+1})$$

This test allows for the comparison of a cointegrating rank of r against the alternative of a cointegrating rank of r + 1. This test may then be repeated for larger values of r until one fails to reject the null hypothesis.

The Johansen representation theorem establishes formally the theoretical basis of error-correction modeling. According to the theorem, if y_t and X_t are co-integrated, then there is a long run relationship between them.

Source of Data
The research study makes use of secondary data. The data used are obtained from CBN Annual Report and Statement of Account, the Central Bank of Nigeria statistical bulletinand the data spreading from 1980 – 2011. Again some of the data will also be gathered from the world bank data tables.

IV.   RESULT AND DISCUSSION
This section of the study involves the presentation and interpretation of the empirical result. It starts with the verification of the time series properties of the variables used in the model. That is the unit root test. This is also known as the test of stationarity.

Unit Root Test
The result of the unit root test is presented in table 4.1

Table .1 Stationarity Test

Variables	ADF Test statistics	Order of integration
Inf	-5.056	1{1}
Gdpgr	-5.128	1{1}
Top	-9.075	1{1}
Exr	-5.235	1{1}
Msgr	-4.291	1{1}
lFdi	-8.801	1{1}
Pol	-5.410	1{1}
Fs/fd	-4.418	1{0}
Lcap	-5.862	(1)
Lpci	-7.553	(1)
Loil	-7.521	(1)

Source: author's computation

The result of the augmented Dickey fuller {ADF} unit root test is presented above from the result, all of the variables are stationary at first difference except fiscal surplus/deposit ratio. The condition for testing for contegration has been met. The idea behind cointegration is that even if some variables are not stationary their linear combination may be stationary after all. The existence of cointegration confirms co-movement among the variables and consequently long run relationship exists among the variables.
Being multivariate function Johansen methods of cointegration is employed and the result is presented in table 2

Table 2 Johansen Cointegration test

Trace statistics Value	5% Critical Value	Maximum Rank
232.9189**	156.00	0
148.6314**	124.24	1
91.6360	94.15	2
52.8630	68.52	3
26.6518	47.21	4
8.9284	29.68	5
1.0545	15.41	6

Source: Author's Computation
Note: {**} denotes rejection of the hypothesis at 5% level of significance

The result of the Johansen co-integration test presented above indicates at least two co-integration equations. The result therefore confirms the existence of cointegration among the variables. Consequently we can conclude that there exist a long run relationship between globalisation and economic development in Nigeria. The fourth of objective of this study as stated in the chapter one has therefore been met.
To examine the impact of globalisation on Nigeria economic development we proceed to estimation of the regression model as presented in table 3.

Table 3 Normalised regression equation for Economic development (gdpgr)

Variables	Coefficients	Std error	T value
Inf	-.0469726	.0564272	-0.83
Top	5.114076	9.555165	0.54
Exr	.0097197	.0656621	0.15
Msgr	-.1812319	.2234048	-0.81
lFdi	3.461732	2.248527	1.54
Pol	2.36e-13	5.992619	1.43
Fs/fd	8.576005	1.52e-12	0.15
Lcap	4.048221	3.231908	-1.25
Lpci	9.083421	14.17152	0.64
Loil	-5.41089	56.40569	-0.91
Constant	220.5967	305.6088	0.72

$F(11, 19) = 2.79,). P (F)=0.012$, R-squared $= 0.7085$

Source: Authors computation

The result in table 3 explains the linear relationship between globalisation and economic development in Nigeria. It appears that none of the variables used to capture globalisation i.e foreign direct investment(fdi) money supply growth rate(msgr) exchange rate(exr) , inflationary rate (inf), trade openness(top), index of political stability (pol) and fiscal surplus/deficit ratio (fs/fd) has any significant impact on the GDP growth rate which is used as a proxy for economic development. In addition, the three control variables used in the model namely; oil revenue, per capita income and gross capital formation all failed to have any individual significant impact on GDP growth rate

It is also clear that all the variables have negative relationship with economic development except fdi and pol but notwithstanding; their parameter estimates are not statistically significant at 5% level also like others. However, the value of the R square is relatively high. The value of R square of 0.708 is an indication that only about 70% variation in the GDP growth rate (proxy for economic development) is explained by the independent variables that is variables used to capture globalisation and the control variables. The result simply shows that all the variables used to capture globalization do not have significant impact on GDP growth rate. This is an indication that globalisation does not have any significant impact on economic development of Nigeria.

