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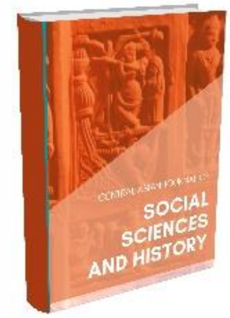

Trade Liberalisation and Socio-Economic Development in Nigeria, 1999-2007

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Abstract:
Trade liberalization is generally seen as the antidote for underdevelopment in the developing countries. The classical view as advocated by Adams Smith is associated with the idea that markets perform better when they are left alone with government performing minimal functions. The approach is one of laissez-faire and the strongest conviction that free market can generate economic development. The introduction of this policy has brought enormous gains to the Western countries and those of Asian Tigers. However, the same policy has not benefited developing countries whose economies are labour intensive. The economy of Nigeria has suffered from inefficiency as a result of misapplication of policies. Instead of yielding economic development, the implementation of trade liberalization has kept Nigeria under the balance of payment problem. Even when the country had experienced increase in GDP, there has been no corresponding socio-economic development and the question of how far Nigeria has gone with free trade needs an answer. This work seeks to examine the impact of trade liberalization and socio-economic development in Nigeria, 1999 to 2007. World system theory was adopted as the framework of analysis in understanding the trade relationship between Nigeria as a peripheral state and the advanced capitalist states. The research design used herein was descriptive.

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Consequently, the work relied mainly on secondary sources of data collection, such as publications from Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS) International Monetary Fund (IMF), World Bank, books journals, articles and internet materials. The findings revealed that

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trade liberalization has failed to impact positively on socio-economic development due to corruption, low capacity utilisation of existing industries and lack of support on the development of SMEs. The paper recommended among others, a massive development of critical infrastructures, development of SMEs, provision of enabling environment for business to thrive, diversification of the economy, and formulation of policies on export promotion.

Introduction

Trade is a basic economic concept involving the buying and selling of goods and services, with compensation paid by a buyer to a seller, or the exchange of goods or services between parties. Trade encourages the transfer of goods or services from one person or entity to another, often in exchange for money. A system that allows the activities of trade to be carried out is called market. Trade is one of the cardinal ways through which development is achieved in a society.

Trade liberalization is the removal or reduction of restrictions or barriers on the free exchange of goods between nations. These barriers include tariffs, such as duties and surcharges, and nontariff barriers, such as licensing rules and quotas. Economists often view the easing or eradication of these restrictions as steps to promote free trade (Sloman, Wride and Garrat, 2012). Trade liberalization can also be seen as the elimination or reduction of restriction or barriers on the free movement or exchange of goods between nations. Proponents of trade liberalization, however, claim that it helps to lowers consumer costs, increases efficiency, fosters economic growth, and bring about mutual relationship between nations. Different scholars have their own contributions on free trade. The free trade philosophy is a capitalist idea that seeks to promote competition in international trade through extreme reduction of restrictive measures, such as high tariff (Gilbin, 1987). Grossman and Helpman (1992) argue that technological change can be influenced by a country's openness to trade. Openness to trade provides access to imported inputs, which embody new technology and increases the size of the markets facing producers which in turn raises returns to innovation and affects a country's specialization in research intensive production. Trade liberalization is generally believed to be a crucial component of the microeconomic policy necessary for growth and socio-economic well-being. This is because a free trade situation results in overall global welfare gain as each trading nation will maximize output, based on the doctrine of relative comparative advantage and/or factor endowment (Balogun & Dauda, 2012, p. 3).

The concept of development is one that has engaged the academia as there are divergent views reflecting the standpoints and orientations of the myriad of works on it. It defies a single and straight-jacketed definition. However, there are underlying key ingredients and elements that convey the implication of the concept.

Development is the process by which people create and recreate themselves and their life circumstances to realize higher levels of civilization in accordance with their own choices and values (Ake, 2001).

Seers (1960, p.3) commented that development entails in answering or addressing three key questions which he identified as:

1. What has been happening to poverty?
2. What has been happening to unemployment?

3. What has been happening to inequality?

To seers, development is only feasible to the extent that these three keys miserly indices have been tacked and addressed.

Rodney (1972) conceives development as a many sided phenomenon and concept involving individualism, social stratification/castes, and the society at large. To him, development is represented in the context of increased skill, greater freedom, creativity, self-discipline, responsibility and material wellbeing with particular attention to material wellbeing, freedom and skills. His view strikes similar chord with the materialistic conception of history (economic determinism) developed by Marx which makes a case for the primacy of material conditions around which other diverse elements of human society revolve.

