

UNRAVELLING THE RELATIONSHIP: COLONIAL LEGACIES, GLOBALIZATION AND THE PERSISTENCE OF POVERTY AND INEQUALITY IN NIGERIA AND SOUTH AFRICA



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ABSTRACT

This thesis addresses the unexplored relationship between colonial legacies, globalization, poverty, and inequality in Nigeria and South Africa. Both countries, as the largest economies on the African continent, face significant poverty rates. By conducting a comparative case study and analysing secondary data, the thesis examines poverty rates, inequality, economic globalization, and the legacies of colonialism.

The findings confirm that colonization has perpetuated economic disparities and resource exploitation, thereby contributing significantly to poverty and inequality. The legacies of colonialism are still evident today, with regional disparities in poverty rates in Nigeria and racial inequalities in South Africa. It became evident that the relationship between economic globalization and poverty is complex. In Nigeria, initial trends suggest a positive relation between economic globalization and poverty reduction. Nevertheless, recent years have witnessed a reversal of this trend, with poverty rates increasing despite positive economic globalization indicators. In South Africa, the impact of global market integration on poverty rates has contradictory outcomes. On one hand, increased integration has been associated with a rise in poverty rates, indicating a negative relation between globalization and poverty. On the other hand, it has also been linked to a decrease in poverty, indicating a positive relation. Furthermore, this research also highlights the presence of exploitative paradigms nowadays, resembling a new form of colonialism.

While this study provides valuable insights, it is important to acknowledge the complexity of poverty, which is influenced by various other factors beyond globalization and colonialism. Further research is needed to explore additional contextual factors and establish robust causal relationships.

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LIST OF ABBREVIATIONS & ACRONYMS

SSA – Sub Saharan Africa

FDI – Foreign Direct Investment

MNCs – Multinational cooperations

IMF- International Monetary Fund

UN – United Nations

US – United States of America

UK – United Kingdom

EU – European Union

GDP – Gross Domestic Product

WTO – World Trade Organization

MPI – Multidimensional Poverty Index

FPL – Food Poverty Line

LBPL – Lower-bound Poverty Line

UBPL – Upper-bound Poverty Line

AfCFTA – African Continental Free Trade Agreement

AGOA – African Growth and Opportunity Act

ECOWAS – Economic Community of Western African States

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CHAPTER 1 INTRODUCTION

“As long as poverty, injustice, and gross inequality persist in our world, none of us can truly rest” (Mandela, 2005). These compelling words from Nelson Mandela, spoken during his speech at the Live 8 concert in Johannesburg, South Africa, on July 2, 2005, covers the interconnectedness of global challenges and the imperative to address enduring issues of poverty, inequality, and historical injustices (Mandela, 2005). In the context of a rapidly globalization world, where borders are increasingly porous and societies are becoming more interwoven, the call for action on poverty and inequality is louder than ever (Bataka, 2019; Kacowicz, 2007; Pooch, 2016; Scholte, 1999; United Nations, 2022).

The eradication of poverty stands as the primary goal of the Sustainable Development Goals, and for a significant period, the number of people living in extreme poverty was declining (World Bank, 2022). Unfortunately, this trend broke during the pandemic we experienced due to COVID-19 (United Nations, 2022). Over 700 million individuals, equivalent to 10% of the global population, continue to endure extreme poverty, surviving on less than \$2.15 a day (Galal, 2023; United Nations Global Compact, 2023).

At the same time, something extraordinary is happening to our world. Due to the phenomena ‘globalization’, the world is becoming more and more interconnected, and its impact on our societies has been significant (Beer & Koster, 2009; Held et al, 1999a; Naim, 2009, Pooch, 2016;). And the impact of globalization on poverty is a matter of intense debate. Scholars and institutions such as the World Bank in favour of globalization argue that globalization has contributed to poverty reduction by providing access to new markets, increasing investments, and creation in jobs, especially in developing countries: globalization led to lifting millions of individuals out of poverty (Weiss, 2005; World Bank, 2022). Other scholars argue that globalization has resulted in increased poverty and inequality, benefiting a privileged few rather than the impoverished majority. Critics highlight the negative consequences, such as the erosion of labour standards and the exploitation of natural resources (Weiss, 2005). Some even argue that globalization is a new form of colonialism (Alabi, 2008; Banerjee & Linstead, 2001; Emerson, 1964; Schneider, 2013).

In the midst of debates surrounding the impact of globalization on poverty, it is essential to direct our attention towards Nigeria and South Africa, the two largest economies in Africa. (World Bank, 2021). Despite ranking 31st among the world's largest economies, more than 40% of the Nigerian population lives in extreme poverty, making Nigeria the country where the most people around the globe live in extreme poverty (World Group Bank, 2022). Similarly, South Africa, ranking 32nd among the world's largest economies, also faces challenges regarding poverty. Considering the national poverty line set by South African authorities, 55.5% of the population lives in poverty, which is equivalent to more than 32 million individuals (UNDP & OPHI, 2022). Thus, despite their economic potential and integration into global markets, these countries continue to grapple with high poverty rates. These realities challenge the notion that globalization is a remedy or solution for poverty reduction and highlight the pressing need to address the challenges of poverty and inequality in both countries. Inequality is an issue in both Nigeria and South Africa. While Nigeria nowadays has a relative moderate level of inequality, South Africa has one of the highest levels of inequality globally (World Bank, 2014; World Bank, 2018). This disparity highlights the importance for addressing the challenges of poverty and inequality in both countries.

Amidst debates surrounding globalization and its effects on poverty, it is essential to recognize that poverty cannot be understood solely through the lens of contemporary economic globalization forces. To gain a comprehensive understanding of the persistent poverty and inequality, it is necessary to delve into the historical legacies of colonization in Nigeria and South Africa. The legacies of colonialism left a profound impact on African colonies, shaping their economic and political structures to align with the interests of their colonial powers (Ocheni & Nwankwo, 2012). This leads to the following research question:

What is the impact of colonial legacies and current processes of globalization on poverty and inequality in Nigeria and South Africa?

Academic & societal relevance

The relevance of this research lies in addressing the gaps and unexplored aspects of the relationship between colonial legacies, globalization, and poverty and inequality, particularly in the context of African countries. Despite the significant attention given to globalization in the literature, there is a lack of comprehensive analysis regarding Africa's role in the discourse on globalization (Ferguson, 1994; Kamola, 2014; Schneider, 2003). Moreover, according to Kamola (2014), Africa is often overlooked or portrayed as a problem to be solved rather than

as a significant player in the global landscape. Therefore, this research aims to contribute to the understanding of this important topic by focusing on the cases of Nigeria and South Africa, as the two biggest economies in Africa. By examining these specific contexts, this research seeks to shed light on the complexities and dynamics of poverty and inequality in relation to colonial legacies and globalization.

Beer & Koster (2009), emphasize that despite the phenomenon of globalization, distance and national borders still play a significant role. Therefore, it is important to consider the specific position and evolution of individual countries within the global process. By examining country's trajectory and making cross-country comparisons, I can gain a more nuanced understanding of Nigeria's and South Africa's place in the globalized world. Moreover, while there is no agreement on the precise impact of globalization on poverty, it is undeniable that poverty reduction remains a major challenge. Especially due to the first Sustainable Development Goal, eradicating poverty in 2030. Understanding the complexities and dynamics of globalization is crucial for addressing poverty and striving for equitable development (Weiss, 2005). By considering the unique circumstances of Nigeria and South Africa in relation to globalization, colonial legacies, poverty, and inequality, this research contributes to the broader discourse on poverty reduction and socioeconomic development. It aims to provide valuable insights into the specific challenges faced by these countries.

Research design

This research aims to explore the relationship between globalization, poverty, and inequality in African countries, focusing specifically on Nigeria and South Africa. Both countries have experienced significant economic growth but also face challenges of poverty and inequality. To understand these complex phenomena, the study employs a comparative qualitative research approach, considering the distinct colonial histories and post-colonial trajectories of Nigeria and South Africa. The comparative approach allows for a nuanced exploration of how these phenomena manifest, interact, and are experienced within different socio-historical contexts (Ritchie et al., 2013).

Secondary data analysis is chosen as the research method, utilizing existing research studies collected by other researchers for different purposes (Chivaka, 2018; Heaton, 2008; Martins et al., 2021; Ritchie et al., 2013; Ruggiano & Perry, 2017). This approach offers valuable insights and fresh perspectives on archived data and allows for the identification of existing problems, gaining insights into their nature, and exploring potential solutions (Chavika, 2018; Guha,

2003; Ritchie et al., 2013). Organizations such as the World Bank, IMF, and OECD provide valuable datasets that contribute to understanding poverty rates, inequality rates, and economic globalization indicators (Martins et al., 2021). Using secondary data analysis is practical due to challenges in obtaining primary data, especially when investigating colonial legacies. Leveraging existing data sources allows to acquire necessary information and insights effectively. Moreover, it enhances the credibility and reliability of research findings through replication (Chivaka, 2018).

Reading guide

This research will proceed as follows: Chapter 2 will provide a comprehensive literature review, delving into the concept of globalization, its criticisms, and its intricate connection to poverty. Moving on, Chapter 3 will present the research design, offering insights into the case selection, data collection, and the specific indicators employed. Chapter 4 will focus on an in-depth analysis of poverty and inequality in Nigeria and South Africa. Continuing the exploration, Chapter 5 will delve into the historical legacies of colonialism and their profound impact on poverty and inequality within Nigeria and South Africa. In Chapter 6, there will be an examination of the degree of integration of these countries into the global market. Next, Chapter 7 will analyse the complex relationship between globalization and poverty. Chapter 8 will critically evaluate the potential parallels between globalization and a new form of colonialism. Finally, in Chapter 9, the conclusion will be provided, summarizing the key findings.

CHAPTER 2 LITERATURE REVIEW

In this literature review section, the focus will be on two interconnected aspects: the escalating issue of poverty and the phenomenon of globalization.

2.1 Poverty challenges

The eradication of extreme poverty by 2030 is a critical goal of the United Nations' 2030 Agenda for Sustainable Development (United Nations, 2022). Over the past three decades, there has been a global decline in the number of people living in extreme poverty (World Bank, 2022). However, Africa remains the only region where this decline did not occur (Alabdulwahed, 2020). Although the percentage of individuals in extreme poverty in Africa has decreased, the actual number of people living in extreme poverty has increased. Several factors contribute to this situation, including rapid population growth driven by high fertility rates, significant initial inequality, a large poverty gap ratio, and limited growth in the agricultural sector, which employs a substantial portion of the impoverished population (United Nations Economic Commission for Africa, 2017).

While progress has been made globally in reducing extreme poverty, the COVID-19 pandemic has interrupted this positive trajectory, resulting in setbacks toward achieving this goal (United Nations, 2022). In 2019, the global poverty rate was 8.3 percent, which increased to 9.2 percent in 2020 (United Nations, 2022). Currently, approximately 10% of the world's population, which is equivalent to 700 million people, still lives in extreme poverty, surviving on less than \$2.15 per day (United Nations Global Compact, 2023). Out of this global population, approximately 460 million individuals reside in Africa, constituting 65% of the total poverty-stricken population (Galal, 2023).

The consequences of the COVID-19 pandemic, along with ongoing conflicts such as the war in Ukraine, and the impacts of climate change, is expected to further aggravate this challenging situation (United Nations Global Compact, 2023; World Bank, 2023b). Moreover, it already slowed down economic growth in Sub Saharan Africa (SSA), with the Gross Domestic Product (GDP) growth estimated to reach only 3.1 percent in 2023, down from 4.1 percent in 2021. While growth is expected to recover slightly in 2024 and 2025, it will not be sufficient to reduce extreme poverty and promote shared prosperity. Many of the largest economies in Africa – Nigeria, South Africa, and Egypt – are growing below their long-term

average rates, contributing to high levels of public debt (World Bank, 2023b). Although some African countries have reported high economic growth rates, a sizeable proportion of their populations are yet to benefit, and only about one-third of these countries, and reduced inequality (Ajide et al, 2021). So, despite the significant economic growth reported in some parts of Africa, the continent is still confronted with a range of challenges, such as armed conflict, food insecurity, and high unemployment. These issues are widespread across Africa, and extreme poverty remains a major problem (Alabdulwahed, 2020).

Global organizations such as the International Monetary Fund (IMF) and the World Bank have acknowledged the relationship between globalization and poverty, underscoring the necessity of creating a global economic environment that promotes prosperity and inclusivity (Kacowicz, 2007). This recognition highlights the significance of comprehending the dynamics of globalization and its effects on poverty, a topic that will be explored further in the following paragraph.

2.2 Defining Globalization

Globalization, driven by advancements in technology and communication, has brought significant transformations to the world. It affects societies globally, influencing economies, cultures, and political structures (Beer & Koster, 2009; Held et al., 1999a; Naim, 2009; Pooch, 2016). Globalization encompasses a wide range of interconnected processes and interactions on a global scale, transforming the world into a network of social relationships (Beer & Koster, 2009; Al-Rodhan, 2014). Scholars offer various perspectives on globalization, shedding light on its different dimensions and implications.

Scholars such as Al-Rodhan (2014), Giddens (1990), and Pooch (2016) argue that globalization entails increased connectivity, the intensification of worldwide social relations, the integration of human and non-human activities, and the mutual shaping of local and global events. Avinash (2000), Ohmae (2000), and Scholte (1999) envision globalization as a process that transforms social relations into borderless and less distance qualities, ultimately leading to a borderless global or planetary economy. Held et al. (1999a) and Kacowicz (2007) explore broader dimensions of globalization beyond social relations. Kacowicz (2007) defines globalization as the deepening of social, political, and economic relationships across borders, while Held et al. (1999a) argue it involves the extension of these activities across regions, resulting in interdependence and blurred lines between different aspects of the world. Some scholars

suggest that globalization will eventually eliminate borders, as it leads to the creation of a unified continent, global economy, and global governance (Bataka, 2019).

Economic globalization is a crucial dimension of this phenomenon, encompassing diverse elements such as trade liberalization, capital flows, foreign investment, innovation, financial integration, and technological advancements (Ajide et al., 2007; Dreher et al., 2008; Gul, 2003; Held, 1999b; Kacowicz, 2007). According to Kacowicz (2007), economic globalization involves production with no regard for borders, the heightened mobility of capital and multinational corporations, and economic interdependence. Gul (2003) identifies three key processes contributing to economic globalization: increased economic transactions across borders, the technological revolution enabling global communication and making location and borders less relevant, and the adaptation of policies by states to facilitate transnational economic activity. These policies encompass the rules and institutions established by powerful states to enable transnational economic activity in specific sectors of the world economy. Moreover, they also consist of the policies of smaller and less powerful states, which entail the liberalization of trade, investment, and production, leading to their integration into the global economy. Held et al. (1999b) identify international trade, financial flows, and technological advancements as key drivers of the growing integration of national economies. According to them, reduced trade barriers, intensified competition, and advancements in communication and transportation have fuelled international trade. Financial flows, including foreign direct investment (FDI) and technology transfers, have also played a significant role. Multinational corporations (MNCs) operating across borders further enhance global connectivity.

In conclusion, economic globalization is a complex concept that encompasses various dimensions. Scholars offer different definitions, but they generally agree that it revolves around the increasing integration of national economies on a global scale (e.g. Dreher et al., 2008; Held et al., 1999b). This integration involves factors like foreign direct investment (FDI) and cross-border trade, highlighting the interconnectedness and interdependence of economies. Ajide et al. (2007) argue that the ultimate objective of economic globalization is to cultivate stronger relationships between developed and developing countries, fostering a sense of global community (Ajide et al., 2007).

2.3 The link between poverty and globalization

The link between globalization and poverty is of great importance due to its profound implications for global development and social well-being. Globalization shapes local and

global events, deepens economic, political, and social relationships across borders, and extend activities in the latter relationships (Al-Rodhan, 2014; Giddens, 1990; Held et al., 1999a; Kacowicz, 2007). Understanding this link is crucial for several reasons.

Understanding the relationship between poverty and globalization requires a specific focus on economic globalization. Kacowicz (2007) highlights the existence of different perspectives on economic globalization. The liberal view considers international economic relationships between developed and developing countries as mutually beneficial, with the belief that globalization will stimulate economic growth in developing countries. According to proponents of this view, the natural functioning of the market, without state intervention, will lead to the reduction and even eradication of poverty. However, critics of globalization argue that it causes and even worsen poverty. They emphasize that globalization exacerbates social and economic gaps, reinforcing a process known as creative destruction and worsening inequalities in resources, capabilities, and power dynamics. Taking a more radical stance, some argue that the global economic relationship between the North and the South is inherently asymmetrical, resulting in a zero-sum game that further worsens inequality and poverty (Kacowicz, 2007).

Understanding these divergent perspectives on economic globalization is crucial for several reasons. Firstly, globalization has the potential to be a powerful tool for poverty reduction. Proponents argue that by expanding access to new markets, attracting investments, and generating employment opportunities, globalization can uplift millions of people from poverty. It is believed that the integration of developing countries into the global economy can stimulate economic growth and provide pathways out of poverty (Weiss, 2005; World Bank, 2022). Thus, recognizing and harnessing the positive aspects of globalization can contribute to sustainable efforts to exacerbate poverty. On the other hand, opponents of globalization argue that globalization can lead to increased poverty and inequality. They point to the unequal distribution of benefits, labour exploitation and resource extraction, as factors than perpetuate or even worsen poverty rates (Weiss, 2005). However, it is worth noting that these opponents' concerns are often rooted in the existing model of globalization. Their arguments highlight the negative consequences that can arise from the current practices associated with globalization, such as unequal distribution of benefits, labour exploitation, and resource extraction. In this context, Singham and Hrinak (2005) emphasize that poverty poses a significant threat to human life, and many believe that increased government regulation and control, particularly in international trade, is the most effective approach to combat poverty. However, they argue that this perspective disregards the fact that genuine liberalization, characterized by free and

competitive markets, is, in fact, actually the aspiration of the world's poorest individuals. According to them, these individuals desire an economic environment that allows for opportunities, fair competition, and the ability to participate in global markets on equal terms.

While proponents argue that globalization has a potential to contribute to poverty reduction, it is important to acknowledge that globalization not necessarily cures poverty (Dollar & Kraay, 2001). Kacowicz (2007) emphasizes that globalization can have both positive and negative impacts on poverty. While globalization has the potential to contribute to poverty reduction, it can also contribute to poverty and inequality, which in return can lead to social violence, political and social instability, conflicts, and other global challenges. For example, in regions like SSA, poverty and its associated factors such as overpopulation, resource scarcity, and environmental degradation have led to social conflicts, civil wars, and large-scale displacement of people. According to scholars such as Babatola (2004), Rao (2000) and Sadegh (2021), the relationship between poverty and globalization is further emphasized by the concept of neo-colonialism. Neo-colonialism asserts that powerful external actors impose economic policies that primarily benefit them while disadvantaging poorer countries. This aligns with the principle of the dependency theory, which suggests that developing nations face obstacles in developing strong internal markets and establishing independent economic classes due to the influence of neo-colonialism. Consequently, this perpetuates a cycle of poverty and hinders progress, as certain groups lack control over capital and remain subordinate to Western nations (Rao, 2000; Romaniuk, 2016).

Consequently, it becomes essential for the international community to take on the important responsibility of building a global economy that is successful, benefits everyone, and effectively tackles poverty (Kacowicz, 2007). Therefore, understanding the connection between globalization is critical, as it not only affects economic development but also has far-reaching implications for global security and stability in this millennium.

Based upon the presented finding, it is expected that:

- 1) Globalization positively impacts poverty reduction by expanding market access, attracting investments, and creating employment opportunities (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022), and;
- 2) Globalization worsens poverty rates due to unequal distribution of benefits, labour exploitation, and resource extraction (Beer & Koster, 2009; , Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005).

These conflicting expectations highlight the complexity of the relationship between globalization and poverty. In the following section, the critiques of globalization will be highlighted.

2.4 Critiques of globalization

Globalization is a complex and critiqued concept influenced by political ideologies and socio-cultural factors (Al-Rodnad, 2014). While some developing countries have integrated themselves successfully into the global economy, a significant account of countries have experienced uneven development and limited benefits (Gul, 2003; Kacowicz, 2007). Some scholars even argue that globalization is synonymous with Westernization and concentrated in specific regions, primarily the Americas and Europe (Beer & Koster, 2009; Nederveen Pieterse, 1993). Moreover, some critics argue that globalization reproduces Eurocentrism and reinforces existing inequalities, limiting opportunity and equality for all (Nederveen Pieterse, 1993; Pooch, 2016). Economic globalization is mainly influenced by Western countries, perpetuating imbalances (Pooch, 2016). Small African countries face significant challenges due to globalization, including weakened ties with Western states, increased foreign debt, and expanded influence of Western powers in their political spheres (Kassie & Jorgie, 2020). Additionally, according to Jones (2007) and Yeung (2002), geographic requirements and limited flow of private investment affect the potential benefits of globalization for low-income countries.

The concentration of international flows of money, goods, information, and people in certain regions highlights the unequal distribution of globalization's benefits (Beer & Koster, 2009; Pooch, 2016). Developed countries in the West are more integrated into the global economy, while less-developed nations, often referred to as the Third World, have limited connectivity (Pooch, 2016). Trade liberalization, which is expected to promote economic growth, does not always yield positive results (Okogbule, 2008).

In summary, globalization faces criticism due to its unequal distribution of benefits, Western-centric nature, and negative effects on small countries and low-income nations. The challenges and drawbacks of globalization have raised concerns about its impact on equality, sovereignty, and the perpetuation of existing inequalities.

2.5 Globalization and colonial legacies in Africa

Having examined the concept of globalization and its implications for poverty and inequality, it is crucial to delve into another important aspect: the colonial history of Africa. Ocheni &

Nwankwo (2012) emphasize that the legacies of colonialism left a profound impact on African colonies, shaping their economic and political structures to align with the interests of their colonial powers. Acemoglu et al. (2002) argue that due to European colonialism, the significant economic inequality, which is prevalent in the world today, is one of the most influential factors. Some scholars argue that globalization still represent a continuation of colonialism. One of those scholars is Schneider (2003). According to him, it is important to acknowledge that globalization in Africa is not a recent phenomenon but has historical roots dating back to the sixteenth century. The slave trade established connections between European empires and certain vulnerable African regions, which led to imbalanced relationships and disrupted contacts among different parts of Africa. Moreover, the colonial era marked a distinct form of globalization in Africa. During this period, African entrepreneurship and manufacturing were actively discouraged by colonial governments, resulting in limited production and exportation of African products. Although some regions experienced globalization, other faced isolation, and economic displacement (Schneider, 2003).