The F test which is the test of overall significance of the model also goes the same way. The value of F statistics of 2.79 is significant at 5% level. The model is therefore statistically significant.
However, as part of the objectives, the study intends to assess other forms linear relationship that might be existing between globalisation and Nigerian economic development. On this note, the study explores the granger causality between economic development and variables used to capture globalisation. The result of the granger causality test is presented in **table 4.4.**

Table 4 Granger Causality Test

Hypotheses:	F Statistics	Probability
Inflation rate does not granger cause GDP growth Rate	.14323	**0.931**
GDP growth rate does not granger cause inflation Rate	1.3291	**0.515**
Exchange rate does not granger cause GDP growth Rate	2.4641	**0.292**
GDP growth rate does not granger cause exchange Rate	.64121	**0.726**
FDI does not granger cause GDP growth Rate	.5852	**0.746**
GDP growth rate does not granger cause FDI	7.8112	**0.020**
TOP does not granger cause GDP growth Rate	3.2603	**0.196**
GDP growth rate does not granger cause TOP	7.7772	**0.020**
MSGR does not granger cause GDP growth Rate	4.34	**0.114**
GDP growth rate does not granger cause MSGR	2.2903	**0.318**
Exchange rate does not granger cause GDP growth Rate	2.4641	**0.292**
GDP growth rate does not granger cause exchange Rate	.64121	**0.726**
Political stabilty does not granger cause GDP growth Rate	.89685	**0.639**
GDP growth rate does not granger cause political stability	.20694	**0.902**
Fs/fd does not granger cause GDP growth Rate	16.092	**0.000**
GDP growth rate does not granger cause fs/fd	**6.4296**	**0.040**

The result of the causality test as shown on table 4 further confirms weak relationship existing between globalisation and economic development. From the causality test result it appears that virtually all the variables of globalisation do not exhibit notable causality with the GDP growth rate which is proxy for economic development. For instance, there is a unidirectional causality between FDI and GDP growth rate, it runs from GDP growth rate to FDI showing that GDP growth rate can cause FDI. The implication is that it is the level of our economic development that determines the level of FDI available to Nigeria as a country.

Again, the study finds a unidirectional causality existing between GDP growth rate and Trade openness (TOP). Similarly the causality runs from GDP growth rate to TOP. This indicates that it is the GDP growth rate that causes TOP. The implication is that it is the level of economic development of Nigeria that also determines the existence of outward orientation in trade relationship between Nigeria and other country.

The only variable in the model that exhibit bidirectional causality with the GDP growth rate is fiscal surplus/deficit ratio. This shows that government fiscal policy has a strong relationship with the level of economic development of Nigeria. All other variables fail to show noticeable relationship with the GDP growth rate except FDI, TOP and fs/fd.

Finally, going by the results from the unit root test to cointegration, to regression result and to the causality result it is clear that globalisation has not been having a very significant impact on the economic development of Nigeria. Though there exist a long run relationship between them but other forms of relationship which the study has explored with various estimating techniques is indicating that such long run relationship might be very weak since all the variables used to capture globalisation can not exhibit any significant impact on economic development.

Basic Inferences and Comparison with Past Empirical Findings

Firstly, the study has made used of relevant variables such as trade openness, foreign direct investment to capture globalisation (see Rodrik 1999, Huymen and Hilderink(2005)). However other researchers which include Šliburytė and Masteikienė (2010) among others have identified fiscal and monetary policy variables as well as nature of government institutions as other determinants of globalisation. On this note the study made used of variables such as FDI, trade openness, dummy variable for political instability (this represents government institutions) money supply growth rate(represents monetary policy variables) and fiscal deficit/surplus (represents fiscal policy variable). In addition, some set of control variables which are purely macroeconomic variables namely; per capita income, oil revenue and gross capital formation in Nigeria were also used All these were used as the explanatory variables in the model. Hence, the study has not deviated from past empirical studies on the variables used to capture globalisation. However, it was noted that none of the empirical studies on Nigeria has used these variables holistically to examine the effect of globalisation on the Nigerian economic growth.