Socio-economic development is a multi-dimensional concept with myriads of meanings and definitions from different scholars depending on their social orientation. It is an important concept central to any problem of change in socio-economic domain. According to Chojnicki (2010, p. 1), socio-economic development embraces changes taking place in the social sphere, mostly of an economic nature. Socio-economic development is interested in the types of socio-economic systems, ownership relations, interest and motivation behind the economic activity (Chojnicki, 2010). Its major focus is the improvement in the process of social and economic development in a society. Chojnicki (2010) posits that the nature of socio-economic development is determined by development processes and or development targets. Those processes are internally ordered sequences of change in which some states determine other states that follow them.

Over the years, trade liberalization is seen as the reduction in barriers to the movement of goods and services in international market. This includes the removal or reduction of both tariff (duties and surcharges) and non-tariff obstacles (like licensing rules, quotas and other requirements). It is on this note that Dollar and Kraay (2004, p.1) assert that openness to international trade accelerates development in developing countries. In support of the above view, Rees (1963) observes:

Since trade brought enormous development to the members of European Community through specialization, the developing countries that are confronted with economic crisis can remedy this through specialization, with a view to importing from the rest of the world products which give them low comparative advantage (p.45).

On the other hand, since the attainment of political independence in Nigeria and her effort to meet up with the economic responsibilities, which led to the subsequent promulgation of various national development plans (first, second, third and fourth). Nigeria entered part of economic decline in the mid-1980s after the oil boom that metamorphosed to oil doom, resulting to the decline of the economy in the beginning of second republic. During Shagari’s administration, corruption and mismanagement of the nation’s resources rose to the highest proportion in Nigeria as politicians of the second republic indulged themselves in free for all looting (Okunroumu, 1993). By August 27, 1985 when Babangida took over as the leader of Nigeria, the economy was in decline as the enormous oil revenue that accompanied the oil boom of the 1970s were not coming as usual. It was no longer a misconception that urgent intervention was needed to restructure the basic foundation, outlook and direction of the economy (Okunroumu, 1993). This situation prompted the introduction of Trade Liberalization under Structural Adjustment Programme (SAP) in 1986 by the then military Head of state, Gen. Ibrahim

Badamasi Babangida as a means of achieving the desired economic Eldorado.

Regrettably, the intended dividends for which the policy option of SAP was adopted failed to transform the economy of the country; instead the country was entangled into the net of economic and financial dependency. This is because the production function of the economy was labour intensive, followed by its mono-economic nature. It was not able to compete effectively in the global market. The infant industries were at the mercy of the foreign competitors, because the country was turned into a dumping ground for substandard goods from the developed nations. This sudden economic volatility caused miss feelings among foreign investors. As a result, they pulled out their fund from the economy, and this led to capital outflow (Olashore, 1991).

There are divergence opinions on the impact of trade liberalization on the economies of nations. As a liberal ideology that tends to remove or restrict trade barriers, nations are often mandated by the multilateral institutions to adopt the policy. Various works such as Krugman (1990) Brucekner & Lederman (1990), support the argument that trade liberation influences development, while other studies like Ake (1981), Khor (2003), Onuoha (2001), Rodrick (2007), Kaplinsky (1999), Okolie (2001), Falk (1999) and Akani (2004) testify that trade liberalization does not affect development in developing countries.

However, there is paucity of literature on the link between trade liberalization and socio-economic development from 1999 to 2007. The available studies revealed a research gap on the nexus between trade liberalization and per capita income, level of employment, rate of inflation, GDP, GNI, volume of export and import, and rate of poverty in developing countries with emphasis on Nigeria. To fill this gap, we have to investigate the link between trade liberalization and socio-economic development in Nigeria .The originality of this study is that data on per capita income, employment rate, export volume, import volume, rate of inflation, GNI, GDP, level of employment, rate of poverty, and average manufacturing utilization would be used to explain the link between the independent and dependent variables.

The issue of trade liberalization which has become implicit in appearance is now seen as a form of imperialism and exploitation of African states. Although, it aided the economic emancipation of Asian tigers (Hong Kong, Singapore, South Korea and Taiwan). Instead of yielding to economic development as experienced in Asia, Nigeria is kept at the stage of balance of payment deficit. This made scholars to ask this yelling question: has trade liberalization enhanced the socio- economic development of Nigerian State within the period under review? Against this backdrop that this study seek to examine the impact of trade liberalization on socio-economic development in Nigeria between, 1999 to 2007.

Theoretical Framework

In the course of this research, the world system theory would be adopted as our theoretical framework of analysis. The theory is a set of beliefs or general principle that is intended to guide or explain the details of a given economic or socio-political phenomenon.