Critics argue that the notion of globalization as a transformative force that promotes interdependence and cooperation obscures underlying power relations. Despite the end of formal colonialism, economic systems and political policies in Africa continue to be directed from outside sources, reinforcing the divide between developed and developing countries (Banerjee & Linstead, 2001; Rao, 2000). While globalization has brought certain benefits to Africa, such as increased trade and communication, the exploitative paradigms of colonialism and imperialism still persist. International economic institutions dominated by developed capitalist states, including the World Bank, IMF, WTO, impose models, strategies, and policies that erode the economic sovereignty of African nations (Alabi, 2008; Kassie & Jorgie, 2020; Okogbule, 2008; Rao, 2000). Moreover, globalization is seen by some scholars as a continuation of empire and domination. Former colonizing power maintain control and power over their ex-colonies, perpetuating unequal power dynamics and limiting the autonomy of African nations (Banerjee & Linstead, 2001; Okogbule, 2008; Rao, 2000). This aligns with the notion of neo-colonialism, which emphasize that powerful external actors impose economic policies that primarily benefit them, while disadvantage poorer countries (Babatola, 2014; Rao, 2000; Sadegh, 2021). Additionally, according to Hancock (2011) trade and currency agreements in Africa continue to be influenced by colonial legacies, further perpetuating imbalances and inequalities. This aligns with the principle of the dependency theory, which suggests that developing nations face obstacles in developing strong internal markets and

establishing independent economic classes due to the influence of neo-colonialism (Rao, 2000; Romaniuk, 2016).

These critical perspectives shed light on the complex dynamics of globalization in Africa. Based upon these findings, it is expected that:

- 3) Colonialism has played a role in the significant levels of poverty and inequality experienced by Nigeria and South Africa, due to exploitative practices (Acemoglu et al., 2002; Ocheni & Nwankwo, 2012), and;
- 4) Globalization can be seen as a continuation of colonialism, with colonial legacies influencing the current processes of globalization (Banerjee & Linstead, 2001; Hancock, 2011; Okugbule, 2008; Rao, 2000).

CHAPTER 3 RESEARCH DESIGN

The relationship between poverty, inequality, colonialism, and economic globalization is complex and multifaceted, requiring careful considerations on how to conduct research on this topic. In this research, I aim to investigate how colonial legacies and the current processes of globalization impact poverty and inequality, and to what extent there is a relationship between the first two phenomena. This chapter will discuss the case selection, data collection and methods.

3.1 Case selection

This research aims to explore the relationship between globalization, poverty, and inequality in African countries, specifically focusing on the cases of Nigeria and South Africa. While previous literature has extensively examined the connection between colonialism, globalization, poverty, and inequality, there are still unanswered questions and unexplored aspects, particularly regarding Africa's representation and role in global research. Scholars have highlighted the limited attention given to Africa in discussions of globalization, often portraying it as a problem to be solved rather than recognizing its significance in the world (Ferguson, 1994; Kamola, 2014; Schneider, 2003).

To shed light on this critical topic, this study selects Nigeria and South Africa as case studies due to their distinct colonial histories and post-colonial trajectories. Both countries have experienced significant economic growth and are considered economic powerhouses in Africa (World Bank, 2021). However, they also face immense challenges in terms of poverty and inequality. In Nigeria, despite being the largest economy in Africa, a substantial portion of the population lives in extreme poverty, with a widening wealth gap (World Bank, 2021; Zandt, 2021). Similarly, South Africa, the second largest economy in Africa, has high and persistent inequality rates stemming from the legacy of apartheid and an economic growth model that prioritizes wealth accumulation (World Bank, 2023).

Both countries had different colonial experiences, with Nigeria's colonial history influenced by British trade policies and South Africa's colonization dating back to the Dutch settlement and eventually British rule (Mojekwu, 1979; Pretorius, 2015). These differences in colonial histories have shaped their institutional structures and economic development,

potentially impacting the interplay between colonial legacies, globalization, and poverty and inequalities.

By analysing Nigeria and South Africa as comparative case studies, this research seeks to provide insights into the complex dynamics of colonial legacies and globalization within distinct contexts. Both countries, despite their divergent historical backgrounds, share the common experience of poverty and inequality even though they are economic powerhouses (World Bank, 2021). Comparative qualitative research plays a crucial role in understanding the intertwined factors shaping poverty and inequality outcomes. Comparative qualitative research offers a valuable perspective by prioritizing the understanding of differences rather than merely measuring them. It serves multiple purposes within qualitative research, including identifying the presence or absence of particular phenomena in different groups' accounts, exploring variations in the manifestations of phenomena between groups, examining differences in explanations, impacts, and consequences across groups, investigating interactions between phenomena in different settings, and exploring contextual disparities (Ritchie et al., 2013). The utilization of comparative qualitative research methods, as demonstrated by Miri and Shahrokh (2019), allows for a comprehensive understanding of the nuances and complexities of the chosen research topic.

Thus, the comparative approach allows for a nuanced exploration of how these phenomena manifest, interact, and are experienced within different socio-historical contexts. Through this comprehensive understanding, the study aims to contribute to the existing knowledge and generate valuable insights for policymakers, researchers, and practitioners working towards addressing poverty and inequality in the African context.

3.2 Data collection

To understand the intricate relationship between colonial legacies, globalization, poverty, and inequality in Nigeria and South Africa, it is crucial to collect relevant data that can shed light on these complex phenomena. This section will provide insight in the methods and procedures used to gather data on the key variables of interest, including the legacies of colonialism, the integration of these two countries into the global market, and the impact of these phenomena on poverty and inequality.

An approach that is gaining increasing recognition in social science research is secondary data analysis (SDA) of qualitative data (Heaton, 2008). . Secondary data analysis is employed across various research designs, including comparative studies, with some scholars arguing that

secondary data sources yield higher-quality results (Chivaka, 2018; Guha, 2003). Therefore, I will employ this approach, which involves analysing existing research studies collected by other researchers for different purposes (Chivaka, 2018; Heaton, 2008; Martins et al., 2021; Ritchie et al., 2013; Ruggiano & Perry, 2017). The secondary analysis of qualitative research data is an often overlooked but valuable approach that enables the discovery of new findings by offering fresh perspectives on hived data or utilizing unexplored elements of the data. It can also serve as a basis for comparison with newly collected data (Ritchie et al., 2013). It assists researchers in identifying existing problems, gaining insights into their nature, and exploring potential solutions (Chivaka, 2018). In the context of qualitative data, secondary analysis offers significant opportunities for reusing existing data, delving into new research inquiries, and enriching the knowledge derived from primary research studies. By capitalizing on previously collected data, I can build upon existing knowledge, extend the scope of their investigations, and contribute to the advancement of their respective fields (Heaton, 2018). Furthermore, SDA allows for larger sample sizes, making statistical inference more straightforward and enabling researchers to explore topics and time periods that may otherwise be inaccessible, such as cross-national studies or longitudinal analyses (Martins et al., 2021). This approach differentiates it from documentary analysis, which focuses on materials such as autobiographies, personal diaries, and photographs. However, it is worth noting that certain qualitative materials, such as life stories and diaries, may fall under both secondary analysis and documentary analysis, depending on the extent of researcher involvement in data collection (Heaton, 2008).

In this research, I engage in secondary data analysis for various reasons. Secondary data from various sources can provide valuable insights for research purposes. Government agencies are a common source, conducting surveys and collecting data on various topics of interest (Chivaka, 2018). International entities and organizations also gather valuable data that can contribute to research. For example, the World Bank, IMF, and OECD offer extensive datasets encompassing economic and social indicators (Martins et al., 2021). These datasets can be particularly useful in establishing poverty rates, inequality rates, and examining the integration of the economies into the global market. By utilizing data from these reputable sources, I can establish poverty rates, inequality rates, and examine the integration of economies into the global market, contributing to a comprehensive understanding of the economic and social landscape in Nigeria and South Africa.

Furthermore, given the nature of this research, especially when investigating colonial legacies, I anticipate challenges in obtaining primary data due to factors such as practical limitations and feasibility. As supported by Chivaka (2018), there are situations where collecting primary data is unfeasible or impractical, making secondary data a valuable alternative. By leveraging existing data sources, I can still acquire the necessary information and insights to advance my research objectives effectively. Furthermore, methodologically, utilizing SDA allows for replication, thereby enhancing the credibility and reliability of research findings. By utilizing existing datasets and scholarly journals, the robustness of the research process can be strengthened (Chivaka, 2018). Moreover, secondary analysis contributes to intellectual advancement by building upon existing work and uncovering novel relationships between variables when examined through different perspectives or theoretical frameworks (Guha, 2003). By utilizing scholarly data, such as academic articles and historical documents, I can delve deeper into the domain of colonial legacies and gain insights into the complex relationships among different variables.

3.3. Indicators

To ensure the reliability and meaningfulness of the data collected, specific indicators will be employed during the research process. These indicators enable consistent and accurate measurements of the variables under investigation.

3.3.1. Poverty and inequality

To measure poverty and inequality, three key indicators will be utilized. Firstly, the international poverty line of \$2.15 per day per person will be employed to compare poverty levels globally and position Nigeria and South Africa in the global poverty landscape (UNDP & OPHI, 2022). In addition, an examination of national poverty lines will be undertaken to gain valuable insights into the distinctive context of each country, as it is the national authorities who determine the monetary requirements for meeting basic needs (World Bank, 2014a). Lastly, the Multidimensional Poverty Index (MPI) will be utilized to capture various dimensions of poverty, including health, education, living conditions, and work and shocks (National Bureau of Statistics, 2022). For measuring inequality, the Gini-index, a widely used measure, will be employed to analyse income and wealth distribution within Nigeria and South Africa, with higher values indicating greater inequality (World Bank, 2018).

3.3.2. Colonial legacies

According to Alabdulwahed (2020), poverty is still influenced by past events, underscoring the importance of understanding the colonial period and its consequences as they continue to shape

the economic and social landscape of Africa countries, and in this case Nigeria and South Africa. Therefore, it is essential to focus primarily on the socio-economic aspects, as it has had a profound impact on the economies of these nations (Alabdulwahed, 2020; Johnstone, 1961). Examining the socio-economic implications of colonialism in Nigeria and South Africa requires an understanding of the historical context and its continued impact on these societies. This section will provide an overview of the colonial era, focusing on the socio-economic dimensions and the enduring consequences for these nations. It is important to note that these legacies also intersect with the beginning of globalization, therefore the implications and influences on socio-economic dynamics left behind by colonial powers will be highlighted.

3.3.3. Integration into the global market

Measuring the extent of global market integration in Nigeria and South Africa necessitates analysing economic data on indicators such as foreign direct investment, trade flows, and trade agreements, since these aspects are all significant components of economic globalization and play an important role in the integration of countries into the global market (Ajide et al., 2007; Dreher et al., 2008; Goldstein, 2004; Gul, 2003; Held et al., 1999a; Held et al., 1999b; Ortiz-Ospina et al., 2018). Multinational corporations (MNCs) will also be examined for their contribution to economic globalization and national economies (Osibanjo et al., 2014). Lastly, Gross Domestic Product (GDP) data and its growth will be analysed (World Bank, 2018).

3.3.4. Globalization: A prosperous phenomenon?

To contextualize the influence of economic globalization on poverty over time, a comparative analysis will be conducted, linking poverty rates, as established in the previous section, with the identified economic globalization indicators. This analysis will provide valuable insights into the relationship between globalization and poverty and inequality in Nigeria and South Africa, considering the intertwining of colonial legacies with the onset of economic globalization in these countries.

3.3.5. Globalization: a new form of colonialism?

This section aims to assess whether globalization represents a new form of colonialism by examining economic globalization indicators and comparing them with perspectives presented by scholars who argue for this viewpoint (Schneider, 2013; Banerjee & Linstead, 2001; Emerson, 1964; Alabi, 2008).

CHAPTER 4 THE CHALLENGES OF POVERTY AND INEQUALITY: A FOCUS ON NIGERIA AND SOUTH AFRICA

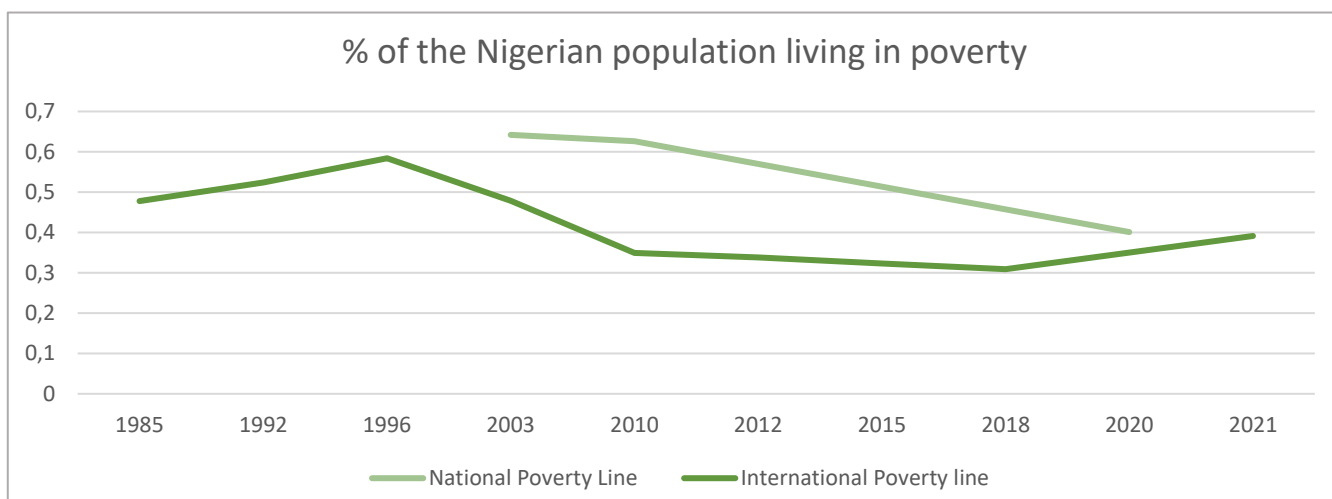
In this chapter, the pressing issues of poverty and inequality in Nigeria and South Africa will be analysed. These two nations, being the two largest economies in Africa, struggle with enormous percentages of poverty among their populations, and with inequality between their population.

4.2 Poverty

To gain a comprehensive understanding of poverty in Nigeria and South Africa, I will use multiple lenses. One approach involves examining the number of individuals living below specific income thresholds – national and international –, providing insight into the poverty headcount rate. Furthermore, I will look at multidimensional poverty within in these countries.

4.2.1. Nigeria

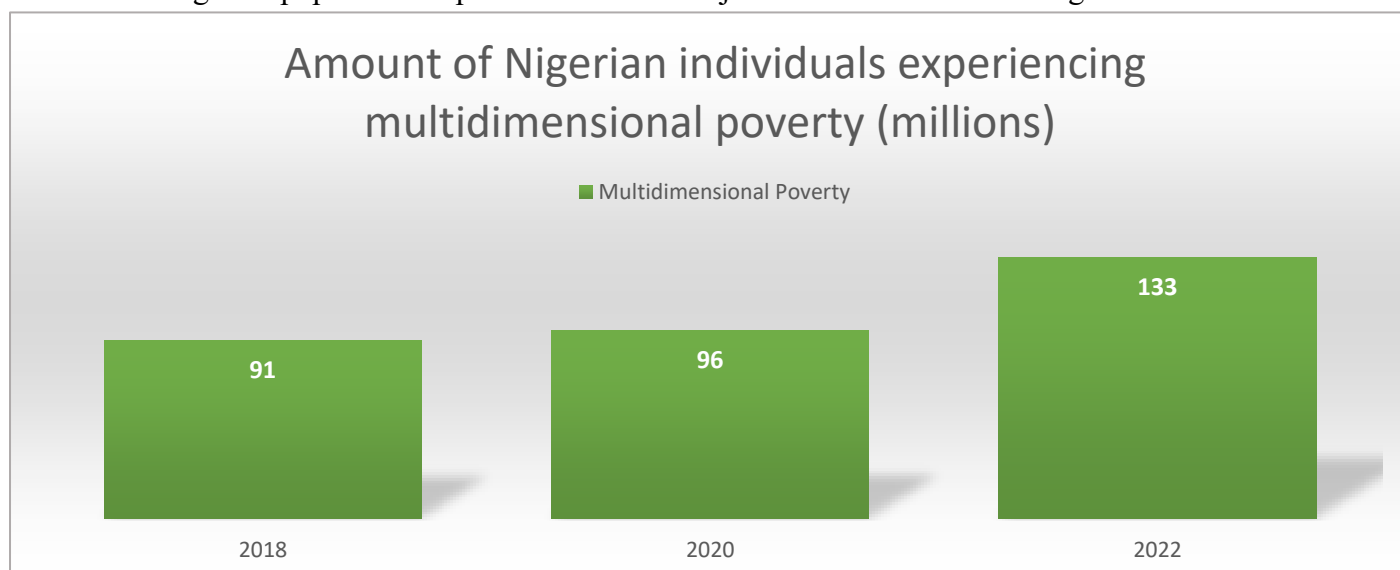
Nigeria, with its long history of poverty, provides a compelling case study for examining the impact of colonial legacies and globalization on this pervasive issue. To comprehensively assess the effects, it is crucial to understand the context of poverty and its evolution over time.



Graph 1: % of the Nigerian population living in poverty (1985-2021)

Note. The data presented in this graph is adapted from the World Bank's report on poverty headcount ratio at \$2.15 a day as a percentage of the population in Nigeria (World Bank, 2018). The national poverty rates for Nigeria are sourced from the National Bureau of Statistics (National Bureau of Statistics, 2017).

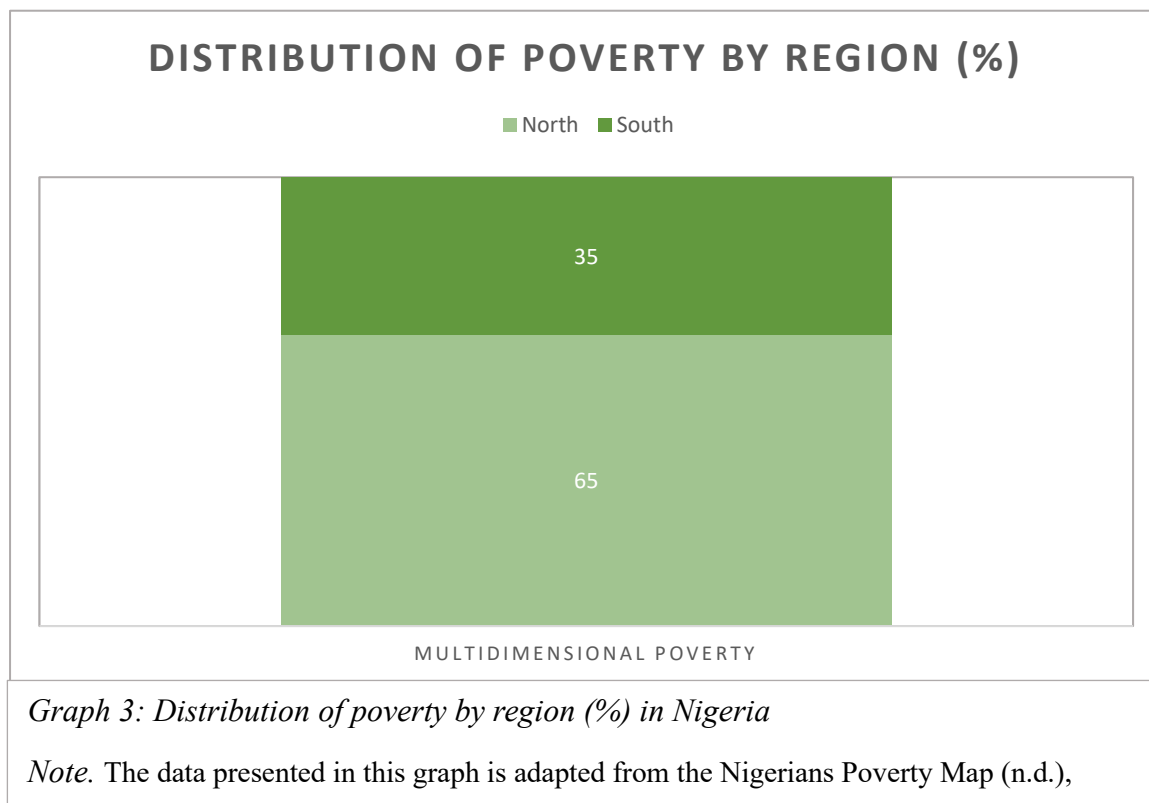
When analysing graph 1, it becomes evident that there are different trends in the reduction of poverty rates within Nigeria. When looking at the national poverty lines, which have been in use since 2003-04, provide valuable insights into poverty trends. Examining the national poverty line, reveals a decline in poverty levels from 2003 to 2020. When considering the international poverty line, it is notable that historical data provides insights into different trends. Between 1985 and 1995, there was an initial increase in poverty rates, followed by a decrease from 1996 to 2018, indicating a positive trend in poverty reduction during that period. The latter observation also corresponds to the trend observed in the national poverty line. However, it is crucial to emphasize the significance of more recent developments since 2018. In graph 1, it becomes evident that there has been a resurgence in poverty levels. The increase in poverty rates since 2018, aligns with the multidimensional poverty measurement approach, which Nigeria currently employs to assess poverty levels (Nigerian Poverty Map, n.d). This approach allows for understanding the various dimensions of poverty beyond income alone (National Bureau of Statistics, 2022). Graph 2 clearly illustrates a substantial increase in the number of individuals experiencing multidimensional poverty between the years 2018 and 2022, with the percentage rising from 46.4% to 63% (UNDP & OPHI, 2022). Thus, a significant amount of the Nigerian population experiences more than just income-related challenges.



Graph 2: Amount of Nigerian individuals experiencing multidimensional poverty (millions)

Note. The Multidimensional Poverty Index (MPI) takes into account various disadvantages individuals face beyond income, including aspects related to health, education, living conditions, and work and shocks (National Bureau of Statistics, 2022). The data presented in this graph is adapted from UNDP (United Nations Development Programme) & OPHI (Oxford Poverty and Human Development Initiative) (2022). Insights from the World Bank Group's Nigeria Poverty Assessment 2022: A Better Future for All Nigerians (World Bank Group, 2022) are also used. Additionally, data from the Nigeria Poverty Map (n.d.) is used.

