Globalisation and unemployment

Economics, Globalization

Globalization refers to the growing phenomenon in which world societies, cultures, politics, and economies are becoming ever closer together (Kiely and Marfleet, 1998). Singh (2005) referred to globalization as a world in which complex economical, political, cultural, and social processes interact and operate irrespective of national boundaries and distance. Sibert (1999) analyzed globalization from an economic perspective. He defines globalization as the reduction in market segmentation and the increasing interdependence of national markets. Globalization therefore can be referred to as the growing interdependence and relationships between the politics, economies, and cultures of countries across the globe. This is despite geographical boundaries. Unemployment can be described as the situation where an individual or individuals that are within the labour age (varies between countries) are without jobs even though they are willing to work. Begg (2000) defined unemployment as the measure of the number of people registered for work but without work. In his work, Atkinson (1994) defined unemployment as a situation where people are willing to work but cannot find jobs. Several authors have linked the growing global economy with joblessness and unemployment in Third World economies. Stiglitz (2006) argued that globalization can lead to inequalities between countries as wages are depressed. He stated that efforts to reduce these wage inequalities will eventually lead to an increase in unemployment. In Nigeria, as with most Sub Saharan African (SSA) economies, localized companies maybe to forced to down-size their work-force in other to achieve a balance between size of its labour force and wages it can pay in other to compete with globalized companies. The international Monetary Organisation has

been the major proponent of globalization and liberalization of world economies in the present global economy. In the early 1980's the IMF in response to the economic crises faced by Lowly Developed Countries (LDC), recommended and enforced programmes within these LDC's. The chief of these programmes was the Structural Adjustment Programme (SAP). Structural adjustment can be described as the process whereby the IMF base their lending to under-developed economies based on certain conditions predetermined by the institution (Mohan et al, 2000). The programme was also meant to integrate these economies with the general global economy. The major policy thrust and conditionality's of these programmes in SSA involved liberalization of trade and capital markets, privatization (as most of the economies where government controlled) and cutting back on public expenditure. In SSA in general and Nigeria in particular, the structural adjustment programme (SAP) was not very successful and did not have a net positive effect. Structural adjustment policies indeed stifled government's expenditure, and reduced its capacity to employ (the government is the largest employer of labour). Private enterprises in theory where supposed to absorb this excess work force, but in practice they failed to do so. While the governments of this LDC's cannot be exempted from blame, the IMF/World Bank also take a larger part of the blame for using a uniform and alien programme across countries without taking into cognizance the dynamics that existed within these countries. Indeed, Mohan et al (2000) stipulated the free-marketeering was not a natural and inevitable solution to the problems that existed in these countries. As in international institution the World Trade

Organisation is the body straddled with the responsibility of formulating, regulating, and enforcing trade policies within the globalized trade system.