The theory was developed by Wallerstein (1974) .The central crux is that there is an international division of labour, which divides the world into core, semi-periphery, and the periphery countries. According to the theory, the core nations focus on higher skill, capital-intensive production, and the rest of the world focuses on low-skill, labour intensive production and extraction of raw-materials. This constantly strengthens the domineering of the core countries (Frank, 2001). The core nations are the advanced capitalist countries like the USA and Britain, the Semi-periphery countries are the industrializing, mostly capitalist countries which are stationed between the periphery and core countries. The so called semi- periphery countries have organizational characteristics of both the core countries and periphery countries. The Periphery countries are those that are less developed and are below the semi- periphery and core countries. These periphery countries usually get small share of world wealth.

One of the major assumptions of the theory is that the world system is a set of mechanisms, which distributes surplus values from the periphery to the core. He went further to classify the market as being the means by which the core exploits the periphery. Another assumption of the theory is that the periphery nations own very little mean of production. They lack industries; as such their terms of trade will continue to be at deficit. The major take here is that the third world countries known as the periphery nations do not have the necessary industrial capability to increase their export, hence will continue to have unfavorable balance of payment problem. Wallerstein (1974) posits that a world system is a "multicultural territorial division of labour in which the production and exchange of basic goods and raw materials are necessary for everyday life of the inhabitants'' This division of labour is the force and relation of production of the world economy as a whole and it leads to the existence of two interdependent regions: Core and Periphery. According to Frank (2000,pp.150-195), the core and periphery are geographically and culturally different, one focusing on labour-intensive, and the other on capital-intensive production.

The history of Nigeria is a confirmation of one of the assumptions of the world system theory that the periphery nations are structurally constrained to experience any kind of development like their counterpart in the core nations. The structure of the Nigerian economy is a dependent one that will continue to export cheap raw materials to the advanced countries in exchange for expensive finished products. Therefore, trades liberalization remains an instrument to sustain the dependency of the periphery. Again, Nigerian economy is structured to benefit the advanced core nations in terms of raw materials, cheap labour, huge market for their products and brain drain according to the analysis of Chirot (1986).This means that the world division of labour has structured the peripheral countries like Nigeria as the supplier of raw materials for the industries in the core countries like US and Great Britain. This is evidenced with the export of crude oil and other raw materials to USA, Germany and UK. The crude oil mined in Nigeria is exported to western countries through international trade, thereafter, the bye products are used to produce finished capital good with higher value and exported back to Nigeria.

Another relevance of the theory to this work is in the accumulation of surplus value from the peripheral nations. The Nigerian economy is a dependent economy that relies on the expertise of western countries to create value. Most of the multinational companies are owned by the core countries and the profit they make are transferred back to their countries. For instance , Shell, Agip, Total, Chevron, UAC, and so on are owned by companies in the core countries and they make huge profit from their operations in Nigeria, which is later returned back to their countries as surplus value. This accumulation of surplus value via exploitation is made possible due to the lack of the means of production in Nigeria. Most of the finished products used in Nigeria are either imported or produced by companies owned by the multinational companies in Nigeria.

Furthermore, the postulation that the world is a hierarchy where the core wealthy and powerful societies dominate the poor peripheral societies is evinced with the economic situation in Nigeria. The economies of the western countries are developed interns of high GDP, low poverty rate, high Per capita income, high employment rate and so on. And the Nigerian economy depends on the goods imported from these western countries to survive since the industrial sector is not yet developed. Also, foreign direct investment and loans with conditionalities are the various forms of domination by the core countries using the multinational companies and multilateral organisations as instruments. This condition validates the postulation of the world system theory on the relationship of domination between the core and peripheral states. Likewise, the level of technological development is central in positioning a nation in the world system analysis .The poor technological condition of Nigeria where most of the key industries like the refineries, textile and steel mills are unproductive or nonexistence is another validation of the supposition of the theory.

The hegemony of the rich states over the poor countries or class over another as contended by Frank and Gills (1993) is very clear in Nigeria. The western countries of UK and USA are in total control of the economy of Nigeria via different trade treaties that are aimed at controlling the resources of Nigeria. The 2010 Bination Commission between Nigeria and USA is one of the agreements that guarantees the hegemonic dominance by the US .The agreement focuses on a high level discussion on key areas of mutual interest, including good governance and anti-corruption, trade and investment, development and food security and counter terrorism. The class dominance in Nigeria manifests in the extravagant life style of the ruling class who controls the means of production and the political sector.