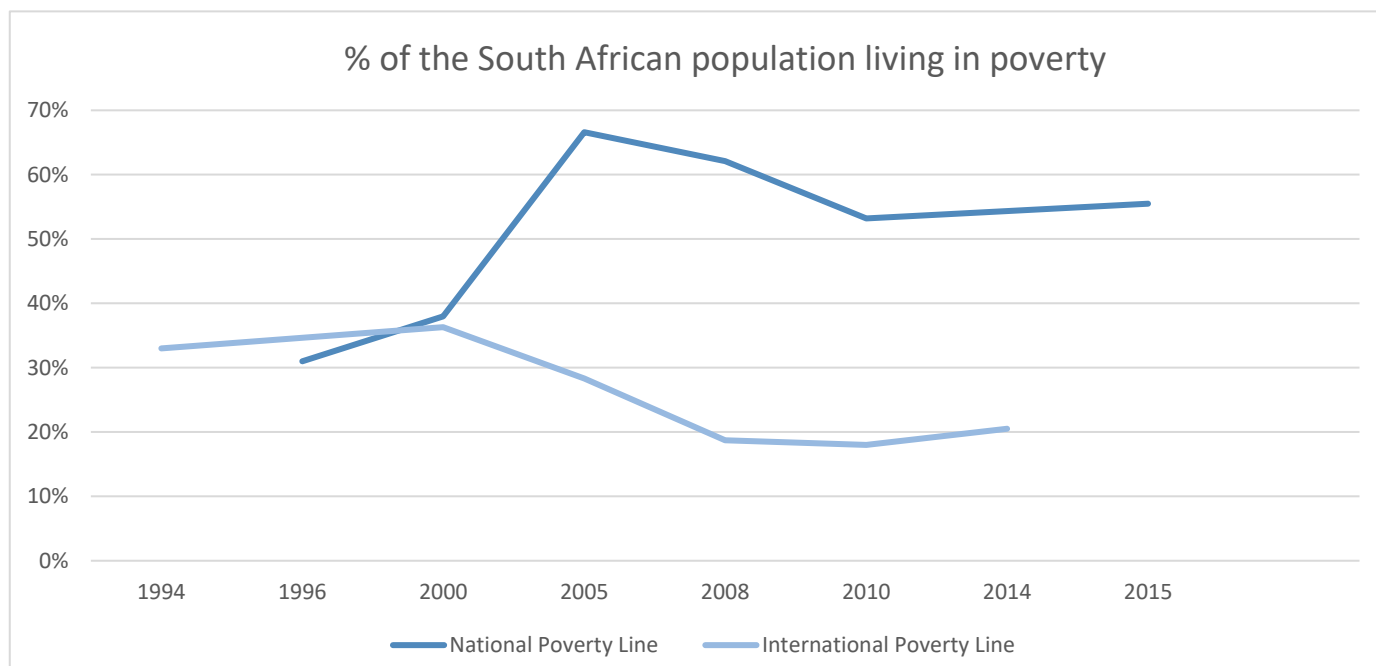
These trends observed in both national and international poverty lines and multidimensional poverty, highlight the importance of investigating the role of globalization in poverty dynamics, since multiple scholars expect that globalization has either a positive or a negative impact on poverty reduction (Weis, 2005; World Bank, 2022; Dollar & Kraay, 2001, Kacowicz, 2007; Singham & Hrinak, 2005; Rao, 2000, Beer & Koster, 2009).



One key characteristic of poverty in Nigeria is its unequal distribution across different regions and areas. There are stark disparities between rural and urban areas, as well as between the northern and southern states. In 2022, 65% of the individuals who are multidimensional poor live in the North of Nigeria, which are approximately 86.1 million people, and the other 35%, which are approximately 47 million people, lives in the South. Moreover, in the rural areas of Nigeria, 72% of the population are considered multidimensional poor, and 42% in urban areas. While 70% of the Nigerian population lives in rural areas, poverty is mostly concentrated in these areas, with approximately 80% of the poor living there (Nigerian Poverty Map, n.d.). This may be a result of colonization, since colonial governments limited entrepreneurship and manufacturing, which lead to some regions experiencing globalization, while other faced isolation and economic displacement (Schneider, 2003). Therefore, understanding the distribution of poverty across different regions and areas is crucial for this research.

4.2.2. South Africa

As is the case in Nigeria, South Africa has a long history of poverty, which makes South Africa another compelling case study for examining the impact of colonial legacies and globalization on this pervasive issue. To comprehensively assess the effects, it is crucial to understand the context of poverty and its evolution over time.

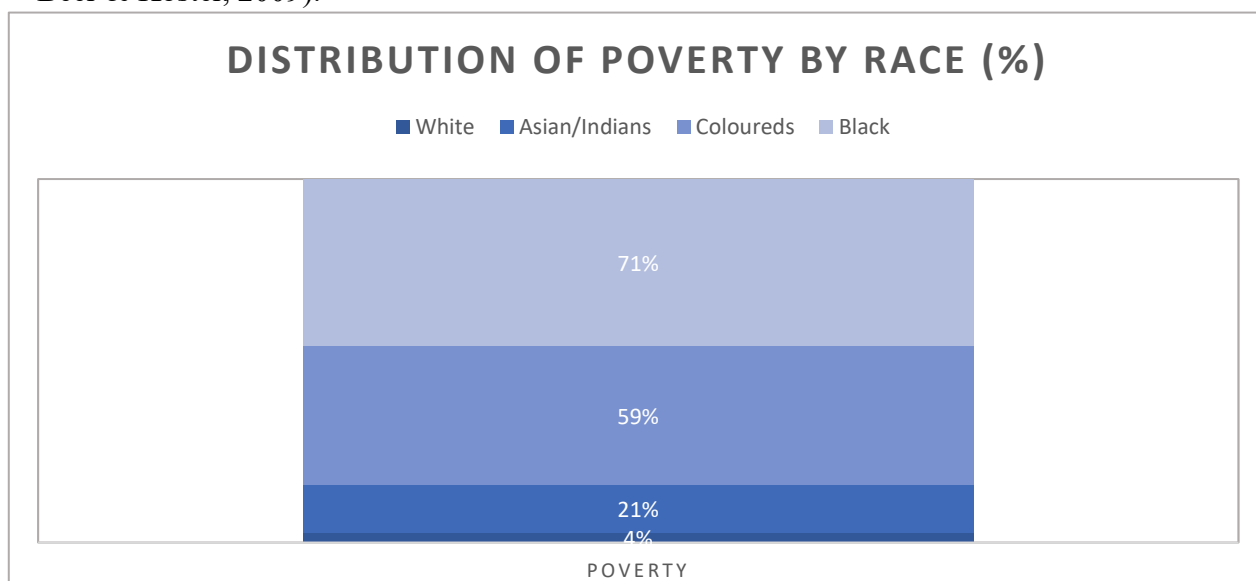


Graph 4: % of the South African population living in poverty (1994-2015)

Note. The data presented in this graph is adapted from the World Bank's report on poverty headcount ratio at \$2.15 a day as a percentage of the population in South Africa (World Bank, 2014). The national poverty rates for South Africa are adapted from Statistics South Africa and the dataset from the World Bank on national poverty lines (Statistics South Africa, 2017; Statistics South Africa, 2022; World Bank, 2014a).

When analysing graph 4, notable trends emerge regarding poverty lines in South Africa. When examining the national poverty line, it increased between 1996 and 2006 and then decreased between 2006 and 2015. Since 2015, the poverty rate has remained relatively stable. When considering the international poverty line, there was an increase between 1994 and 2000, followed by a decrease from 2000 to 2010. However, since 2015, there has been a renewed increase in poverty levels according to this measure. Overall, the trends in poverty show similarities. Between 1994 and 2000 and 2010 and 2015, there were increases in both the international poverty line and the national poverty lines. Between 2005 and 2010, there were decreases in poverty according to both measures. The only difference arises between 2000 and 2005, where the international poverty line indicates a decrease, while the national poverty line shows an increase. Moreover, there is a significant disparity in the percentages of people living in poverty. One potential explanation for this disparity is that South Africa adopts a multi-

dimensional approach by utilizing three poverty lines. These include the food poverty line (FPL), which represents the minimum income required for adequate daily energy intake, the lower-bound poverty line (LBPL) indicating insufficient resources for both food and non-food items, and the upper-bound poverty line (UBPL) suggesting sufficient resources for essential food and non-food items (Statistics South Africa, 2017; Statistics South Africa, 2022). In this analysis, the focus is on the UBPL which encompasses the other poverty lines and provides a comprehensive understanding of the population identified by South African authorities as living in poverty. The disparity observed between the international poverty line and the upper-bound poverty line (UBPL) in South Africa may be attributed to the fact that the UBPL, although recognized as a poverty line within the country, does not align with the definition of extreme poverty on an international scale. In comparison to Nigeria, there is relatively limited information available on the aspect of multidimensional poverty in South Africa. In 2016, approximately 3.5 million individuals in South Africa were identified as multidimensionally poor. This number has slightly increased since then, with more than 3.6 million people classified as multidimensionally poor in 2020 (UNDP & OPHI, 2022). This suggests that in South Africa, the majority of individuals face income-related challenges. The fact that 55.5% of the population is identified as living in poverty, which is significantly higher than the 3.6 million people experiencing multidimensional poverty, supports this observation. As is the same for Nigeria, these trends observed in both national and international poverty lines and multidimensional poverty, highlight the importance of investigating the role of globalization in poverty dynamics, due to the different perspectives of different scholars (Weis, 2005; World Bank, 2022; Dollar & Kraay, 2001, Kacowicz, 2007; Singham & Hrinak, 2005; Rao, 2000, Beer & Koster, 2009).



Graph 5: Distribution of poverty by race (%)

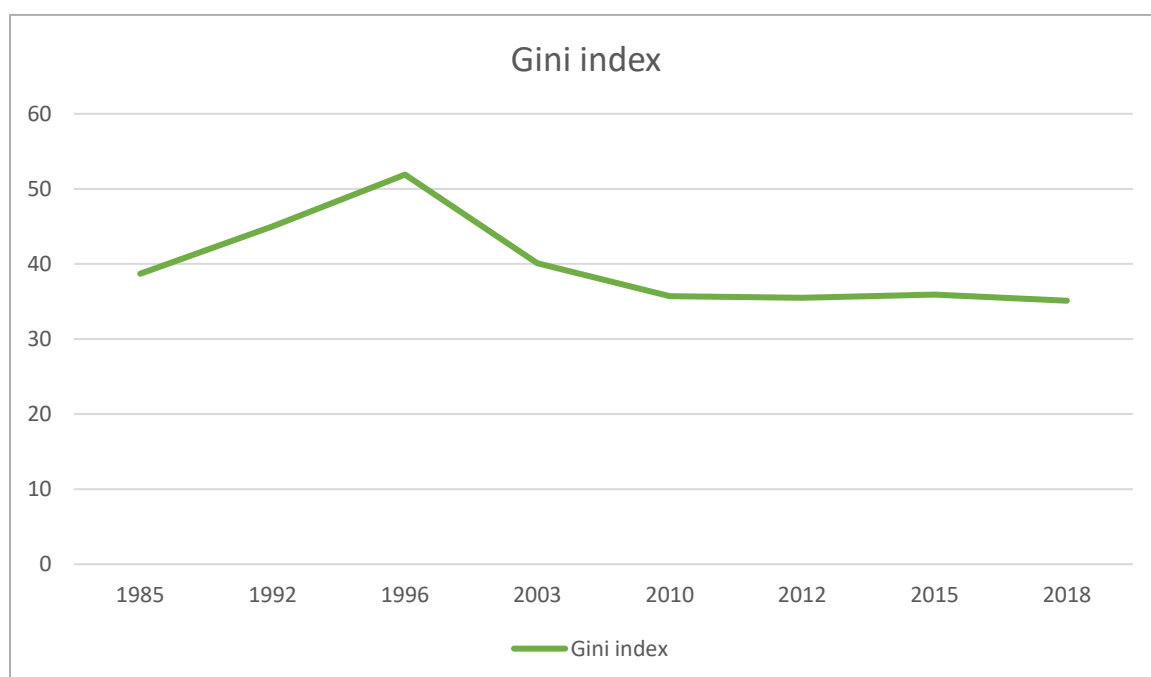
Note. The data presented in this graph is adapted from Francis and Webster (2019). Their study, titled "Poverty and inequality in South Africa: critical reflections," offers valuable insights into the subject.

One key characteristic of poverty in Nigeria is its unequal distribution across different racial divisions. Francis and Webster (2019) reveal that in 2015, the poverty rates varied significantly among different racial groups. This may be a result of colonization, since race played a significant role in South Africa during the colonial era and the aftermath (Park, 2021; IMF, 2020). Therefore, understanding the distribution of poverty between different groups of people is crucial for this research.

4.3 Inequality

4.3.1. Nigeria

As evident from the data presented by the Nigeria Poverty Map (n.d.), significant disparities can be observed in Nigeria concerning poverty prevalence across different regions and areas. This discrepancy is also reflected in their Gini index, which measures income and wealth inequality.



Graph 6: Gini index Nigeria (1985-2018)

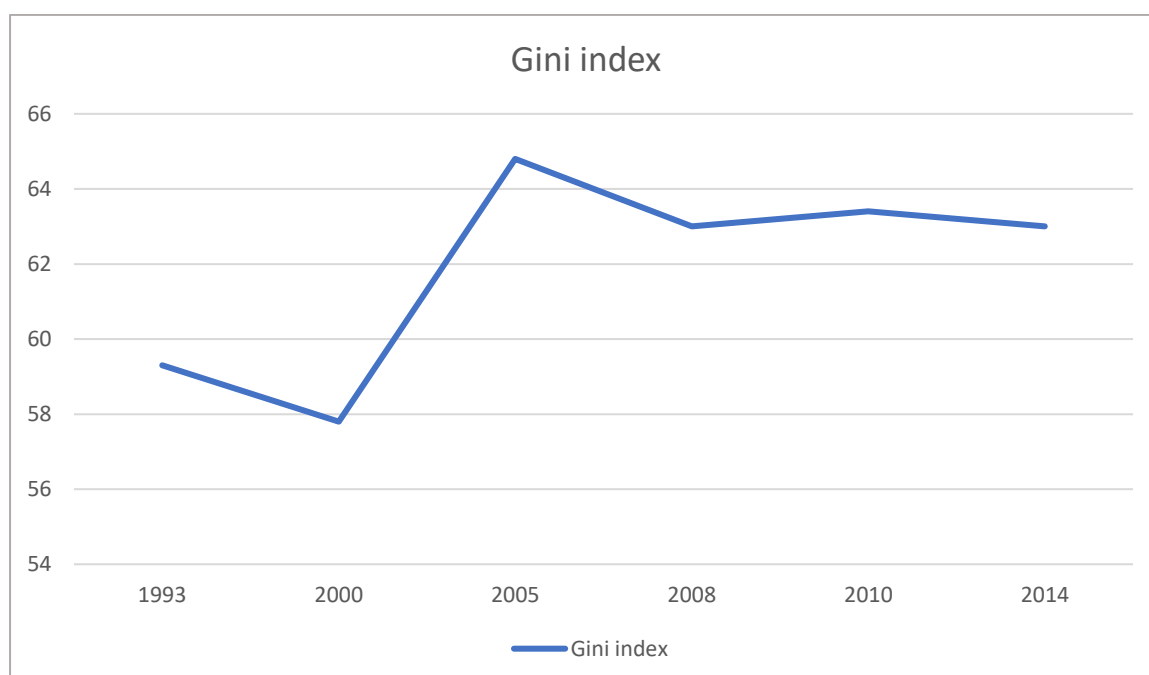
Note. The data presented in this graph is adapted from the World Bank's data set on Gini index (World Bank, 2018a).

While Nigeria has historically faced higher inequality rates, as is evident in Graph 6, the latest available data from 2018 indicate a Gini index of 35.1, which is relatively moderate. This underscores the ongoing efforts made to address inequality within Nigeria over the years

(World Bank, 2018). In the global context, Nigeria ranks 93rd out of 162 countries assessed on the Gini index, indicating a comparatively lower level of inequality (World Bank, 2018).

4.3.2. South Africa

In South Africa, significant disparities in poverty prevalence can be observed across different groups of people (Francis & Webster, 2019). Despite efforts to address inequality, the Gini index, remains high. As demonstrated in Graph 7, it is clear that South Africa experienced a decrease in its Gini index. However, the latest available data still indicates a Gini index of 63, signalling substantial income and wealth disparities within the country. Furthermore, South Africa exhibits one of the highest inequality rates globally (World Bank, 2014a).



Graph 7: Gini index South Africa (1993-2014)

Note. The data presented in this graph is adapted from the World Bank's data set on Gini index (World Bank, 2014a).

4.4 Conclusion

In conclusion, both Nigeria and South Africa are grappling with increasing poverty rates. When examining national poverty lines, Nigeria has 63% of its population living in poverty, while South Africa has 55.5% according to national poverty lines. In South Africa, the majority of individuals facing poverty primarily struggle with income-related challenges, with 'only' 3.6 million categorized as experiencing multidimensional poverty. In contrast, Nigeria has categorized 133 million individuals as multidimensional poor, indicating that Nigerian individuals struggle with more than income-related challenges. Thus, both countries face

significant levels of poverty. Furthermore, it is noteworthy that international poverty lines generally correspond to the trends observed in national poverty lines, albeit with lower percentages. This disparity can be attributed to the distinction between national authorities determining the monetary thresholds necessary to meet basic needs and the international poverty line of \$2.15 (World Bank, 2014; World Bank, 2014a).

Inequality appears to play a larger role in South Africa compared to Nigeria, but both countries show notable differences between regions and races relating to poverty. In Nigeria it seems important where you live as individual: rural or urban, or the North or the South. While in South Africa it is more important how you look as an individual: are you white, coloured, Asian/Indian, or black?

To fully understand the trends in poverty, it is crucial to explore the impact of globalization within these countries. Similarly, examining the colonial legacies is essential to comprehend the disparities among different groups. These aspects will be further explored in the subsequent chapters.

CHAPTER 5 COLONIAL LEGACIES: UNDERSTANDING THE IMPACT ON NIGERIA AND SOUTH AFRICA

5.1 Introduction

Now that the significant prevalence of poverty in both Nigeria and South Africa are established, despite being the two biggest economies in Africa, it is crucial to examine the historical processes that have shaped these countries. Before delving into the current processes of globalization in chapter 6 ‘the era of globalization’, it is important to explore the colonial legacies within Nigeria and South Africa. This section will provide a brief overview of the colonial era in these countries, followed by a discussion of the enduring legacies of these historical events. Specifically, the focus will be on the socio-economic implications, as it plays a central role in understanding the context of this research.

5.2 The era of colonialism

Both Nigeria and South Africa share a history of colonization by European powers. In the early 1900s, the British asserted their need to safeguard the well-being of the diverse African subnations in what we now know as Nigeria, as well as safeguarding their economic pursuits (Mojekwu, 1979). This decision was made by external imposition rather with the intention of ensuring the protection of various interests at play within the region (McLoughlin & Bouchat, 2013; Mojekwu, 1979). By 1903, the British colonizers had successfully achieved their objective of colonizing all the numerous nationalities in the country, totalling nearly four hundred (Alemika, 2010). In 1914, the unification between the Northern and Southern Protectorates shaped Nigeria as we know it today (Yusuf, 2017). This era of colonization in Nigeria was marked by the utilization of violence, fraudulent practices, and the introduction of the British law and constitutional practices to accomplish their colonial project (Alemika, 2010; Mojekwu, 1979).

In comparison to Nigeria, South Africa's colonial history unfolded through Dutch and British influences. While Nigeria experienced arbitrary boundaries, South Africa saw conflicts between European colonizers and local populations, as well as the establishment of distinct republics before ultimately becoming a British dominion (Pretorius, 2015). In 1652, the Dutch

East India Company (VOC) arrived in Cape Town and established a station for refreshment (Oliver & Oliver, 2017; Pretorius, 2015). As trade along these routes intensified, competition between European powers grew, ultimately resulting in a transition from Dutch to British rule in 1806 (Piotrowski, 2019). In contrast to Nigeria, settler colonialism played a prominent role in South Africa (Andreasson, 2010). Settler colonialism is a form of colonial expansion in which settlers form a colonial power and establish permanent settlements in a new territory. These British settlers created their own society, exploit the land and labour the indigenous population, and pursue independent economic development (Good, 1976).

Upon arrival in Nigeria, the British encountered a fertile landscape abundant with resources:

“But gradually, as you make your way inland, and the banks solidify into firmer ground, the vegetable life becomes increasingly varied. Palms, bananas, ferns, and occasionally the grey upstanding bole of the silk-cotton tree appear, to be succeeded in turn by dense forest growth, interlaced with a network of giant creepers.... This region is one of the wealthiest in tropical products in the world. Once you come to the alluvial soil it will grow almost anything. It abounds in valuable timber, mahoganies, walnut, satin, rose and dye woods, in gums, kolas, fibres and numerous oil-bearing plants of value. Its future as a cocoa producer will almost certainly be considerable.... above all it is renowned as the natural home of that most beneficent of trees to man - the oil palm of commerce, the most valuable commercial asset of West Africa, which, judging from its fertility, must be absolutely in- exhaustible.” (E.D. Morell, 1912, p. 632).

Similarly, the British found a fruitful country when they arrived in South Africa. In a paper (1876) written by John Noble – clerk of the House of Assembly, Cape of Good hope – Noble was very specific on what South Africa has to offer for their colonial power and asserts how important South Africa is for England:

“... richness of the productions of South Africa. It is an agricultural, a pastoral, and a mineral country. It produces corn, wine, and wool, sugar, and coffee; cotton and tobacco; fruits and fish; cattle, sheep, and horses; ivory, horns, hides, and skins; ostrich feathers and diamonds; gold, copper, iron, lead, cobalt, manganese, and other ores; timber and coal... And when it is remembered that, irrespective of a large home consumption of product, the external commerce of the country, as represented by its exports and imports, is now approaching seventeen millions sterling, and that nearly all the trade operations arising out of this adds to the commerce of Great Britain, I think you will be ready to acknowledge that in South Africa, England has

possessions of great importance, with great natural resources, and a future as promising as any portion of the Empire.” (John Noble, 18979, p. 10)

The arrival of British colonizers in both Nigeria and South Africa has significant economic implications. In Nigeria, the British established expanded markets for local produce, including palm oil, kernels, tin, cocoa, and groundnuts. These products were exported globally through European ships and investments. Additionally, various minerals such as tin, gold, silver, lead, and diamonds were also exported, albeit to a lesser extent (Charle, 1967; Yusuf, 2017). However, the economy of Nigeria during the colonial time revolved mainly around the export of the agricultural products, such as cash crops (Yusuf, 2017). The British held authority over internal and external trade, leading to an unequal relationship between Nigerian people and the colonizer (Mojekwu, 1979). While local famers produced the cash crops, British merchants largely benefited from the trade (Yusuf, 2017).