Secondly, the relationship between the variables of globalisation and economic development has exhibited mixed interactions when compared with some past empirical studies. However, the study discovers that the difference has to do with the level of development of the country under examination. For instance in the OECD report 2005, it was observed that trade openness had significant and positive impact on the economic development of three developed countries examined that is USA, Japan and UK. But comparatively the result from this study shows that the relationship is negative. Though, the relationship is not significant but it is obvious that developed economies appear to benefit more from trade openness which is an important component of globalisation than the developing countries.

Again, the FDI relationship with economic development in the developed countries has been positive and significant. (see Rodrik, Dani 1997; Baldwin and Richard 2003; and Šliburytė and Masteikienė, 2010). In sharp contrast the study have shown that FDI do exhibit the normal positive relationship with the economic development of Nigeria but this relationship is not significant. This implies that the inflow of foreign direct investment as a result of economic globalisation is more in the developed countries than the developing countries.

Generally, findings from the study have shown that globalisation does not have significant impact on economic development of Nigeria. This shows that it appears that the effect of globalisation on Nigerian economic development has not been positive has expected. However, this has not deviated from the positions of some past empirical studies mentioned above. In addition when the granger causality test is considered it is obvious the there is a weak linkage between variables of economic globalisation and the economic development of Nigeria.

V.   CONCLUSIONS AND RECOMMENDATIONS

The study has shown that advantages accruing from globalisation to countries in the world largely depend on the level of economic development of the countries. For instance this research work has shown that

trade openness and FDI which are components of globalisation do not exhibit any significant impact on the economic development of Nigeria during the period under review. However , when the result is compared with findings of some authors in the past it was discovered that those studies that used developed economies as their case study found a positive and significant relationship between these globalisation variables that is trade openness and FDI and the economic development of the developed countries under review.

Another conclusion that can be drawn from the findings of this study is that it appears that it is the level of development of Nigeria that will indicate the volume of foreign direct investment that will flow into the country. The same goes for trade openness. The study indicates that the level of development of Nigeria as a country will dictate the level of outward orientation of Nigeria as a country.

A general conclusion that can be made from the study is that Nigeria as a country has not benefited adequately from the gains of globalisation. Further research shows that the reason behind this might not be unconnected with domestic political and economic instabilities that characterised Nigeria economy as a developing country. It also appears that trading partner of Nigeria are gaining more at the expense of the country going by the fact that trade openness is not having any significant impact on the development of the Nigeria..

Recommendations
Considering the findings form the research work the following recommendations are made:

(i) **Improvement in the foreign direct investment:** The study has shown that net inflow of FDI into the country is grossly inadequate to bring about any meaningful or significant impact of the development of Nigeria. Consequently, effort should be made by Nigerian government to increase the inflow of FDI into the country.

(ii) **Fractioning out appropriate level of trade openness:** There is the need for improvement in trsde relationship between Nigeria and ither countries. Adequate measures should be taken to moderate trade relationship in Nigeria so that Nigeria can be benefiting more from any trade relationship with other countries. This may require trade restrictions in some aspects of production so as to encoursge the domestic industries and promote the real sector of the economy generally.

(iii) **Using appropriate policy mix that will increase gains from globalisation:** Both monetary and fiscal policies variables used in the study fails to have any significant impact on the Nigerian economic development. Therefore, there is the need for appropriate policy measures that will have good synergy with globalisation. This might lead to improvement in gains derived from globalisation by Nigeria.

(iv) **Development of the real sector of the economy:** Improvement of the domestic output is sine-quanon to economic growth. On this note, effort should be made to increase local production. This can be done by putting in place various physical, monetary and fiscal measures that will boost domestic output especially in the real sector of Nigeria economy. This will no doubt promote gains from globalisation in Nigeria.

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