The trade relationship between the North and South can be explained from the world system assumptions. Nigerian economy lacks the means of production. Therefore, the available industries do not have the required technical know-how to produce goods that can compete favorably with products from the core nations. Consequently, products from the core countries are flooded in the Nigerian market for the distribution of surplus value using trade liberalization as a vehicle to institutionalize this exploitation. The multilateral institutions like IMF, World Bank, and so on are the "ground" forces used to promote this accumulation.

In concise, the world system theory is suitable in the explanation of the relationship between the advanced core countries and third world countries, Nigeria in particular. The theory explains the use of market to exploit the Nigerian economy through various forms of trading relationships.

This postulation presents a good platform for understanding how the current economic globalization agenda via trade liberalization consolidates dependency and exploitation of Nigeria by the activities of the multilateral organizations, multinational companies and various governments of the core states. By using this theory, we shall be able to ascertain whether the present trade liberalization policy from 1999 to 2007 impacted positively on the socio-economic development of Nigeria.

The preferred research design for this work is descriptive approach. This type of research design involves the description, recording, analysis and interpretation of the present nature, composition, or process of phenomena (Manuel and Medel, 1976). It is basically the gathering of data, interpretation of the meaning and its level of significance. It also focuses on comparison and contrast that involves measurement and classification. This research design is relevant to this work because it is meant to study a particular phenomenon that has occurred in the past. With the available data on per capita income, level of employment, levels of poverty, GDP, GNI, rate of inflation, life expectancy rate and manufacturing utilization, it becomes easy to compare the effects of independent variables on the dependent variables. Another relevance is that descriptive method is used to measure trends. Since trade liberalization and socio-economic development are phenomena that need to be studied, the availability of already documented dependent variables supports the use of descriptive approach. At the end of the analysis, descriptive method will provide a systematic process for accurate comparison of the various data collected so as to reach a valid conclusion. The source of data for this work is basically secondary source of data collection. Such as publications from National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN), IMF and World Bank ,books, journals, articles and internet records.

The choice of secondary data is useful in analyzing changes that occurred over a period of time. Also, it becomes necessary since there is an existing data on the indicators of socio- economic development in Nigeria within the period under review. Finally, the secondary data were subjected to content analysis

Research Methodology

The study is based on a qualitative method. Data were sourced from secondary sources such as textbooks, journal publication, government publication and bulletins. These secondary data were thoroughly subjected to content analysis.

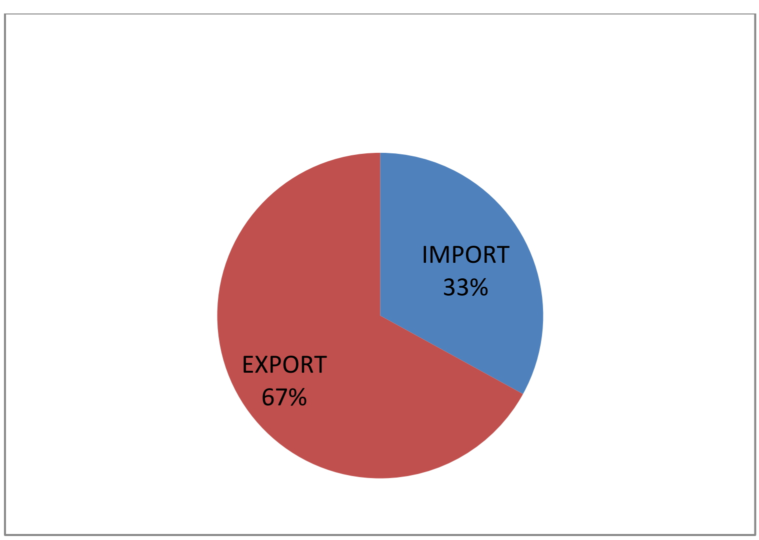
Data Presentation and Discussion.

Impact of Trade Liberalization on socio-economic development in Nigeria, 1999 to 2007

Below presents a detailed documented information on the status on the economy as at when trade liberalization was introduced from 1999 to 2007. The export and import contribution to GDP, level of employment, employment statistics of the Nigerian textile industry, per capita income, life expectancy rate, rate of poverty and average manufacturing utilization illustrate the effect of trade liberalization on the economy of Nigeria within the period under review.

Export and Import Volume

Figure 1: Percentage Value of Export to Import, 1999 to 2007(balance of Trade)



Source: Central Bank of Nigeria Statistical Bulletin, 2017 .