In South Africa during the colonial era, the British administration’s primary focus was on trade and forming alliances with native chiefs to achieve pacification. Civilization of the indigenous population was seeming a natural consequence of trade and contact with the white settlers, rather than a direct objective of the state. (Noble, 1876). The colonial administration maintained indirect rule over inland peoples, while overseeing the flow of black labour and their working conditions. Over time, the Colonial State underwent changes that involved the imposition of taxes, the curtailment of chiefly authority, and various forms of regulatory measures, often punitive in nature (Comaroff, 1989). Additionally, the British governments aimed to establish a society based on individual property and independent person industry. They sought to transform the economic and social structures of local groups, promoting the concept of private ownership and self-reliance. Furthermore, when the Crown claimed sovereignty over some of the lands from chiefs and native people, trade agreements were recalled and invalidated (Noble, 1876).

The era of colonialism in both Nigeria and South Africa brought significant economic transformations to these countries. However, alongside these changes, the colonizers also economically exploited the indigenous inhabitants and maximized the resources of the local populations (Charle, 1967; Chimee, 2014; Good, 1976; Iweriebor, 1982; Mojekwu, 1979).

In Nigeria, the development of mining played a crucial role in the economic exploitation of Nigeria. The British established mining monopolies, protected by colonial and British governments, using legislation that criminalized African initiatives and forced them into labour-intensive sectors such as mining, railroad construction, and agriculture for minimal

compensation. The office of the warrant chief facilitated the delivery of cheap and coerced labour from local communities to colonial mining enterprises. However, the local population did not benefit from the royalties and revenues generated by the mines, as these funds flowed into colonial coffers. Instead of improving their standard of living, coal mining impoverished the majority of the population (Chimee, 2014). Moreover, conflicts arose between the colonial Nigerian government, aiming to promote economic development and foster Nigeria's industrial development, and commercial houses who were primarily interested in exploiting Nigerian economic resources for the benefit of the colonial power. In many cases, the British colonial office favoured the interests of these commercial houses, which were predominantly British and German-owned (Ivanda & Bello, 1979).

On the other hand, in South Africa, settler societies stood out because they were able to develop their own capitalist economy independently. They achieved this by extensively exploiting African land and labour and implementing economic nationalist policies. Unlike other colonized regions, these settler societies avoided being reliant on exporting raw materials and being dependent on the manufacturing goods from the colonial powers. Instead, they pursued their own economic interests, maintaining a complex relationship with imperialism. On one hand, they cooperated with the colonial powers, offering them a secure and strategically important area in exchange for political support and military assistance, while also maintaining some level of autonomy and pursued their economic agenda (Good, 1976). South Africa experienced a mineral revolution in the late 1860s, with copper, gold, and coal being important products. However, diamonds played a particularly remarkable role, making South Africa an intermediary hub to India and establishing itself as a burgeoning economic powerhouse (Comaroff, 1989; Good, 1976). The British rulers profited greatly from the diamonds, and native African labour overseen by the settlers was used to extract these valuable resources (Comaroff, 1989; Good, 1976; Noble, 1876). The increasing demand for labour led to measures designed to weaken the economic stability of the rural African population, coercing them into seeking wage labour. Meanwhile, support was provided to white farmers, ensuring that the benefits of urbanization and commercial farming were not accessible to the African peasantry (Scully, 2019).

5.3 Legacies of colonialism

The colonial era in Nigeria and South Africa has had a lasting and profound impact on these countries, particularly in terms of economic disparities and the persistence of poverty. In order to understand the current socio-economic landscape, it is crucial to examine the effects of

colonialism and the ways in which they have contributed to the existing challenges and disparities.

5.3.1. Colonial legacies in Nigeria

Colonialism in Nigeria left enduring legacies that significantly impacted the country's economy and contributed to regional disparities. Under British colonial rule, economic policies were implemented to exploit Nigeria's resources and establish mining monopolies, often resulting in unequal compensation for the local population (Charle, 1967; Chimee, 2014; Iweriebor, 1982; Mojekwu, 1979). While Nigeria gained independence in 1960, the economic consequences of these colonial policies continued to shape the nation (Yusuf, 2021). The exploitation of resources, combined with limited investment and infrastructure development, created an uneven economic landscape that contributed to the division between the North and South regions (McLoughlin & Bouchat, 2012; Yusuf, 2021). Furthermore, the British established regional governments which aligned with the three most dominant ethnic group, namely Hausa, Yoruba, and Igbo, and this created challenges for ethnic minorities within those regions. This division and marginalization of certain ethnic groups have had lasting effects on their economic opportunities and access to resources (Bamidele, 2015; Mojekwu, 17979). Additionally, the disparity in education between the North and South regions can be traced back to colonial policies. The preference for European education in the South, due to its perceived benefits and reinforcement by colonial influence, has resulted in a more educated workforce and greater access to economic opportunities in the region (Davis & Kalu-Nwiwu, 2011). Islamic societies in the North favoured their own religious-based education systems, creating suspicions and resistance towards Western education. Furthermore, the last decades, an Islamic terrorist group, Boko Haram, even targets Western education schools. The education gap between regions persists, with lower literacy rates and enrolment in the North. While education should serve as a means for advancement, it has both unified and divided the Nigerian society (McLoughlin & Bouchat, 2013). These unequal educational opportunities have implications for poverty levels. Higher levels of education tend to lead to increased employment opportunities, income levels, and overall economic well-being. Therefore, the educational disparities rooted in colonial legacies have contributed to the uneven distribution of wealth and higher poverty rates in the North compared to the South.

These colonial legacies set the stage for subsequent economic shifts and have had a lasting impact on Nigeria's economic trajectory. The Nigerian economy underwent a significant transformation from an integrated agricultural-based system with a growing manufacturing

sector to a heavily reliant single-resource economy, namely oil. This discovery of oil in 1956 marked a turning point, gradually making it the dominant force in Nigeria's economy, politics, and society. The abundance of oil led successive military regimes to prioritize crude oil exploitation over agriculture, resulting in a shift in foreign exchange earning and a heavily reliance on oil revenues. This shift created a rentier state with limited taxation and accountability (Yusuf, 2017).

5.3.2. Colonial legacies in South Africa

The colonial era in South Africa has left a lasting impact on the country, particularly in terms of economic disparities, poverty, and racial inequalities. The colonial era witnessed the exploitation of local population and their resources and the marginalization of the South African population, resulting in lasting impacts on economic disparities in the country (Comaroff, 1989; Good, 1976; Noble, 1876; Scully, 2019). During the colonial rule, the local population was forced to work in mines and plantations, often subject to exploitation and unfair compensation (Comaroff, 1989; Good, 1976, Noble, 1876). This exploitation created a profound divide between the wealthy elite who benefited from the exploitation and the local population who were marginalized and deprived of their rightful share (Charle, 1967; Chimee, 2014; Iweriebor, 1982; Mojekwu, 1979).

From the beginning of colonial interaction, race became an important aspect in the colonial rule of South Africa (Park, 2021). The legacy of colonialism was further perpetuated by the apartheid regime that followed, exacerbating racial division and economic disparities (Tiryakian, 1960). The land policies adopted by the Union of South Africa, influenced by British colonialism, set the stage for the complex social and economic dynamics that shaped the country's trajectory in the twentieth century. These policies aimed to ensure the majority of land remained under the ownership of white farmers, resulting in disparities in land distribution (Piotrowski, 2019). The apartheid system systematically enforced racial segregation, perpetuating white dominance and systemic racism in all aspects of life, including education, daily interactions, and political representation (Oliver & Oliver, 2017). The deliberate implementation of segregated educational systems for blacks and whites aimed to create an inferior education and training system for blacks, further entrenching white advantages and limiting economic opportunities for the black population (Lowenberg, 1997). During apartheid, the policies heavily favoured the white population, virtually eliminating absolute poverty among them. In stark contrast, the black population faced high levels of unemployment, homelessness, and even hunger as legacies of colonialism and apartheid (Tutu, 1984). The core

of apartheid included restrictions on property ownership and labour market competition, with protectionist trade policies favouring white labour over black labour. The apartheid regime required significant spending on security and defence, diverting investment from economic development. Eventually, during the 1970s, international attention to the situation in South Africa rose, leading to increasing anti-apartheid sanctions and disinvestments campaigns (Lowenberg, 1997).

Nelson Mandela played a pivotal role in the transition from apartheid to democracy, symbolizing the struggle against racism and the pursuit of a non-racial, democratic society (Ndlovu-Gatsheni, 2014). However, the legacy of apartheid still reverberates in South Africa. As Piotrowski (2019) highlights, a racial divide persists, not only in politics but also in socioeconomics and societal boundaries. However, white advantages have endured. Labour and welfare policies have played a crucial role in maintaining white privilege, with the labour market becoming a primary source of inequality. While the welfare state expanded to address social concerns for all citizens, the dynamics of inequality shifted (Scully, 2019).

5.4 Conclusion

Both Nigeria and South Africa share a history of colonization by European powers. The British colonized Nigeria and established mining monopolies, exploiting local resources, and creating economic disparities. They controlled international and external trade, benefiting British merchants while impoverishing the local population. In South Africa, settler colonialism played a prominent role, with British settlers exploiting South African land and labour for their own economic development. The discovery of diamonds and gold further enriched the British rulers, while South African labourers faced exploitation.

In Nigeria, the colonial legacy led to disparities between the Northern region and the Southern region, which can be still seen in the poverty rates of Nigeria, as described in chapter 4. In South Africa, the colonial legacy has also led to significant economic and social disparities between white and black populations. The consequences of this colonial legacy remain visible. Current poverty rates still reflect the unequal access to resources and opportunities between white and black communities in South Africa, as described in chapter 4.

CHAPTER 6 THE ERA OF GLOBALIAZTION

6.1 Introduction

Building on the analysis of poverty and inequality in Nigeria and South Africa in chapter 4, this chapter specifically focuses on examining the level of integration of these countries into the global market. Understanding the extent of their integration is essential as it lays the foundation for assessing the impact of globalization on poverty and inequality in Chapter 7. In this chapter, key aspects of their economies will be explored, such as foreign direct investments, multinational corporations, trade flows, participation in trade agreements, and GDP growth. By examining these factors, insights can be gained into how they are connected to poverty reduction efforts.

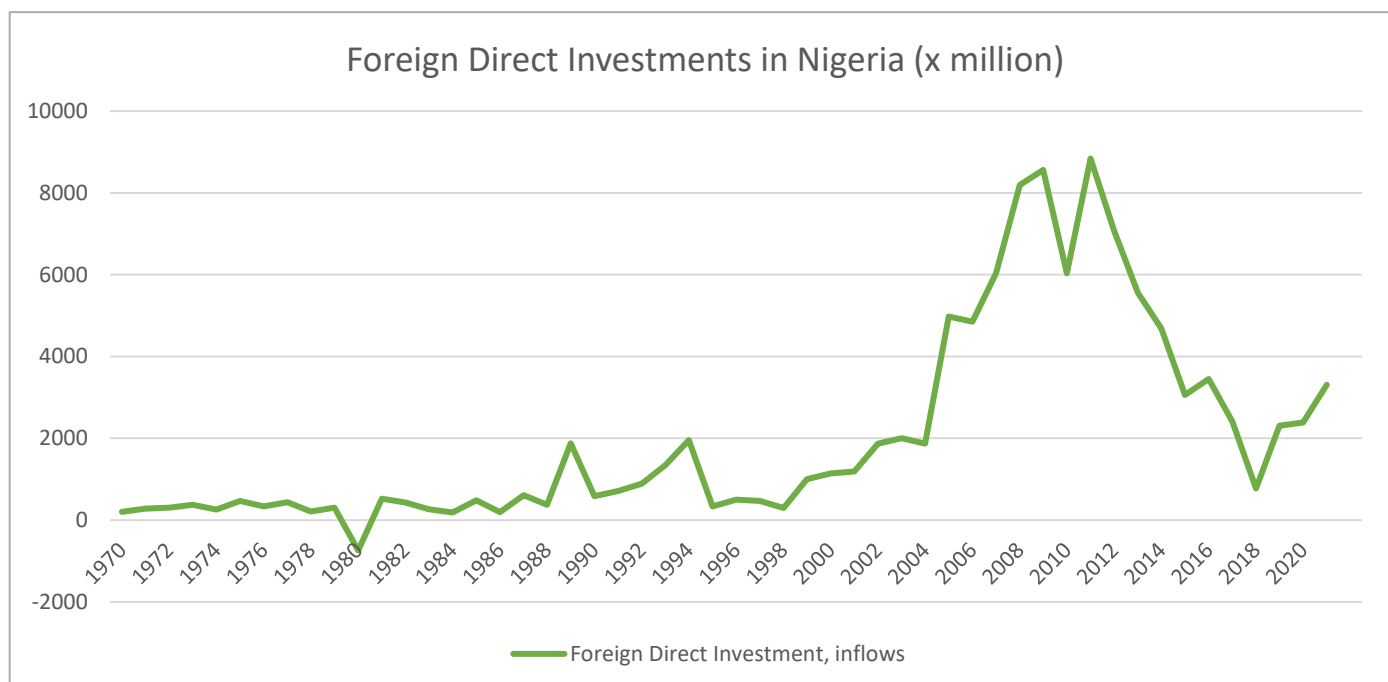
6.2 Foreign Direct investment

Economic globalization comprises key elements such as foreign direct investment (FDI) and policies that facilitate investments, ultimately leading to integration into the global market (Ajide et al., 2007; Dreher et al., 2008; Gul, 2003; Held, 1999b; Kacowicz, 2007). Thus, FDI is crucial to examine when looking at economic globalization (Gul, 2003; Held et al., 1999b).

6.2.1 Nigeria

Nigeria has adopted various policies and initiatives to attract and promote foreign direct investment (FDI), recognizing its significance in achieving sustainable development. These efforts have resulted in important investment partnerships with countries worldwide, ensuring the promotion and protection of investments (Nigerian Investment Promotion Commission, 2019). When examining major investments in Nigeria, the annual reports on capital importation from the Nigerian National Bureau of Statistics highlight significant inflows from key global players, including the UK, United Arab Emirates, United States, the Netherlands, South Africa, Singapore, and Mauritius (Nigerian National Bureau of Statistics, 2022). These findings align with the broader goal of economic globalization, as described by Ajide et al. (2007), which aims to foster stronger relationships between developed and developing countries. Furthermore, beyond the identification of key global players in Nigeria's investment landscape,

it is essential to delve into the analysis of the actual amounts of foreign direct investment (FDI) flowing into the country.



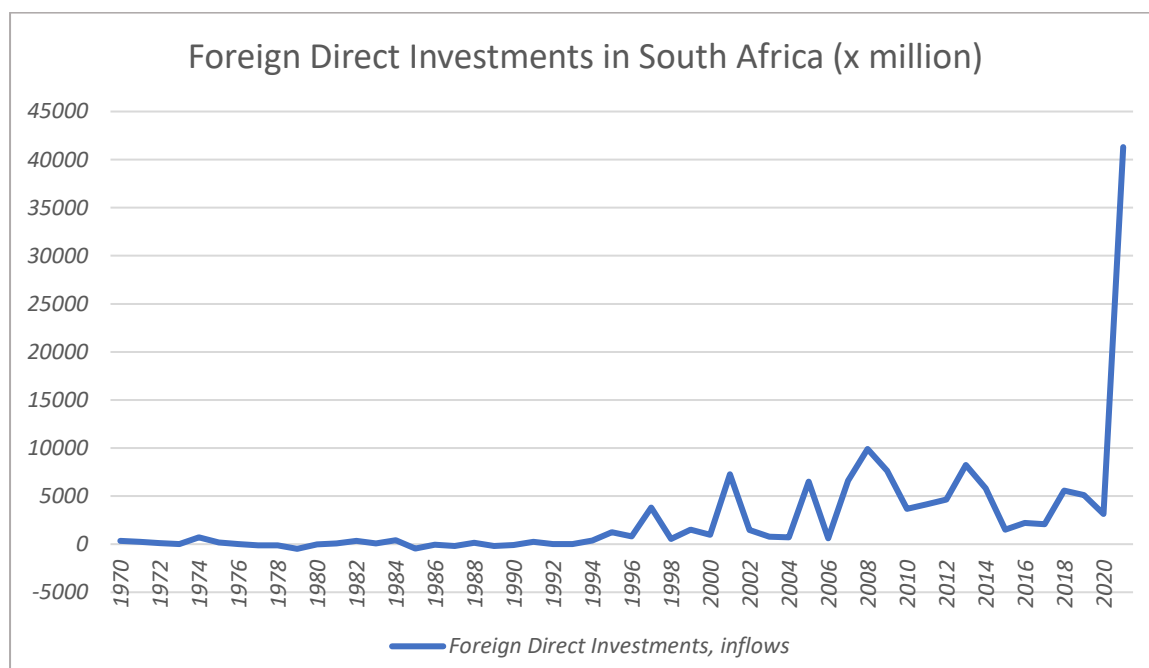
Graph 8: Foreign Direct Investments in Nigeria (1970-2021)

Note. The data presented in this graph is adapted from two sources. Firstly, it is adapted from the World's Bank dataset on Foreign Direct Investments, inflows (World Bank, 2021a). Secondly, data is used from the World Investment Report 2022 published by the UNCTAD (UNCTAD, 2022).

When examining Graph 6, it becomes evident that Nigeria's FDI inflows remained relatively stable at around 300 million dollars during the 1970s and 1980s. However, since the 1990s, FDI has played an increasingly significant role, surpassing an average of 1 billion dollars per year. This coincides with the recognition of FDI's importance for non-OECD countries since the 1990s (Goldstein, 2004). According to Goldstein (2014), the surge in FDI can be attributed to trade liberalization efforts, including multilateral agreements and preferential trade arrangements, aiming to stimulate economic growth by expanding domestic markets, fostering competition, and improving resource allocation. Subsequently, the late 2000s witnessed a remarkable surge in FDI. In 2021, Nigeria experienced a significant increase in FDI, reaching 4.8 billion dollars, driven by renewed interest in oil investments and the expansion of the gas sector (UNCTAD, 2022). Throughout the late 1990s, FDI has consistently accounted for approximately 1% of Nigeria's GDP (World Bank, 2021b). Despite occasional dips, the overall trend since 2000 has been positive, with FDI consistently exceeding 1 billion dollars per year.

6.2.2 South Africa

During the colonial era, the discovery of valuable resources like diamonds and gold in South Africa attracted foreign investors and entrepreneurs, leading to economic booms and the establishment of industries (Kransdorff, 2021). In recent years, South Africa has taken steps to enhance its business environment and attract more foreign direct investment through collaborations with the World Bank Group (the DTIC, n.d.). To balance the impacts of foreign investment, South Africa has implemented regulations requiring majority ownership and control by its citizens in private security firms (UNCTAD, 2022). When examining major investments in South Africa, it becomes evident that the country's top foreign direct investment contributors are the UK, the Netherlands, Belgium, the United States and Germany. Additionally, China, Japan, Australia, Luxembourg, and Mauritius are noteworthy investors in South Africa (Pedroncelli, 2019). As is the same in Nigeria, these findings align with the broader goal of economic globalization, as described by Ajide et al. (2007), which aims to foster stronger relationships between developed and developing countries.



Graph 9: Foreign Direct Investment in South Africa (1970-2021)

Note. . The data presented in this graph is adapted from the World's Bank dataset on Foreign Direct Investments, inflows (World Bank, 2021a).

When analysing graph 7, it becomes evident that FDI net inflows in South Africa had a modest beginning during the 1970s and early 1980s, ranging from 11 million dollars to 334 million dollars per year. The Apartheid-related boycott campaign of the 1980s led to trade and financial sanctions, resulting in a significant decline in FDI, with negative net inflows indicating capital

outflow (Kransdorff, 2021). However, since the 1990s, there has been a gradual recovery from this period. This can also be due the recognition of FDI's importance for non-OECD countries since the 1990s (Goldstein, 2004). From the 2000s onwards, FDI in South Africa exhibited mixed trends. Certain years, such as 2001, 2008, and 2013, witnessed notable increases in FDI. However, since 2014, there has been a notable decrease in FDI again. A surprising development occurred in 2021 when FDI increased to 41.3 billion dollars, primarily attributed to a share exchange between two firms (UNCTAD, 2022). The resource sector played a significant role in attracting FDI to South Africa, driven by foreign investors seeking market access and valuable resources in local and regional markets (Kransdorff, 2021). It is evident that recent years show a mix of trends, with significant increases in some years and fluctuations driven by specific events such as share exchanges between companies. According to the World Bank (2021b), compared to other emerging markets, FDI is relatively low in South Africa. FDI has accounted for approximately 0.5% to 3% of the total GDP since the 1990s, although there have been exceptions (World Bank, 2021b).

6.3 Multinational corporations

The process of global economic integration called for the establishment and expansion of foreign direct investments (FDIs) worldwide. Recognizing the potential of FDIs, developing nations, such as Nigeria and South Africa, have embraced Multinational Corporations (MNCs) as a means to foster economic advancement (Oluwaniyi, 2018). Kacowicz (2007) also argues that economic globalization involved the heightened mobility of multinational corporations. MNCs also enhance global connectivity (Held et al., 1999b). Therefore, it is important to investigate the presence of MNCs in Nigeria and South Africa.