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(1)Table 1: Foreign Trade: Oil and Non-Oil (N' Billion)- Indicated in local currency (naira)

Year	Import			Export		
	Oil	Non-Oil	Total	Oil	Non-Oil	Total
1999	211.7	650.9	862.5	1,169.5	19.5	1,189.0
2000	220.8	764.2	985.0	1,920.9	24.8	1,945.7
2001	237.1	1,121.1	1,358.2	1,839.9	28.0	1,868.0
2002	361.7	1,151.0	1,512.7	1,649.4	94.7	1,744.2
2003	398.9	1,681.3	2,080.2	2,993.1	94.8	3,087.9
2004	318.1	1,668.9	1,987.0	4,489.5	113.3	4,602.8
2005	797.3	2,003.6	2,800.9	7,140.6	106.0	7,246.5
2006	710.7	2,397.8	3,108.5	7,191.1	133.6	7,324.7
2007	768.2	3,143.7	3,912.0	8,110.5	199.3	8,309.8
Total			**N18, 607- In Trillion**	**N 36,504.50- In Trillion (oil sector constitutes 98% of the total export from 1999 to 2007)**	**N814**	**N37,318.60- In Trillion**

Source: Central Bank of Nigeria Statistical Bulletin, 20017

Above in figure 1 and table 3 represent the volumes of import and export in local currency, naira for the period under review. The balance of trade is presented via pie chart.

(ii) Table 2: Export and Import of Goods and Services –Current US$ in Billions

YEAR	EXPORT VALUE	% CHANGE	IMPORT VALUE	% CHANGE
1999	13.856		12.064	
2000	20.965	51.31	12.018	-0.38
2001	19.647	-6.29	15.736	30.94
2002	18.137	-7.69	15.797	0.39
2003	27.449	51.34	21.866	38.42
2004	38.103	38.81	20.982	-0.04
2005	56.994	49.58	32.627	55.5
2006	59.233	3.93	35.911	10.07
2007	67.494	13.95	46.644	29.89

Source: United Nations Conference on Trade and Development, 2020

Table 4 is a computation of the volume of export and import in US dollars covering the period of 1999 to 2007

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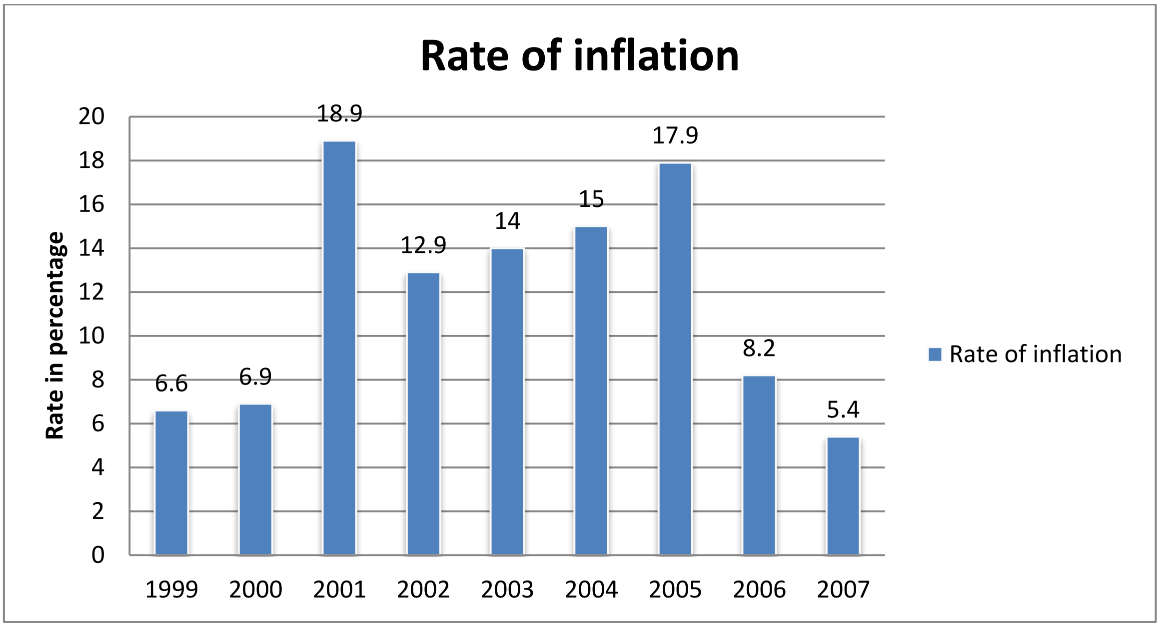
Rate of Inflation

(i)Figure 2: Rate of Inflation- 1999 to 2007



Source: United Nations Conference on Trade and Development, 2020

(ii)Table 5: Rate of Inflation

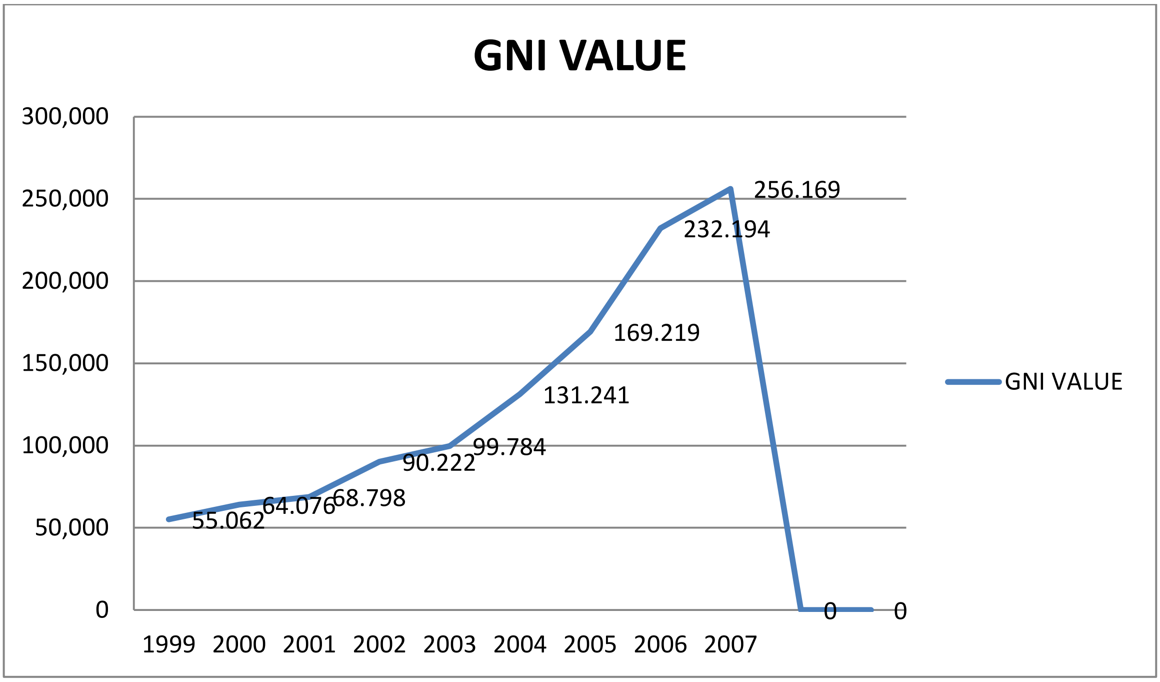
YEAR	VALUE (%)	% CHANGE
1999	6.6	
2000	6.9	4.55%
2001	18.9	173.91
2002	12.9	-31.75
2003	14.0	-8.53
2004	15.0	7.14
2005	17.9	13.33
2006	8.2	-54.19
2007	5.4	-34.15

Source: National Bureau of Statistics, 2010

Figure 2 and table 5 represent the rate of inflation for the period under review. The percentage change has been included for easy understanding of the trends. This changes illustrate the inflationary rate as a result of the opening of the economy.

Gross National Income at current prices

Figure 3: Gross National Income at current prices US$ in Billions



Source: National Bureau of Statistics, 2010

Table 6: Gross National Income at current prices US $ in Billions

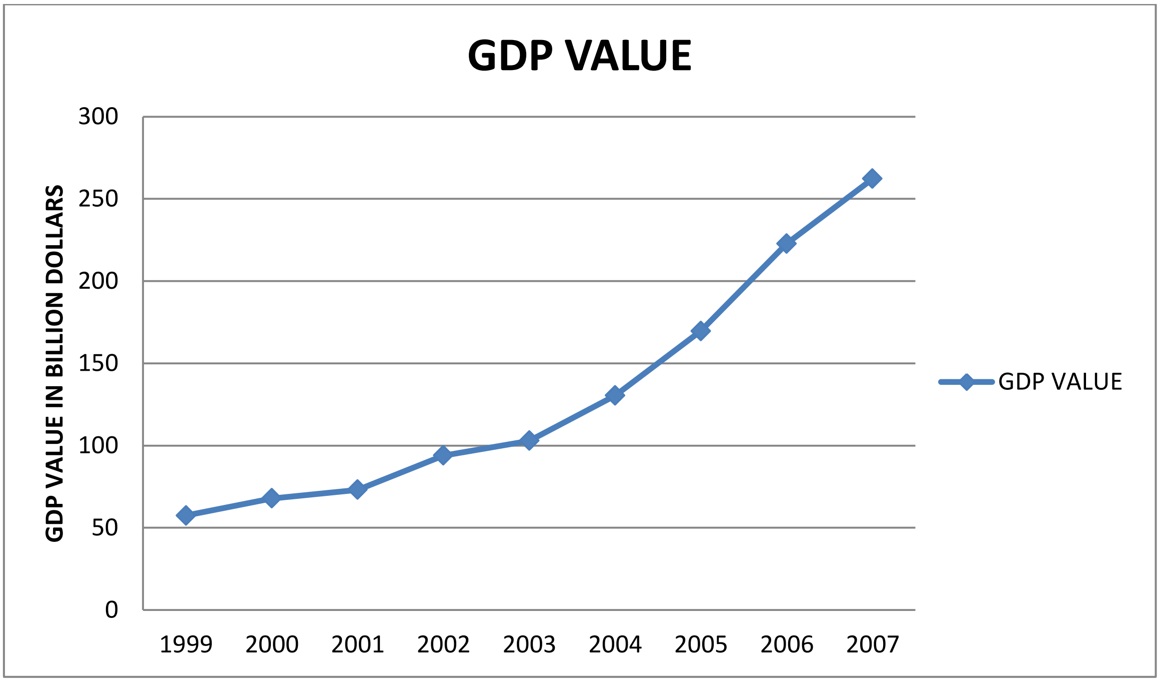
YEAR	VALUE (%)	Percentage Change
1999	55.062	
2000	64.076	16.37
2001	68.798	7.37
2002	90.222	31.14
2003	99.784	10.6
2004	131.241	32.57
2005	169.219	28.94
2006	232,194	37.22
2007	256,169	10.33