6.3.1 Nigeria

During the 1970s, multinational corporations (MNCs) already had a strong presence in Nigeria's economy, operating across key sectors such as petroleum, mining, manufacturing, banking and insurance, and agriculture (Onimode, 1978). The discovery of crude oil in the Niger Delta region significantly reshaped the economic landscape, with foreign MNCs like Shell-BP, Gulf, Texaco, and Mobil playing a crucial role in the extraction and distribution of oil (Oluwaniyi, 2018; Onimode, 1978). In 1995, liberalization occurred with the Nigerian Investment Promotion Commission Act of 1995, which allowed 100% foreign ownership in most industries, excluding oil and gas that required joint ventures or production sharing agreements (Idowu & Awe, 2014). Nowadays, the presence of multinational cooperations is still increasing in key sectors such as construction, telecommunications, banking, and

manufacturing (Odunlami & Awolusi, 2015; Amao, 2008). This observation supports the argument made by Kacowicz (2007) that economic globalization fosters the presence of MNCs. However, their most notable impact is still observed in the oil production and extraction industry. The major MNCs operating in Nigeria are Shell, the largest oil producer in the country, responsible for over 40% of Nigeria's total output. Exxonmobil and Chevron/Texaco, both based in the United States, contribute around 38% of Nigeria's output. Also Italian, Norwegian, French, and South African multinational cooperations are present in Nigeria's oil and gas sector. These MNCs typically operate in joint venture partnerships with the Nigerian National Petroleum Corporation, a state-owned corporation established by law. The NNPC collaborates with the MNCs in a ratio of 55-60% to the government and 40-45% to the corporation. The MNCs maintain control, while the Nigerian government contributes and receives a share of production (Amao, 2008). It reveals that Nigeria, despite being the rightful owner of its abundant natural resources, only receives minimal royalties while the majority of profits flow abroad to the home countries of MNCs (Ozoigbo & Chukuezi, 2011).

6.3.2 South Africa

In 1979, South Africa stood as an attractive destination for multinational corporations seeking overseas expansion. Germany alone operated with approximately 450 firms in the country. These companies employed between 35,000 to 40,000 individuals, contributing significantly to the local labour force. Among those German companies, 20 large German multinationals held a prominent presence, with 10 of them ranking among the top hundred global giants. Multinational cooperations such as Volkswagen, Mercedes, AEG, and Siemens were well-established in South Africa. The establishment of local factories or subsidiaries by multinational corporations was viewed as an effective means of securing a substantial market share in South Africa's expanding market and neighbouring countries. The competitive advantage for MNCs lay in the combination of relatively low labour costs compared to high European wage systems and the availability of labour in South Africa. Furthermore, foreign participation in South African companies was unrestricted, as was the transfer of profits out of the country (Geldenhuys, 1979).

In Africa, MNCs continue to maintain a prominent presence, and South Africa, in particular, has emerged as a favoured investment destination for numerous global companies. This preference is evident in the fact that over 180 Fortune Global 500 companies have established their operations in South Africa, capitalizing on the benefits of conducting business in the country (South African Government, 2020). This trend aligns with the argument put forth by

Kacowicz (2007) that economic globalization facilitates the attraction and establishment of multinational corporations in various regions. South Africa benefits from favourable market access to global markets (South African Government, 2020).

6.4 Trade Flows

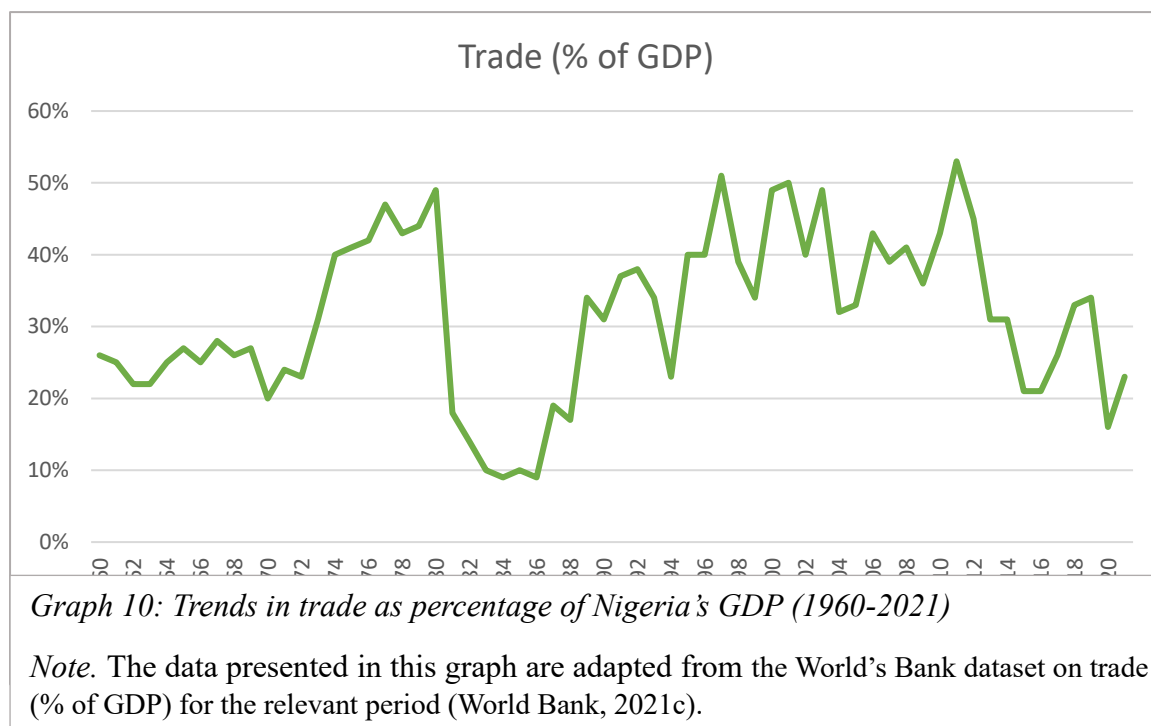
One important aspect of economic globalization is trade liberalization, the increased economic transactions across borders and growth in international trade between countries (Ajide et al., 2007; Dreher et al., 2008; Gul, 2003; Held et al, 1999b; Kacowicz, 2007; Ortiz-Ospina et al., 2018). Therefore, it is important to examine trade flows in Nigeria and South Africa.

6.4.1 Nigeria

It is important to consider trade relative to total economic output, as it offers a perspective on a country's trade dynamics. Over the last decades, countries worldwide have witnessed positive economic growth, which has been accompanied by increased global trade. Therefore, examining trade as a percentage of GDP becomes crucial in understanding the significance of trade in relation to the overall size of an economy. Looking at trade as a percentage of GDP provides insights into the extent to which trade contributes to a country's economic activity and output. It helps examining the reliance on international trade for driving economic growth (Ortiz-Ospina et al., 2018).

Analysing Graph 8, it becomes evident that trade in relation to Nigeria's GDP exhibits interesting patterns over time. In the mid-1970s, trade appears to have reached its peak, with a high percentage in relation to GDP. However, in the 1980s, there is a noticeable decrease in trade as a percentage of GDP. This decline is significant, indicating a shift in Nigeria's trade dynamics during that period. Moving into the 1990s, trade once again becomes an important aspect of Nigeria's economy. The data shows that trade consistently accounted for a substantial portion of the GDP. The 2000s seem to represent a relatively stable period for Nigeria's trade, with no major fluctuations or dramatic shifts. However, since 2014, there has been a noticeable decline in trade as a percentage of Nigeria's GDP, particularly evident in 2020. It is, however, important to acknowledge that the interconnectedness of global economies makes trade highly sensitive to various factors, including world events. The COVID-19 pandemic serves as a prominent example of a global event that had a profound impact on trade worldwide. In 2020, Nigeria, like many other countries, experienced a substantial decrease in both exports and imports. This decline can be attributed to disruptions in supply chains, reduced global demand, and the implementation of trade restrictions as measures to contain the spread of the virus (OECD, 2022). These observations emphasize the complex and multifaceted nature of

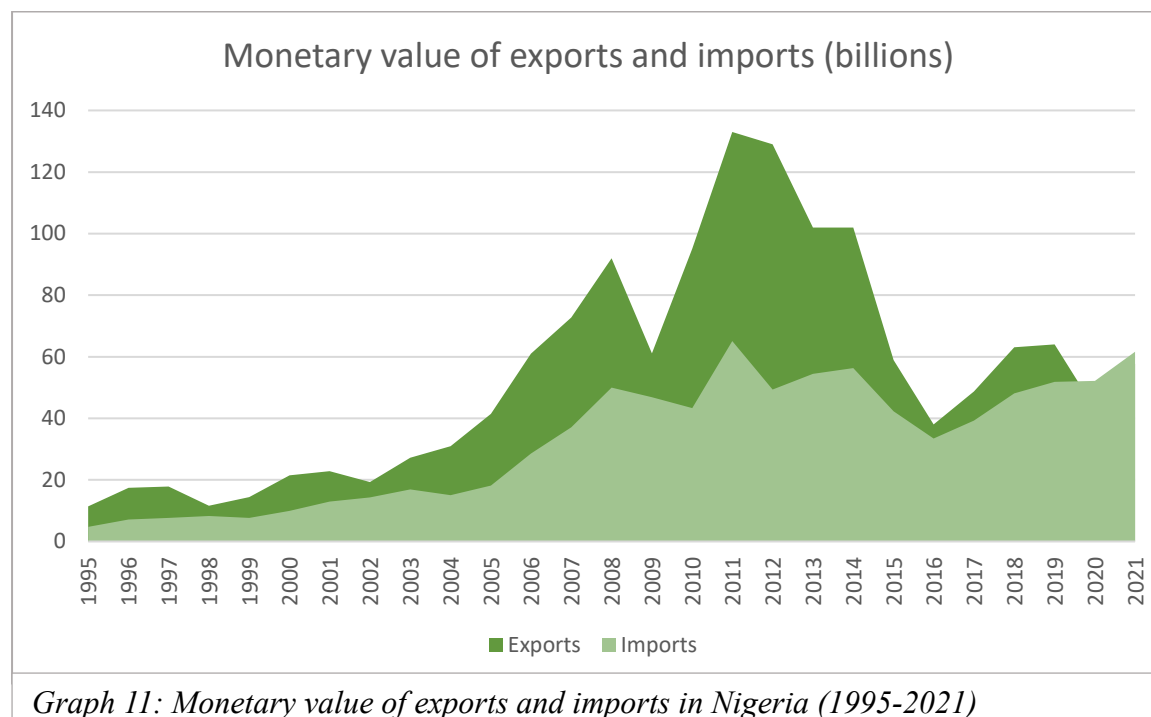
globalization and its impact on trade dynamics. While globalization can bring benefits, it is also subject to external shocks and vulnerabilities.



It is worth highlighting that scholars like Alabi (2008) and Kassie & Jorgie (2020) argue that globalization, partially driven by international trade, has brought specific advantages to African countries. The data in Graph 8 supports the notion that international trade, and therefore globalization, can indeed be viewed as beneficial, as it makes a substantial contribution to Nigeria's GDP. Despite certain periods where international trade may appear relatively smaller, it remains a significant driver of the country's economic output.

Examining trade values as a percentage of GDP provides insights into the significance of trade relative to the overall economic activity. However, it is also crucial to consider trade in monetary terms, which reveals the absolute importance of trade independent of its relative scale (Ortiz-Ospina et al., 2018). As is evident in Graph 9, the past decade, Nigeria consistently maintained a trade surplus, with exports surpassing imports. This trend proved highly advantageous, especially during the early 2010s. This consistent surplus indicates the strength of Nigeria's export products. However, a shift occurred in 2020, marking a departure from this favourable balance. In that year, Nigeria witnessed a trade deficit, with exports totalling \$43.1 billion and imports reaching \$52.2 billion. This trend continued in 2021. This reversal is significant as it signifies a departure from the previous pattern, with imports now surpassing

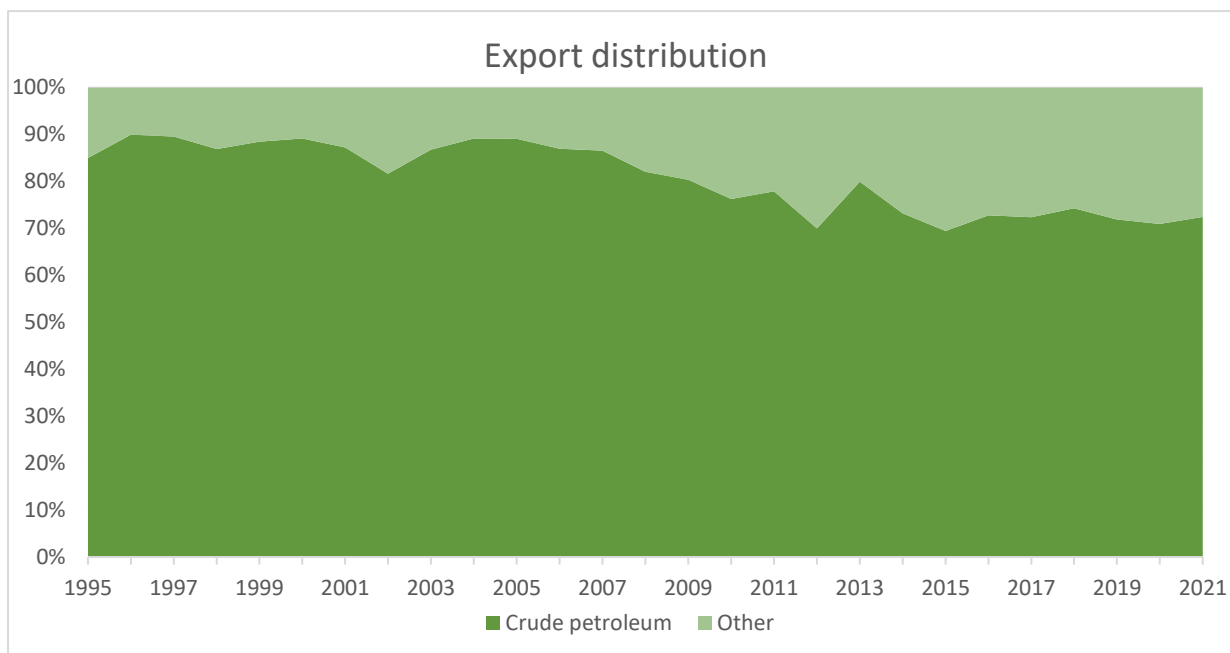
exports in recent years. It is important to highlight that this shift can be attributed, at least in part, to the impact of the COVID-19 pandemic. The pandemic disrupted global supply chains, led to reduced global demand, and prompted the implementation of trade restrictions (OECD, 2022). However, despite the recent trade deficit, it is worth noting that Nigeria's overall trade trend over the past decade has still shown a predominance of higher exports than imports.



Graph 11: Monetary value of exports and imports in Nigeria (1995-2021)

Note. The data presented in this graph is adapted from the online databank of the Observatory of Economic Complexity. This platform focuses on economic activities and combines data to help, among others, academics with their research (Simoes & Hidaglo, n.d.). <https://oec.world/en/profile/country/nga/?tradeScaleSelector1=tradeScale0&yearSelector1=2019&yearlyTradeFlowSelector=flow0#Profile>

Graph 10 sheds light on the export products of Nigeria, highlighting the dominance of oil as the country's primary export. Crude petroleum continues to hold a prominent position, accounting for over 70% of Nigeria's total exports. It is worth noting that the Nigerian government acknowledges the need to diversify its export base and reduce dependence on the oil industry (Ministry of Foreign Affairs Nigeria, n.d.). Despite a decline in the export of crude petroleum, it remains a crucial product that significantly contributes to Nigeria's export revenue.



Graph 12: Distribution of Nigeria's export products (1995-2021)

Note. The data presented in this graph is adapted from the online databank of the Observatory of Economic Complexity (Simoes & Hidalgo, n.d.), which provides insights into Nigeria's export distribution by product. Nigeria's export portfolio comprises various products, including petroleum gas, special purpose ships, cocoa beans, and refined petroleum (Simoes & Hidalgo, n.d.). However, it is important to note that these individual product categories contribute relatively small percentages to the overall exports, which is why they are combined in this graph.

Nigeria's import products are more diversified. However, the top import products include refined petroleum, wheat, cars, packaged medicaments and broadcast equipment. In Figure 1, the main import and export partners of Nigeria are illustrated.



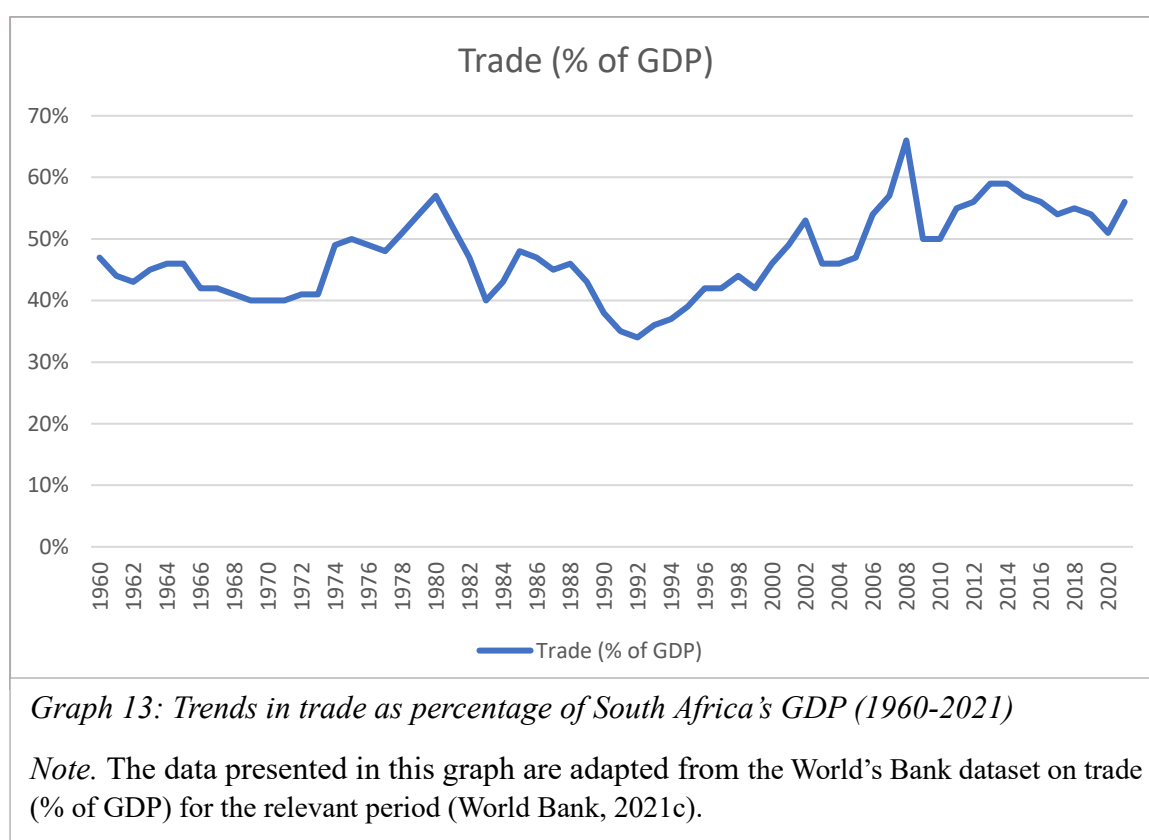
Figure 1: Nigeria's main export and import partners

Note. The data presented in this graph is adapted from the online databank of the Observatory of Economic Complexity (Simoes & Hidalgo, n.d.).

Upon examining Nigeria's main export and import partners, it becomes apparent that the majority of these partners belong to developed countries. This observation aligns with the argument presented by Ajide et al. (2007) that one of the overarching objectives of globalization is that developed and developing countries foster strong relationships.

6.4.2 South Africa

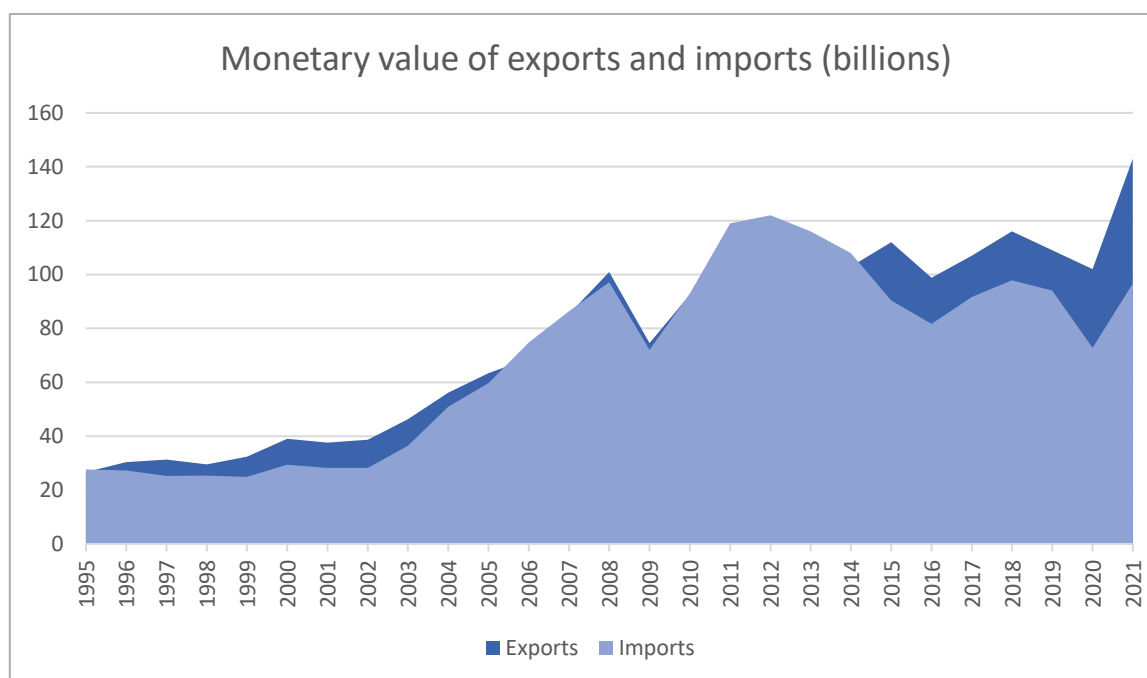
Just like in the case of Nigeria, it is also relevant to consider trade as a percentage of Gross Domestic Product (GDP) for South Africa. Positive global economic growth has been accompanied by increased international trade, making it crucial to examine the contribution of trade to the overall size of the economy (Ortiz-Ospina et al., 2018).



Graph 11 reveals that trade as a percentage of South Africa's GDP demonstrates consistent stability, ranging from approximately 34% to 65% over the analysed period. This highlights the significant role of trade as a driver of economic activity in the country. Comparatively, South Africa has experienced less impact from global events like COVID-19, with trade only experiencing a 3% decrease in 2020 compared to 2019, in contrast to Nigeria's more substantial decline. These observations align with the argument put forth by scholars such as Alabi (2008) and Kassie & Jorgie (2020) that globalization, facilitated by international trade, has brought

benefits to African countries. The data in graph 11 supports the notion that international trade, and therefore globalization, is a crucial and beneficial component of South Africa's GDP.