Source: National Bureau of Statistics, 2010

The presentation of GNI in figure 3 and table 6 show the total domestic and foreign output of residents in Nigeria within the period of 1999 to 2007. Also, the percentage changes are included for trend study.

Gross Domestic Product (GDP)

(i)Figure 4: Gross Domestic Product (GDP) in Billion Dollars ($)



Source: IMF : World Economic Outlook(WEO) , 2019

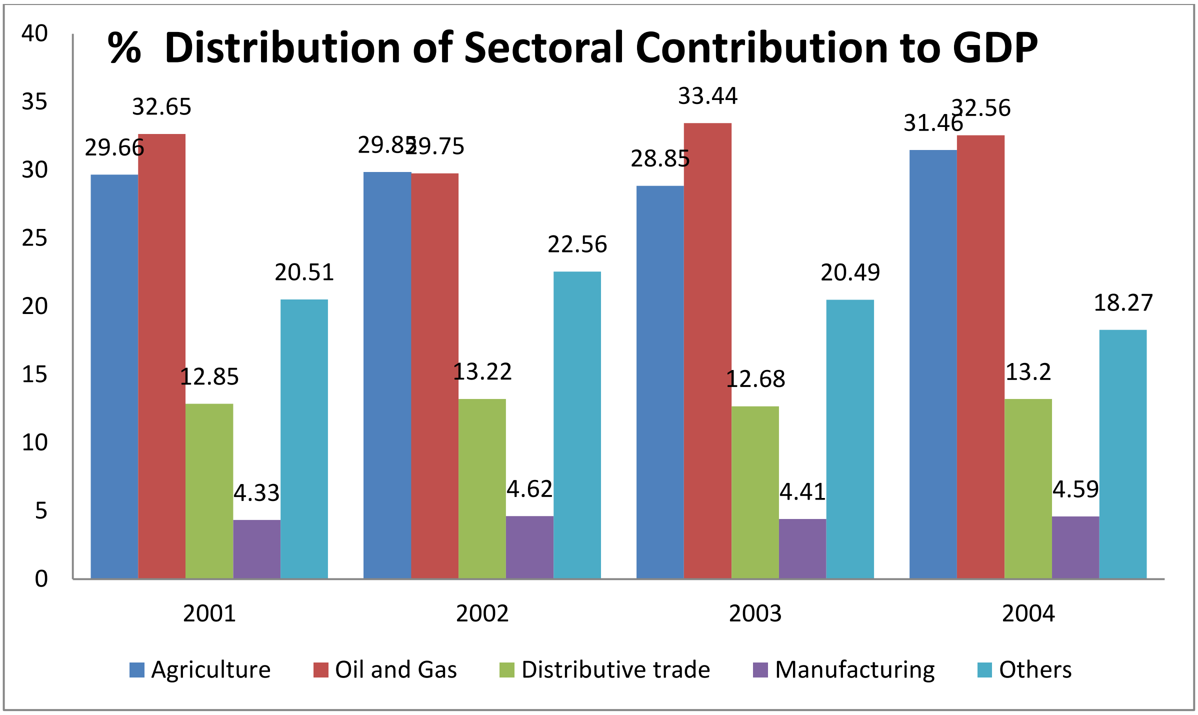
(ii) Table 7: Gross Domestic Product (GDP) in Billion Dollars ($)

YEAR	VALUE	Percentage Change
1999	57.477	
2000	67.824	18
2001	73.128	7.82
2002	73.983	1.7
2003	102.935	39.13
2004	130.245	26.53
2005	169.645	30.25
2006	222.791	31.33
2007	262.215	17.7

Source: IMF: World Economic Outlook (WEO) October, 2019

Above presentation is the GDP in billion dollars for the period of 1999 to 2007. It provides the total output produced in Nigeria within the period under review.