Analysing trade values as a percentage of GDP provides insights into the relative significance of trade in the overall economic activity. However, as observed in Graph 12, it is also essential to consider trade in monetary terms to understand its absolute importance independent of relative scale (Ortiz-Ospina et al., 2018). From 1995 until 2010, South Africa maintained a modest trade surplus, contrasting with Nigeria's more substantial surplus. In the past decade, South Africa initially experienced a trade deficit, but since 2015, it has shifted back to a trade surplus. While many countries worldwide faced challenges due to COVID-19, including disrupted global supply chains, reduced demand, and trade restrictions (OECD, 2022), South Africa appears to have been less impacted, particularly when compared to Nigeria. This resilience highlights the crucial role of international trade for South Africa, particularly in recent years. The ability to maintain a trade surplus during a global crisis aligns with the arguments put forth by scholars like Alabi (2008) and Kassie & Jorgie (2020) that globalization, driven in part by international trade, brings significant benefits.

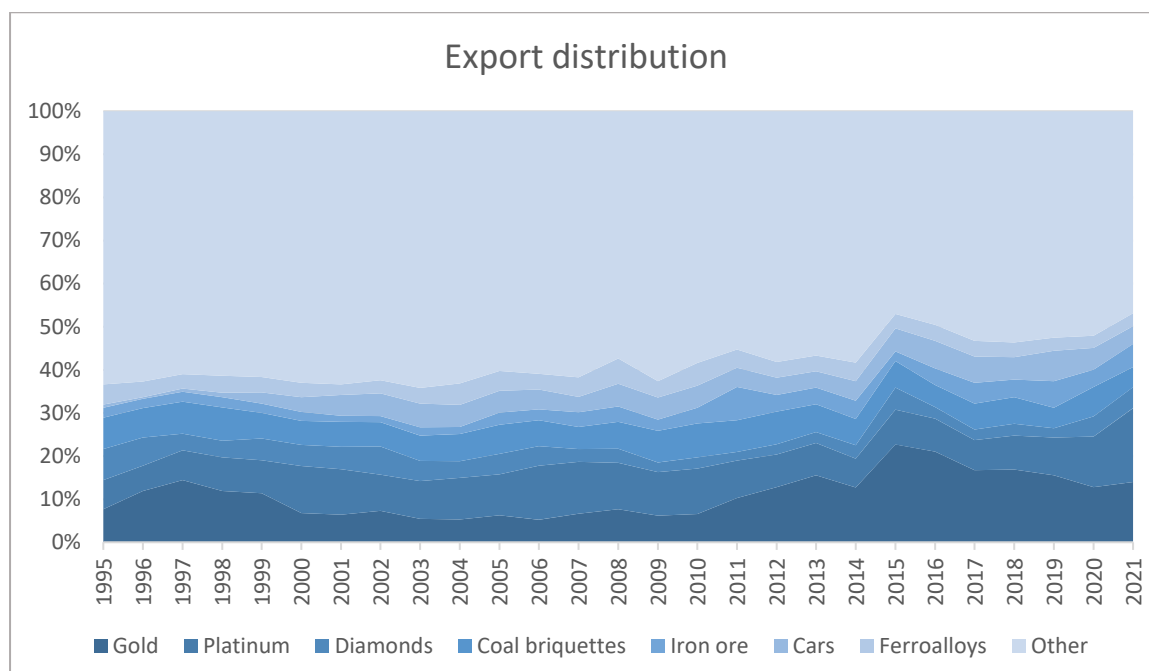


Graph 14: Monetary value of exports and imports in South Africa (1995-2021)

Note. The data presented in this graph is adapted from the online databank of the Observatory of Economic Complexity (Simoes & Hidaglo, n.d.-b).

<https://oec.world/en/profile/country/zaf#historical-data>

In contrast to Nigeria, South Africa has managed to establish a more resilient and diversified export base, as is evident in Graph 13. While Nigeria heavily relies on oil exports, South Africa has diversified its export portfolio, encompassing a range of commodities. In contrast to Nigeria, South Africa has reduced their dependence on one product.



Graph 15: Distribution of South Africa's export products (1995-2021)

Note. The data presented in this graph is adapted from the online databank of the Observatory of Economic Complexity (Simoes & Hidalgo, n.d.-b).

On the import side, South Africa's major imports consist of refined petroleum, crude petroleum, motor vehicles, parts and accessories, cars, and broadcasting equipment. In Figure 2, the main import and export partners of South Africa are illustrated. Analysing Figure 2, it is evident that South Africa's main export and import partners are developed countries. This aligns with the argument of Ajide et al. (2007) that one of the key characteristics of globalization is that developed and developing countries foster strong relationships.



6.5 Trade agreements

Trade agreements play a crucial role in promoting the growth of international trade by reducing barriers and facilitating the integration of national economies, resulting in a more interconnected world (Held et al., 1999b). To facilitate transnational economic activity, countries must engage in the signing of trade agreements (Gul, 2003). Therefore, it is necessary to examine the trade agreements in which Nigeria and South Africa are involved.

6.5.1 Nigeria

As a member of the World Trade Organization (WTO) since 1995, Nigeria has committed to various agreements, including the Trade Related Investment Measures, General Agreement on Tariffs and Trade, and General Agreement on Trade in Services (International Trade Administration, 2023; Legal Business, 2021). These agreements provide a framework for reducing trade barriers and promoting the exchange of goods and services. Furthermore, Nigeria has actively pursued trade agreements to diversify its economy and stimulate growth in sectors beyond crude oil exports. Notably, Nigeria is a signatory to the African Continental Free Trade Area Agreement (AfCFTA), the world's largest free trade area, which aims to establish a single market, enhance competitiveness, and foster sustainable development and industrial growth (International Trade Administration, 2023; Legal Business, 2021).

In the realm of international trade, Nigeria benefits from the African Growth and Opportunity Act (AGOA), granting market access to the United States for various products such as agricultural goods, motor vehicle components, and wine (International Trade Organization,

2023; Nigerian Export Promotion Council, 2020). AGOA promotes market-based economies, the elimination of trade barriers, and efforts to combat corruption, reduce poverty, and improve healthcare and education availability, among other objectives (International Trade Administration, 2023). Nigeria also participates in the Economic Community of West African States (ECOWAS) Trade Liberalization Scheme, fostering trade and economic cooperation within the region by providing unrestricted market access, free movement of goods and persons, and exemption from import duties and taxes (Nigerian Export Promotion Council, 2020b). Additionally, Nigeria has established bilateral investment agreements with countries like India, China, and the United States, while also being part of the Global System of Trade Preferences among Developing Countries (International Trade Administration, 2023; Legal Business, 2021).

Overall, Nigeria's active engagement in these trade agreements showcases its commitment to strengthen trade relationships and diversify the economy. Their engagement in trade agreements facilitates transnational economic activity, thereby enabling Nigeria to become more involved in the global economy (Gul, 2003; Held et al., 1999a; Held et al., 1999b).

6.5.2 South Africa

South Africa's active participation in international and regional trade agreements, in line with the arguments of Held et al. (1999b) and Gul (2003), contributes to its integration into the global market. Since 1995, South Africa has been a member of the World Trade Organization (n.d.). The Department of Trade, Industry and Competition of South Africa (n.d.) is actively engaged in bilateral and regional negotiations to enhance South Africa's trade relations. It has successfully concluded free trade agreements with the EU, European Free Trade Association, and MERCOSUR which include Brazil, Argentina, Paraguay, and Uruguay. This latter agreement emphasizes the importance of trade relations with these countries and bring opportunities for the export market of South Africa. Negotiations are ongoing with India, and these efforts are pursued with the Southern African Customs Union partners. Furthermore, the department recognizes the importance of expanding trade and investment with emerging economies, such as those in the global south, including Brazil, China, and India. Relations with developed countries are also prioritized. For instance, the Trade, Development and Cooperation Agreement with the EU has led to bilateral economic relations, and as their biggest trade and investment partners, efforts are made to expand trade and investments (The DITC, n.d.). Furthermore, according to the European Commission (2019), South Africa is heavily reliant on receiving substantial external assistance from the EU. They proclaim that they are the biggest

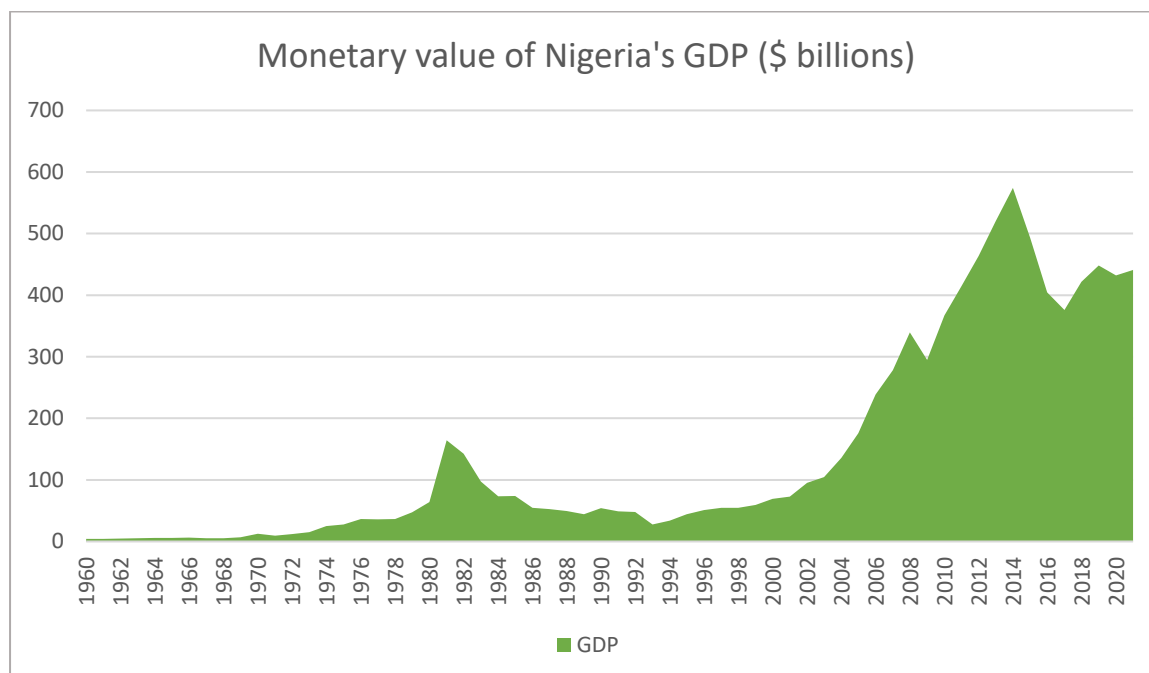
source of foreign direct investment in South Africa, with EU-based companies playing a crucial role in the country's industrialization and transformation efforts. Just as Nigeria, South Africa is also a member of the AGOA agreements, which provides duty-free access the US market for South Africa, and other SSA countries. Relations with the US are also prioritized due to the AGOA agreements, but also duo the Trade and Investment Framework Agreement and the Trade, Investment, and Development Cooperation Agreement (International Trade Administration, 2023a). The International Trade Administration of the US (2023a) even emphasize that US companies should consider exporting to South Africa due to its geographic advantages, logistical infrastructures, widespread use of the English language, and relatively legal processes. To EU also asserts that South Africa is their largest trade partner in Africa and claim that South Africa is the strongest economy in SSA. Furthermore, South Africa is also a member of the AfCFTA, and has established multiple bilateral agreements and partnerships related to investments with several countries, including Zimbabwe, Nigeria, Russia, Finland, Sweden, Mauritius, and Korea, to name a few (The DTIC, n.d.; UNCTAD, n.d.).

Overall, South Africa's participation in these trade agreements reflects its proactive approach to regional and international trade cooperation. The country recognizes the importance of collaboration among developing nations in trade agreements. As is the case with Nigeria, South Africa's engagement in trade agreements facilitates transnational economic activity, thereby enabling Nigeria to become more involved in the global economy (Gul, 2003; Held et al., 1999a; Held et al., 1999b).

6.6 Gross Domestic Product

As globalization continues to shape the world and making it more interconnected, its profound impact on economies worldwide has become evident. Scholars like Dollar and Kraay (2001) have argued that globalization is associated with economic growth. One way to assess a country's economic performance and its level of globalization is through the measurement of GDP growth, which serves as an indicator (World Bank, 2021d). In the context of GDP growth, it is important to consider the historical background of globalization in Sub-Saharan Africa. The onset of globalization in the region is often associated with the 1960s, marked by significant events such as the first United Nations Trade and Development Conference. During this conference, one of the primary objectives was to assist developing countries in attaining a minimum annual growth rate of 5% in their income by 1970 (Schneider, 2003; United Nations, 1964).

6.6.1 Nigeria



Graph 16: Nigeria's GDP in monetary value (1960-2021)

Note. The data presented in this graph are adapted from the World's Bank dataset on GDP (current US\$) for the relevant period (World Bank, 2021d).

When analysing Graph 14, which represents monetary GDP growth, it becomes evident that Nigeria's GDP has grown extensively since the 1960s. While there are some slowdowns observed, the overall tendency is that monetary GDP has consistently increased. This aligns with the argument put forth by Dollar and Kraay (2001) that one consequence of globalization is economic growth.. However, a closer examination of Graph 15 reveals that Nigeria's annual GDP growth rates have exhibited notable fluctuations from 1961 to 2021. In the earlier years leading up to the 2000s, the growth rates were highly volatile and often negative. Despite these fluctuations, Nigeria experienced periods of substantial growth, particularly in the 2000s and early 2010s, with growth rates consistently exceeding 5%. However, since 2015, the growth rate has been decelerating. The year when the COVID-19 pandemic spread globally had a significant impact on Nigeria's GDP growth rate, resulting in a decrease in GDP growth and reaching a negative rate of 1.8%, the largest decrease since 1984 (World Bank Group, 2021). Nevertheless, in 2021, Nigeria's economy demonstrated signs of growth once again.

The volatile nature of Nigeria's GDP growth rate highlights the fluctuations it has endured over the years, characterized by periods of substantial growth followed by contraction or slower growth. Consequently, the argument put forth by Dollar and Kraay (2001) that globalization leads to economic growth does not necessarily hold true for Nigeria when considering its annual growth rates. Furthermore, it is evident that achieving a minimum annual growth rate of 5% is challenging for Nigeria. This objective was set by the United Nations (1964) at the onset of the globalization era. Therefore, contrary to the arguments put forth by some scholars (Alabi, 2008; Kassie & Jorgie, 2020; Okogbule, 2008; Rao, 2000), globalization did not necessarily result in economic growth benefits for Nigeria when considering annual growth rates.

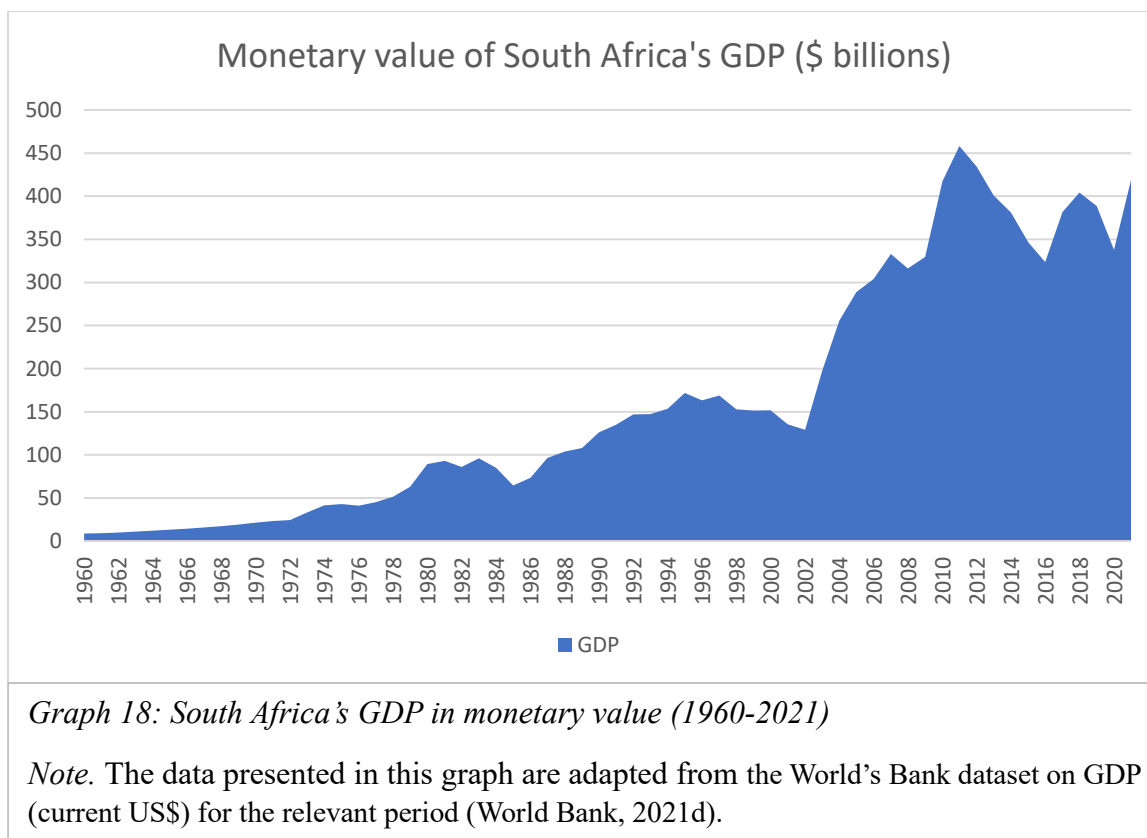


Graph 17: The annual growth rates of Nigeria's GDP (1961-2021)

Note. The data presented in this graph are adapted from the World's Bank dataset on GDP growth (annual %) for the relevant period (World Bank, 2021e).

6.6.2 South Africa

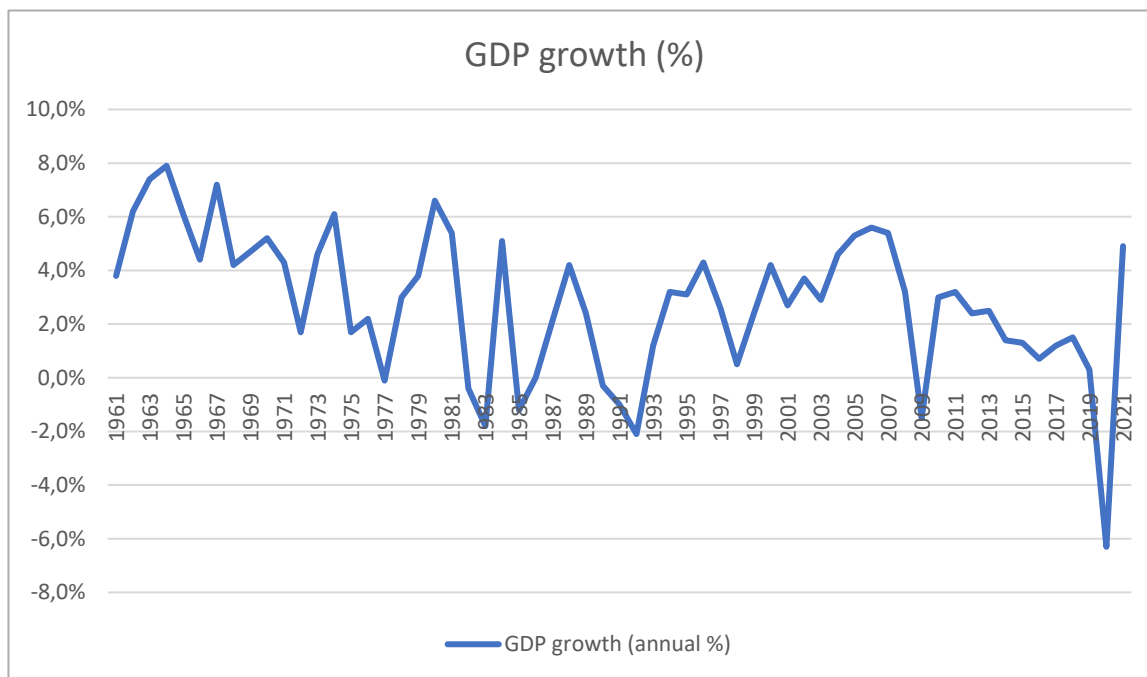
When analysing Graph 16, which represents monetary GDP growth, it becomes apparent that South Africa's GDP has grown significantly since the 1960s. While there are some decreases observed, the overall tendency is that the monetary GDP has increased. As is the case in Nigeria, this aligns with the argument of Dollar & Kraay (2001) that one of the consequences of globalization is economic growth.



Graph 17 reveals that South Africa, much like Nigeria, has experienced fluctuations in its GDP growth rates throughout its history. These rates have displayed both positive and negative trends. In the 1960s, South Africa witnessed consistent growth rates that exceeded 5%. However, the 1970s brought about significant fluctuations in GDP growth. From the 1980s to the early 1990s, the country encountered periods of lower or even negative GDP growth, primarily influenced by international pressures, such as sanctions and disinvestment campaigns aimed at dismantling the apartheid system (Lowenberg, 1997). Nevertheless, the mid-1990s marked an upturn in South Africa's GDP growth, which continued into the 2000s. However, since 2008, the country's GDP growth has followed a declining trajectory. The period between 2012 and 2020 poses challenges in sustaining economic growth, as depicted in Graph 15. Notably, in 2020, South Africa experienced a sharp decline in GDP growth, with a negative rate of 6.3%, most likely attributable to the COVID-19 pandemic. Despite these challenges, there was a positive turnaround in 2021, with the GDP growing by nearly 5%.

These fluctuations underscore the volatile nature of South Africa's GDP growth, characterized by both positive and negative trends over the years. When considering the argument presented by Dollar and Kraay (2001) that globalization leads to economic growth, it does not appear to hold true for South Africa when considering its annual growth rates. Additionally, Graph 17

indicates that achieving a minimum of 5% annual growth is also challenging for South Africa, despite it being an objective set by the United Nations (1964) at the beginning of the globalization era. Hence, contrary to the arguments put forth by some scholars (Alabi, 2008; Kassie & Jorgie, 2020; Okogbule, 2008; Rao, 2000), globalization did not necessarily result in economic growth benefits for South Africa when considering annual growth rates.



Graph 19: The annual growth rates of South Africa's GDP (1961-2021)

Note. The data presented in this graph are adapted from the World's Bank dataset on GDP growth (annual %) for the relevant period (World Bank, 2021e).

6.8 Conclusion

FDI, MNCs, trade flows, and agreements are all significant components of economic globalization and play a crucial role in the integration of countries into the global market (Ajide et al., 2007; Dreher et al., 2008; Gul, 2003; Held et al., 1999a; Held et al., 1999b; Ortiz-Ospina et al., 2018). When analysing FDI trends in Nigeria and South Africa, it becomes apparent that both countries attract substantial amounts of FDI, often reaching billions of dollars per year. In Nigeria, FDI accounts for approximately 1% of GDP, while in South Africa, it ranges from 0.5% to 3%. This trend aligns with Goldstein's argument (2004) that non-OECD members recognized the importance of FDI inflows since the 1990s. Also, both Nigeria and South Africa have hosted MNCs in their countries since the 1970s, and this presence continues to grow. In Nigeria, sectors such as banking and manufacturing have experienced an increase in MNC activity (Amao, 2008; Odunlami & Awolusi, 2015). South Africa is home to numerous Fortune Global 500 companies (South African government, 2020). Moreover, trade is a critical factor

for both Nigeria and South Africa's GDP. Both countries often experience significant trade surpluses, with exports surpassing imports. Nigeria has higher export levels compared to South Africa, while South Africa tends to import more. Thus, considering the significant economic globalization aspects of FDI, MNCs, and trade flows, it can be concluded that Nigeria and South Africa are integrated into the global market. Both countries attract substantial amounts of FDI, have a presence of MNCs in various sectors, and rely on trade as a crucial component of their GDP. Moreover, they often experience significant trade surpluses, with exports surpassing imports, although with variations in export levels between the two nations.

One final way to assess whether globalization is occurring in Nigeria and South Africa is to examine their GDP growth, as Dollar and Kraay (2001) argue that globalization leads to economic growth. Both countries have witnessed substantial increases in their monetary GDP. However, when examining their annual growth rates, both Nigeria and South Africa have experienced fluctuations, including periods of negative growth. This trend does not align with the United Nations' goal (1964) of helping developing countries achieve an annual GDP growth rate of 5%, which was set at the beginning of the globalization era.

In the next chapter, it will be explored whether this integration has had a positive or negative impact on poverty rates, shedding light on the extent to which the benefits of globalization have translated into improvements in the lives of the population.

CHAPTER 7 GLOBALIZATION: A PROSPEROUS PHENOMENON?

7.1 Introduction

In the previous chapter, I established that Nigeria and South Africa have achieved integration into the global market. Building upon this foundation, the objective of this chapter is to explore the impact of economic globalization on poverty rates in these countries.

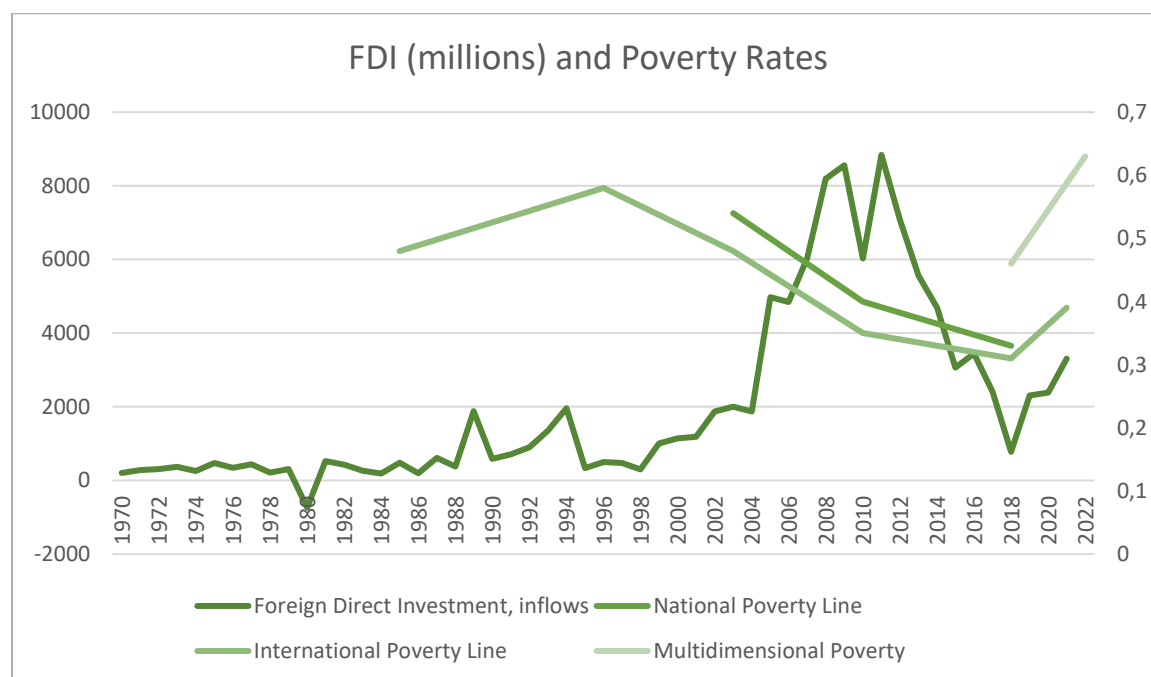
While Africa has experienced certain benefits from globalization, including economic growth, increased investment and trade (Alabi, 2008; Dollar & Kraay, 2011; Kassie & Jorgie, 2020; Okogbule, 2008; Rao, 2000), it is crucial to examine the relationship between these indicators and poverty to examine their impact on poverty reduction. By exploring the dynamics between economic globalization indicators and poverty rates in this chapter, I can gain insights into the potential mechanisms through which economic globalization affects poverty rates in Nigeria and South Africa.

While colonial legacies have impacted the socio-economic landscape of Nigeria and South Africa, as established in chapter 5, this chapter will specifically focus on examining the role of economic globalization in shaping poverty rates. Understanding how economic globalization interacts with poverty dynamics in these countries will provide valuable insights for policymakers and stakeholders striving to foster inclusive and sustainable development.

7.2 Globalization a prosperous phenomenon? The case of Nigeria

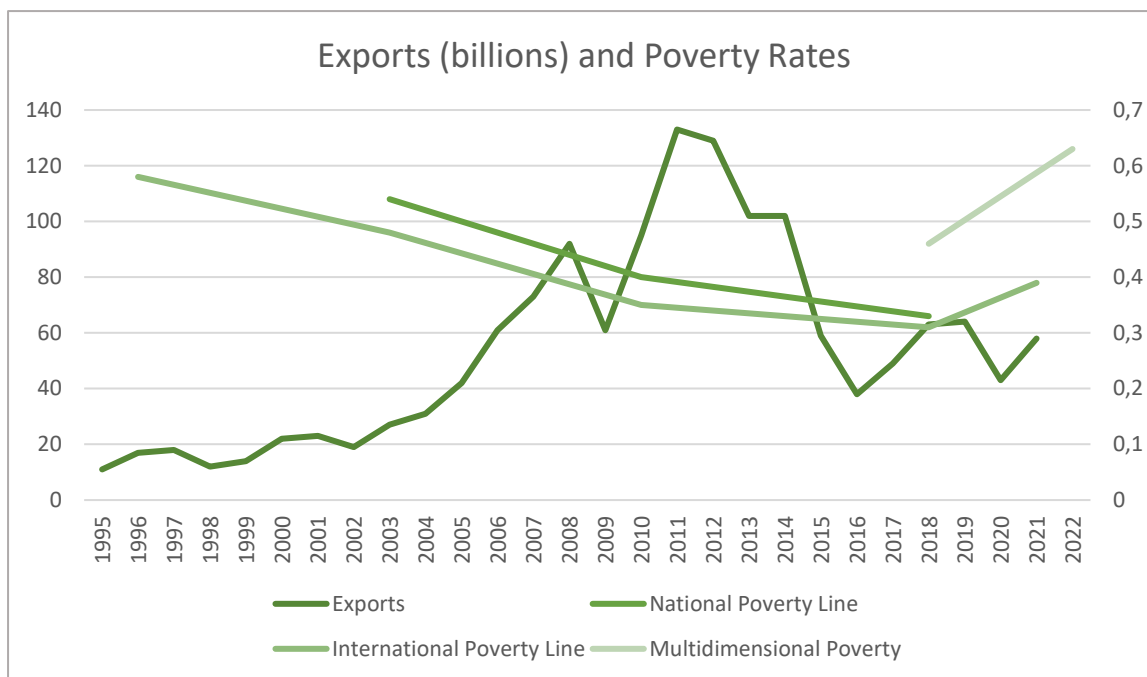
Over the years, Nigeria has experienced notable changes in poverty rates, underscoring the importance of investigating the potential impact of economic globalization. While globalization has brought economic growth in Nigeria, as established in chapter 6, the question remains whether this phenomenon has a positive or negative impact on poverty reduction. Before presenting the graphs, it is essential to delve into the ongoing debate surrounding the relationship between economic globalization and poverty reduction. Different scholars hold divergent perspectives on this matter. Some argue that globalization positively impacts poverty reduction by creating opportunities for economic growth, job creation, and access to

international markets (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022). They contend that increased trade, foreign direct investment (FDI), and integration into the global economy can uplift nations out of poverty. On the other hand, critics suggest that globalization exacerbates poverty rates, leading to increased income inequality, exploitation of resources, and marginalized access to benefits (Beer & Koster, 2009; Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005). Considering these opposing viewpoints, it becomes crucial to examine empirical evidence and data to shed light on the relationship between economic globalization and poverty rates in Nigeria. By analysing the presented graphs and delving into the dynamics between economic indicators and poverty rates, valuable insights can be gained into the complex interplay between economic globalization and poverty reduction, specifically within the Nigerian context. These visual representations will provide a comprehensive understanding of the trends and relations between economic globalization indicators and poverty rates in South Africa



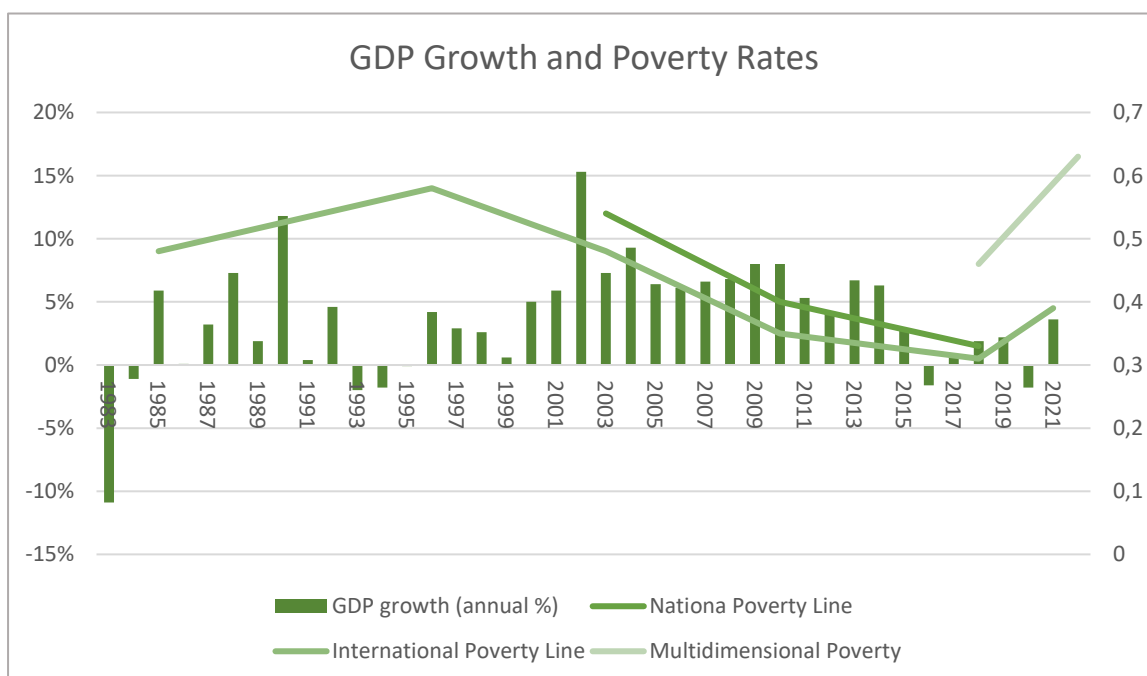
Graph 20: Comparison of Nigeria's poverty rates and FDI inflows

Note. The data presented in this graph is adapted from the World Bank's report on poverty (World Bank, 2018). The national poverty rates for Nigeria are sourced from the National Bureau of Statistics (2017). The multidimensional poverty rates are sourced from UNDP & OPHI (2022) and the Nigeria Poverty Map (n.d.). FDI inflows are sourced from the World's Bank dataset on Foreign Direct Investments (World Bank, 2021a)



Graph 21: Comparison of Nigeria's poverty rates and exports

Note. The data presented in this graph is adapted from the World Bank's report on poverty (World Bank, 2018). The national poverty rates for Nigeria are sourced from the National Bureau of Statistics (2017). The multidimensional poverty rates are sourced from UNDP & OPHI (2022) and the Nigeria Poverty Map (n.d.). Exports are sourced from the online databank of the Observatory of Economic Complexity (Simoes & Hidaglo, n.d.)



Graph 22: Comparison of Nigeria's poverty rates and GDP growth

Note. The data presented in this graph is adapted from the World Bank's report on poverty (World Bank, 2018). The national poverty rates for Nigeria are sourced from the National Bureau of Statistics (2017). The multidimensional poverty rates are sourced from UNDP & OPHI (2022) and the Nigeria Poverty Map (n.d.). GDP growth is sourced from the World's Bank dataset on GDP growth (annual %) (World Bank, 2021e).

From the starting point of poverty rates in 1985, there is an increasing trend observed until 1996, as depicted in Graph 16 to 18. Around the same time, Graph 16 indicates relatively low FDI inflows, Graph 17 reveals low income from exports, and Graph 18 shows limited economic growth during this period. Thus, these rising poverty rates were accompanied by stagnant growth rates of around 0%, limited FDI inflows, and low income from exports. This suggests that Nigeria had limited engagement in the global market, leading to an increase in poverty. This aligns with the argument that globalization has a positive impact on poverty reduction, as countries with greater global integration are more capable of reducing poverty (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022).

However, between 2003 and 2018, Nigeria experienced a significant decline in poverty rates, as evident in Graph 16 to 18. This downward trend was observed both by national and international poverty lines. When considering the declining poverty lines alongside Nigeria's annual GDP growth during this period, it becomes apparent that the country underwent a period of economic growth during this period. Throughout the 2000s, the GDP consistently expanded, reaching a minimum growth rate of 5% and a remarkable 15% growth in 2002. This period of economic growth coincided with a decrease in poverty rates, as illustrated in Graph 18. Additionally, Graph 16 and 17 show an increase in FDI inflows and income from exports alongside the decline in poverty rates, further supporting the correlation between increased global market participation and poverty reduction. This aligns with the argument that globalization positively impacts poverty reduction by facilitating market access and attracting investments (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022).

Since 2018, poverty rates have begun to increase again in Nigeria. The adoption of the multidimensional approach by Nigeria to measure poverty has revealed a growing number of individuals living in poverty, aligning with the increase in poverty when looking to the international poverty line. In the preceding years, as observed in Graph 16 to 18, FDI inflows, exports, and GDP were decreasing compared to the years of sustained growth. The negative economic growth of Nigeria's GDP, coupled with lower FDI inflows and declining income from exports, indicates that when the economy underperforms or struggles to maintain sustainable growth, a larger portion of the population is likely to experience poverty. Once again, this aligns with the argument that globalization positively impacts poverty reduction, as countries with limited global integration face challenges in poverty alleviation (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022).

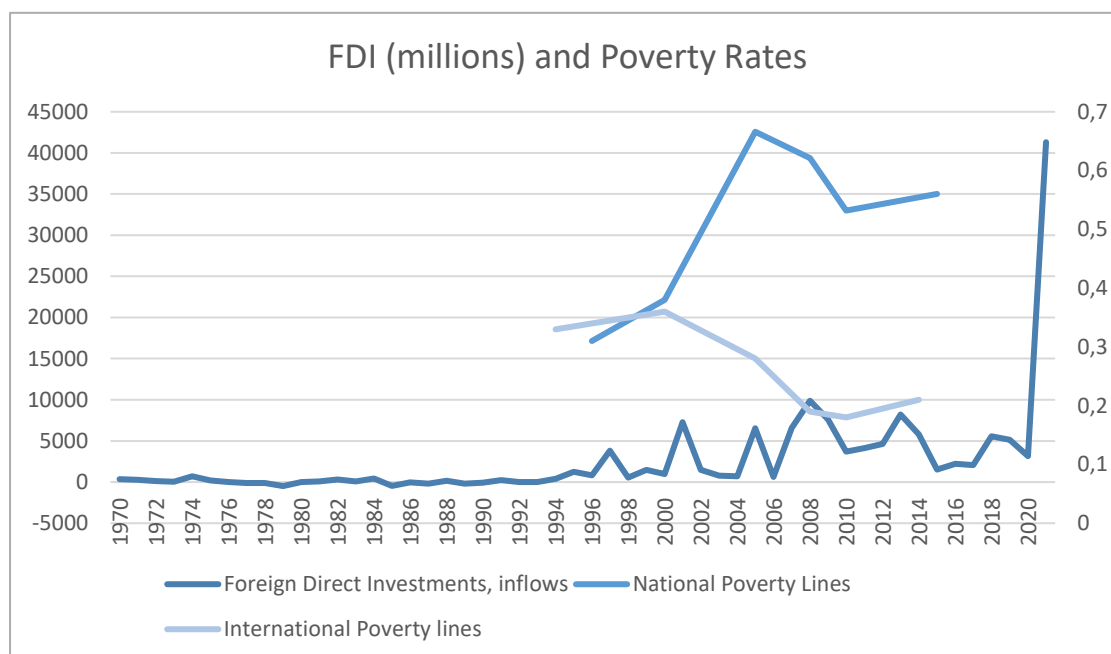
Interestingly, there has been an increase in FDI inflows since 2018, exports have been growing since 2016, and GDP has experienced growth again since 2020, as can be observed in Graph 16 to Graph 18. These positive economic indicators would traditionally suggest a decrease in poverty rates, as observed over the past few decades. However, despite these trends, poverty rates have continued to rise. This discrepancy does not align with the argument that globalization positively impacts poverty reduction through enhanced market access and investment attraction (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022). Instead, it supports the perspective that globalization can exacerbate poverty rates (Beer & Koster, 2009; Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005).

To understand this paradox, it is crucial to consider two global events of the last years that have impacted the world: the COVID-19 pandemic and the Russian war in Ukraine. These events have had significant implications for Nigeria's economic and social landscape. Despite globalization historically having positive effects, the current circumstances have worsened the situation (UNDP, 2022). This aligns with the argument that globalization worsens poverty rates (Beer & Koster, 2009; Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005). Trade disruptions, soaring food and fuel prices and macroeconomic instability, have emerged as a result of these to global events (UNDP, 2022). During the 47th meeting of the IMF Committee, Zainab Ahmed, the Nigerian Minister of Finance, Budget, and Planning, addressed the challenges faced by Sub-Saharan Africa (SSA), including Nigeria and South Africa, in the wake of these crises. She emphasized the ongoing impacts of the pandemic, coupled with the war in Ukraine, have led to elevated food and energy prices, resulting in a high cost of living that has pushed millions into poverty (Zainab, 2023, p.2).

7.3 Globalization a prosperous phenomenon? The case of South Africa

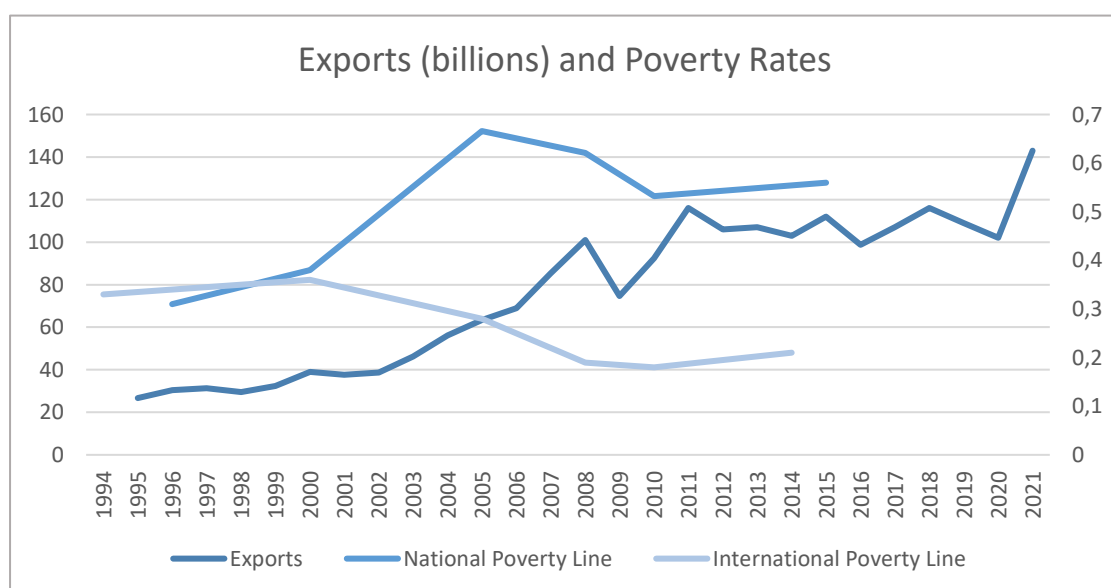
Similar to Nigeria, South Africa has undergone significant changes in poverty rates over time, highlighting the importance of exploring the potential impact of economic globalization. As established in Chapter 6, globalization has produced economic growth in South Africa. However, the crucial question that remains unanswered is whether this phenomenon has a positive or negative influence on poverty reduction within the country. To address this question, it is crucial to consider the ongoing debate among scholars, as discussed in the context of Nigeria, regarding the impact of globalization on poverty reduction. These varying viewpoints necessitate a thorough examination of empirical evidence and data to illustrate the relationship between economic globalization and poverty rates in South Africa.

By analysing the presented graphs and delving into the dynamics between economic indicators and poverty rates, valuable insights can be gained into the complex interplay between economic globalization and poverty reduction, specifically within the South African context. These visual representations will provide a comprehensive understanding of the trends and relations between economic globalization indicators and poverty rates in South Africa.



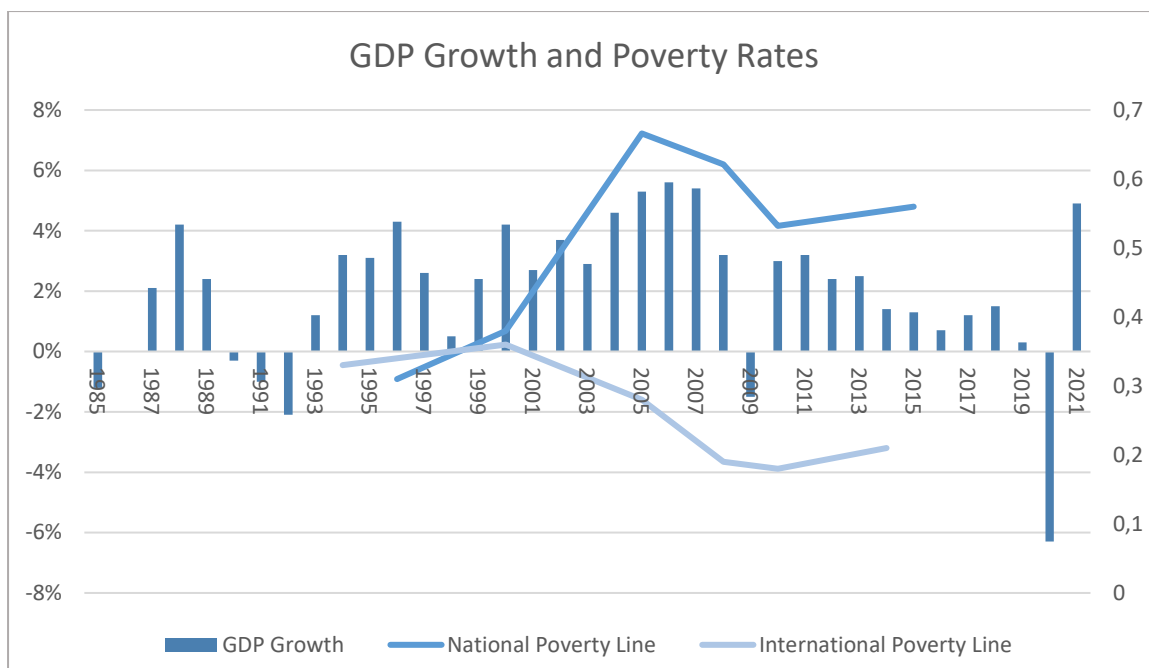
Graph 23: Comparison of South Africa's poverty rates and FDI inflows

Note. The data presented in this graph is adapted from the World Bank's report on poverty (World Bank, 2018). The national poverty rates for South Africa are adapted from Statistics South Africa (Statistics South Africa, 2017; Statistics South Africa, 2022). FDI inflows are sourced from the World's Bank dataset on Foreign Direct Investments (World Bank, 2021a).



Graph 24: Comparison of South Africa's poverty rates and exports

Note. The national poverty rates for South Africa are adapted from Statistics South Africa (Statistics South Africa, 2017; Statistics South Africa, 2022). Exports are sourced from the online databank of the Observatory of Economic Complexity (Simoes & Hidalgo, n.d.)



Graph 25: Comparison of South Africa's poverty rates and GDP growth

Note. The national poverty rates for South Africa are adapted from Statistics South Africa (Statistics South Africa, 2017; Statistics South Africa, 2022). GDP growth is sourced from the World's Bank dataset on GDP growth (annual %) (World Bank, 2021e).

When examining the starting point of poverty rates in South Africa in 1994/95, there is an increasing trend observed in poverty rates until 2000, as illustrated in Graphs 19 to 21. During this period, as illustrated in Graph 19, FDI inflows show relative stability with a slight increase, while export incomes, as depicted in Graph 20, exhibit a relatively stable and slightly increasing pattern. However, in Graph 21, it is evident that GDP growth experiences fluctuations, initially increasing, then decreasing, and eventually increasing again. These trends indicate a mixed pattern of economic globalization. However, overall there can be observed an increase, while being a slight increase. Therefore, the argument that globalization worsens poverty rates (Beer & Koster, 2009; Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005), aligns most during this period. However, this is not a definitive fact due to the small magnitude of the increase.

The period from 2000 to 2005 introduces different patterns. The national poverty lines indicate a significant increase, almost doubling, while the international poverty line suggests a decrease. Examining FDI reveals an increase at the beginning of the 2000s, followed by a drop in 2003-2005. However, overall there is an increase in FDI. Similarly, as evident in Graph 20, exports demonstrate an increase. Analysis of GDP growth shows fluctuation, with a decline followed

by eventual increase. Overall, GDP increased. Thus, while South Africa became more integrated in the global market, as indicated by the economic globalization indicators, according to the South African authorities poverty rates increased significantly. This aligns with argument that globalization worsens poverty rates (Beer & Koster, 2009; Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005). On the other hand, when considering the international poverty rates, which decreased, it aligns with the argument that globalization positively impacts poverty reduction through enhanced market access and investment attraction (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022).

Moving forward, the period from 2005 to 2010 shows a decline in both national and international poverty rates. Simultaneously, FDI inflows increase, export incomes show an upward trend, but GDP experiences a decrease. These findings partially support the argument that globalization positively impacts poverty reduction through enhanced market access and investment attraction (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022). However, the decrease in GDP growth introduces a contradictory element, indicating that the relationship between globalization and poverty reduction is not straightforward.

In the final period of 2010-2015, where poverty rates data are available, there is a slight increase in poverty rates. FDI inflows decrease, while exports increase, and GDP growth declines. This partially underlines the argument that globalization positively impacts poverty reduction through enhanced market access and investment attraction (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022), as two economic indicators indicate less integration in the global market and, therefore, impacted the poverty rates negatively. However, at the same time, exports did increase, indicating once again that the relationship between globalization and poverty is not straightforward in South Africa.

7.4 Conclusion

The analysis of poverty rates in Nigeria and South Africa over time sheds light on the complex relationship between economic globalization and poverty reduction. In Nigeria, the historical data suggests a relation between increased global market integration and poverty reduction. During periods of economic growth, accompanied by higher FDI inflows, increased export incomes, and positive GDP growth, poverty rates tended to decline. This aligns with the argument that globalization positively impacts poverty reduction through enhanced market access and investment attraction (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022). However, recent years have seen a reversal of this trend, with poverty rates

increasing despite positive economic indicators, which aligns with the argument that globalization worsens poverty rates (Beer & Koster, 2009; Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005). This trend can be attributed to the adverse impacts of global events such as the COVID-19 pandemic and the Russian war in Ukraine, which have disrupted trade, increased food and fuel prices, and caused macroeconomic instability (UNDP, 2022). In contrast to Nigeria, the relationship between economic globalization and poverty reduction in South Africa is not straightforward. Different periods show varying trends in poverty rates, FDI inflows, export incomes, and GDP growth. Initially, as South Africa became more involved in the global market, poverty rates increased, indicating a negative impact of globalization on poverty reduction (Beer & Koster, 2009; Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005). The subsequent years there were instances where poverty rates and economic indicators moved in the same direction, indicating a positive relationship between globalization and poverty reduction (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022). However, there are also contradictory patterns. Particularly in the last decade, economic globalization indicators did not align with each other, making the relationship between globalization and poverty less straightforward and challenging to draw definitive conclusions.

CHAPTER 8 GLOBALIZATION: A NEW FORM OF COLONIALISM?

8.1 Introduction

Both Nigeria and South Africa have endured colonialism, and to this day endure colonial legacies, as concluded in Chapter 5. In this last chapter, the focus will be on exploring whether globalization represents a new form of colonialism, with a specific emphasis on the role of MNCs, trade agreements and FDI.

Globalization, often seen as a modern phenomenon, has deep historical roots in Africa. From the sixteenth century, connections were established between European empires and vulnerable African kingdoms, shaping trade relations, and disrupting economic networks (Schneider, 2003). The colonial era further intensified globalization in Africa, although, with a skewed focus on exploiting resources and hindering local entrepreneurship, as was the case in Nigeria and South Africa (Charle, 1967; Mojekwu, 1979; Iweriebor, 1982; Chimee, 2014; Good, 1976; Schneider, 2003). Banerjee and Lindstead (2001) argue that the notion of globalization as a break from the past, representing interdependence and cooperation, obscures the underlying power relations.

8.2 Globalization, a new form of colonialism? Implications for Nigeria and South Africa

Scholars such as Alabi (2008) and Kassie and Jorgie (2020) highlight that while globalization has brought certain benefits to Africa, such as increased trade and advancements in communication, however, it is also important to recognize that exploitative paradigms of colonialism and imperialism still persist. This seems to be evident in the case of Nigeria and South Africa. Both countries have experienced significant economic growth, which can be attributed to the positive impacts of globalization (Dollar & Kraay, 2001; World Bank, 2021d). In particular, trade in South Africa has been steadily increasing since 1996, particularly in terms of exports (Simoes & Hidalgo, n.d.-b.). Nigeria, on the other hand, has witnessed a decrease in exports last years (Simoes & Hidaglo, n.d.).

However, a closer examination reveals the complex dynamics at play. In Nigeria, it becomes apparent that the country heavily relies on oil as its main trade product, accounting for more

than 70% of its total exports (Simoes & Hidaglo, n.d.). Yet, the majority of oil production is controlled by foreign multinational corporations (MNCs) such as Shell, Exxonmobil, and companies from Italy, Norway, France, and South Africa. These MNCs often operate through joint venture partnerships with the Nigerian National Petroleum Corporation, a state-owned entity. Despite being the rightful owner of its abundant natural resources, Nigeria receives minimal royalties, while the majority of profits flow abroad to the home countries of these MNCs (Amao, 2008; Ozoigbo & Chukuezi, 2011). This situation in Nigeria aligns with the concept of neo-colonialism, as described by Babatola (2014). Neo-colonialism establishes an economic superstructure characterized by imbalanced relations and the potential for further exploitation and extraction of the country's economic resources. This exploitation is facilitated through the provision of capital, accumulation of profits, and the expansion of the economies of the developed countries. Furthermore, it reinforces the barriers faced by developing nations in building robust internal markets and achieving independent economic development, as outlined in the dependency theory (Rao, 2000; Romaniuk, 2016).

Similarly, in South Africa, foreign companies have taken advantage of the country's competitive advantages, such as relatively lower labour costs compared to high-wage systems in Europe and the availability of labour. Foreign participation in South African companies was unrestricted, allowing for the transfer of profits out of the country (Geldenhuys, 1979). These dynamics further underscore the presence of exploitative paradigms within the context of globalization. This observation aligns with the argument put forth by Ozoigbo and Chukuezi (2011), who contend that historically, MNCs have been predominantly creations of wealthy nations. Europe prominently engaged in direct exploitation during the colonial era, while the US exploited African countries indirectly through the operations of MNCs. Consequently, the home countries of these MNCs persist in their exploitation and oppression of peripheral states by extracting vital resources and diverting them for their own economic development, thereby perpetuating the underdevelopment of these peripheral states. As is the same in Nigeria, the aforementioned situation reflects a parallel with the concept of neo-colonialism, which asserts that influential external actors impose economic policies that primarily serve their own interests while placing developing countries at a disadvantage (Babatola, 2014; Rao, 2000; Sadegh, 2021). Ultimately, according to Goldstein (2004), the presence of MNCs has been driven by the desire to either gain access to valuable natural resources or overcome trade barriers imposed by tariffs.

Hancock (2011) draws attention to the influence of colonial legacies on trade agreements in Africa, reinforcing the existence of exploitative paradigms within the context of globalization. Examining the primary export partners of Nigeria, it becomes evident that their major exports are directed towards India, Spain, the US, France, and China. Similarly, Nigeria's main imports come from China, India, the Netherlands, the US, and Belgium (Simoes & Hidaglo, n.d.). Likewise, South Africa, exhibits a similar pattern of dependence on economic major powers. China, the US, Germany, the UK, and India emerge as South Africa's primary export partners, while imports are sourced primarily from China, Germany, India, the US, and Saudi Arabia. This underscores the economic reliance of both Nigeria and South Africa on these influential players in the global market.

Notably, data from reveals significant investments flowing into Nigeria from key players in the global market, , such as the UK, US and the Netherlands (Nigerian National Bureau of Statistics, 2022). These investors, including former colonizers, retain their prominence in Nigeria's economy. Particularly for Nigeria, trade, and foreign direct investment (FDI) play crucial roles as economic indicators, reflecting the country's ability to alleviate poverty. This situation, again, aligns with the concept of neo-colonialism, as it establishes an economic superstructure characterized by imbalanced relations, placing developing countries at a disadvantage (Babatola, 2014; Rao, 2000; Sadegh, 2021). This dependency on economic superpowers reinforces the barriers faced by developing nations in constructing resilient domestic markets and achieving independent economic growth (Rao, 2000; Romaniuk, 2016). Similarly, South Africa attracts foreign direct investment from notable contributors such as the UK, the Netherlands, the US, and Germany (Pedroncelli, 2019). The continued dominance of former colonizers, namely the UK and the Netherlands, as major investors in South Africa is remarkable. Although the role of FDI and trade in poverty reduction is less significant in South Africa, the persistence of these colonial patterns is noteworthy. This aligns with the arguments of Okogbule (2008) and Rao (2000) that former colonizing powers continue to exert control and wield influence over their former colonies. Moreover, scholars such as Banerjee and Linstead (2001) further contribute to the understanding of these dynamics by asserting that globalization serves as a contemporary manifestation of empire and domination. They argue that the development and modernization employed within the framework of globalization masks the ongoing marginalization and exploitation of non-western peoples and cultures. Despite the formal end of colonialism and the theoretical sovereignty of new states in Africa,

the reality is that economic systems and political policies continue to be influenced from outside (Rao, 2000).

8.3 Conclusion

In conclusion, the examination of Nigeria and South Africa's trade dynamics in the context of globalization highlights the enduring presence of exploitative paradigms reminding of colonialism. The situation in Nigeria and South Africa aligns with the concepts of neo-colonialism and dependency theory (Babatola, 2014; Rao, 2000; Romaniuk, 2016; Sadegh, 2021). Despite their economic growth and participation in international trade, Nigeria and South Africa continue to rely on major economic powers, leading to imbalanced economic relations where former colonizers and powerful external actors have control and profit most of the situation (Babatola, 2014; Rao, 2000; Sadegh, 2021). The exploitation of natural resources, such as oil in Nigeria, by foreign MNCs perpetuates this imbalance, with minimal benefits flowing to the countries themselves (Amao, 2008; Ozoigbo & Chukuezi, 2011). Similarly, in South Africa, foreign companies take advantage of competitive advantages while transferring profits out of the country (Geldenhuys, 1979). The presence of former colonizers as major investors in Nigeria and South Africa further solidifies the neo-colonial dynamics at play. These patterns of exploitation and economic control align with the argument that globalization serves as a contemporary manifestation of empire and domination (Banerjee & Linstead, 2001).

CHAPTER 9 DISCUSSION AND CONCLUSION

9.1 Discussion

Reflecting on the motivations behind this thesis, it becomes clear why it was crucial to conduct this research. The relationship between colonial legacies, globalization, poverty, and inequality in African countries, specifically Nigeria and South Africa, has been largely overlooked in the existing literature. Africa, often marginalized or illustrated as a problematic region, deserves thorough examination as a vital participant in the globalized world (Weis, 2005; Beer & Koster, 2009; Schneider, 2003; Kamola, 2014; Ferguson, 1994). Therefore, the aim of this research was to bridge this gap and contribute to a comprehensive understanding of this critical topic.

By focusing on Nigeria and South Africa, the two largest economies in Africa grappling with substantial poverty rates, this research sought to shed light on the complex dynamics of poverty and inequality in the context of colonial legacies and globalization. Recognizing the impact of these factors is crucial for addressing the challenges faced by these countries and striving for equitable development. Through a comparative case study and analysis of secondary data, valuable insights were aimed to be provided into the complexities of poverty reduction and socioeconomic development in Nigeria and South Africa. However, it is important to acknowledge the limitations of this study and consider aspects that should be taken into account for future research on this topic. Firstly, it is important to acknowledge the challenges inherent in secondary analysis, as highlighted by Guha (2003). These challenges encompass issues related to data compatibility, availability, and reliability. As a researcher, I have made a collaborative attempt to carefully overcome these obstacles and ensure validity. Reliable and relevant secondary data were carefully selected.

Regarding the empirical part, it became evident that the relationship between economic globalization and poverty is complex. In Nigeria, the historical data suggests that increased global market integration relates to poverty reduction. During periods of integration in the global market, poverty rates tended to decline. However, recent years have seen a reversal of this trend, with poverty rates increasing despite positive economic globalization indicators. In

contrast to Nigeria, the relationship between economic globalization and poverty reduction in South Africa is not straightforward. The trends observed regarding the impact of global market integration on poverty are contradictory. On one hand, increased integration has been associated with an increase in poverty. On the other hand, it has also been linked to a decrease in poverty. However, South Africa's economic globalization indicators have shown inconsistencies, emphasizing the need for cautious interpretation and acknowledging the limitations of the available data, since it is difficult to establish a straightforward relationship between economic globalization and poverty. Drawing definitive conclusions based on these observations poses a challenge. While the findings indicate certain patterns and expectations, the complex and nuanced nature of the complex relationship between globalization and poverty, as observed in the case of Nigeria and South Africa, makes it challenging to draw definitive conclusions based solely on the qualitative analysis conducted in this study. The qualitative nature of the research limits the ability to establish robust causal links between specific factors and their impact on poverty rates. Therefore, it is recommended that future studies on this topic consider alternative research designs, such as primary data collection through surveys or interviews, to provide a more comprehensive and nuanced understanding of the subject matter.

While this study aimed to examine the relationship between colonialism, economic globalization, poverty, and inequality, it is necessary to emphasize that poverty is a complex phenomenon that is not solely determined by globalization and colonialism. It is influenced by various other factors, including domestic policies, political institutions, and for instance corruption within these countries, and, more recently, climate change and internal conflicts (Khoday & Ali, 2018; Guivarch et al., 2021; World Bank Group, 2015; Gupta, 2016; Pape & Finn, 2023). These factors may also impact the levels of poverty and inequality in Nigeria and South Africa but have not been explored in this research due to the time limit of this thesis. In addition, it is essential to acknowledge the potential limitations of generalizability inherent in a comparative case study approach. The observed differences between Nigeria and South Africa, particularly in how globalization appears to affect poverty, underscore the context-specific nature of the relationship. Therefore, the findings of this study are not be directly applicable to other African countries or regions. Future research should aim to incorporate a broader range of countries or adopt a multi-case study approach to provide a more comprehensive understanding of the relationship between colonial legacies, globalization, poverty, and inequality in Africa.

9.2 Conclusion

This thesis has revealed that both Nigeria and South Africa, despite their integration into the global market, face significant challenges in addressing poverty. According to national poverty lines, South Africa has 55.5% of their population experiencing poverty, while in Nigeria, 63% of the population lives in poverty. Moreover, both countries face high levels of inequality. In Nigeria, there is a stark divide between the North and South regions, while South Africa experiences inequality among different racial groups, particularly between white and black populations. These persistent issues of poverty and inequality are rooted in the historical legacies of colonialism, as expected by scholars such as Acemoglu et al. (2002) and Ocheni & Nwankwo (2012). It became evident that colonialism has played an important role in shaping the economic disparities, resource exploitation, and labour exploitation that have resulted in significant poverty rates and inequality in Nigeria and South Africa.

Examining the complex relationship between economic globalization and poverty reduction, reveals dynamics that do not follow a straightforward pattern. In Nigeria, initial trends suggest a positive relation between economic growth driven by globalization and poverty reduction, as argued by scholars such as Dollar & Kraay (2001), Kacowicz (2007) and Weis (2005). However, recent years have seen a reversal of this trend, with poverty rates increasing despite positive economic globalization indicators, which aligns with the argument that globalization worsens poverty rates (Beer & Koster, 2009; , Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005). In contrast to Nigeria, when observing the relationship between economic globalization and poverty reduction in South Africa regarding the impact of global market integration on poverty, are contradictory. On one hand, increased integration has been associated with an increase in poverty, and thus globalization worsening poverty rates (Beer & Koster, 2009; , Kacowicz, 2007; Rao, 2000; Singham & Hrinak, 2005; Weis, 2005). On the other hand, it has also been linked to a decrease in poverty, which then aligns with the argument that globalization has a positive impact on poverty reduction (Dollar & Kraay, 2001; Kacowicz, 2007; Weis, 2005; World Bank, 2022). Moreover, South Africa's economic globalization indicators frequently show inconsistencies, making it difficult to draw definitive conclusions. These inconsistencies add further complexity to the relationship between globalization and poverty reduction in South Africa.

Furthermore, the findings of this research shed light on the persistent presence of exploitative paradigms reminding of colonialism in both Nigeria and South Africa, aligning with the arguments put forth by scholars such as Banerjee & Linstead (2001), Hancock (2011),

Okugbule (2008), and Rao (2000). The alignment of Nigeria and South Africa with the concepts of neo-colonialism and dependency further underscores the imbalanced economic relations they face theory (Babatola, 2014; Rao, 2000; Romaniuk, 2016; Sadegh, 2021). Despite their economic growth and engagement in international trade, these countries continue to depend heavily on major economic powers, allowing former colonizers and influential external actors to have control and reap the majority of the benefits (Babatola, 2014; Rao, 2000; Sadegh, 2021). Examples of this are the exploitation of Nigeria's natural resources, particularly its oil, by foreign multinational corporations, resulting in minimal benefits flowing into the country itself. Similarly, in South Africa, foreign companies take advantage of competitive advantages while transferring profits out of the country.

This thesis tried to underscore the urgent need to address the complex interplay between colonialism, globalization, poverty, and inequality in Nigeria and South Africa. By recognizing and confronting the historical legacies of colonialism and the exploitative dynamics of globalization, these countries can work towards a more equitable and inclusive future. However, it is crucial to acknowledge that this research provides only a glimpse into the complex interplay of colonialism, globalization, poverty, and inequality. Further research is necessary to explore additional factors and incorporate a broader range of contexts to gain a comprehensive understanding of these interconnected issues.

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