Figure 5: Percentage Distribution of Sectoral Contribution to GDP



Source: National Bureau of Statistics: Bulletin on Poverty Profile of Nigeria, 2005

(i) Table 8: Percentage Distribution of Sectoral Contribution to GDP

Sectors	2001	2002	2003	2004
Agriculture	29.66	29.85	28.85	31.46
Oil & Gas	32.65	29.75	33.44	32.56
Distributive Trade	12.85	13.22	12.68	13.2
Manufacturing	4.33	4.62	4.41	4. 59
Others _	20.51	22.56	20.49	18.27
Total	100	1000	100	100

Source: National Bureau of Statistics: Bulletin on Poverty Profile of Nigeria, 2005

Above presentation is the contribution of sectors to GDP between 2001 -2004.

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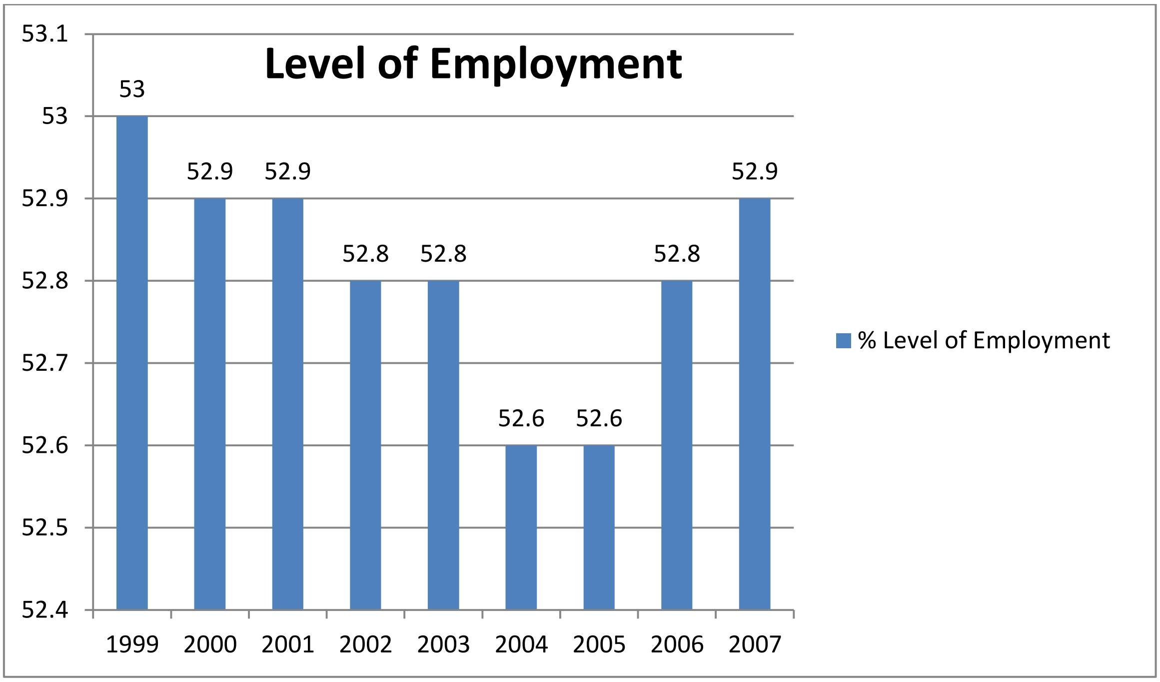
4.1.8 Level of Employment

Figure 6: Level of Employment



Source: National Bureau of Statistics, 2010

(ii) Table 9: Level of Employment

YEAR	% VALUE	% CHANGE
1999	53.0	
2000	52.9	13.02
2001	52.9	Nil change
2002	52.8	-0.19
2003	52.8	Nil change
2004	52.6	0.38
2005	52.6	Nil change
2006	52.8	0.38
2007	52.9	0.19

Source: National Bureau of Statistics, 2010

Above data is the level of employment in Nigeria within the period of 1999 and 2007. This level of employment is the population ratio of the people that are employed covering the years under review.

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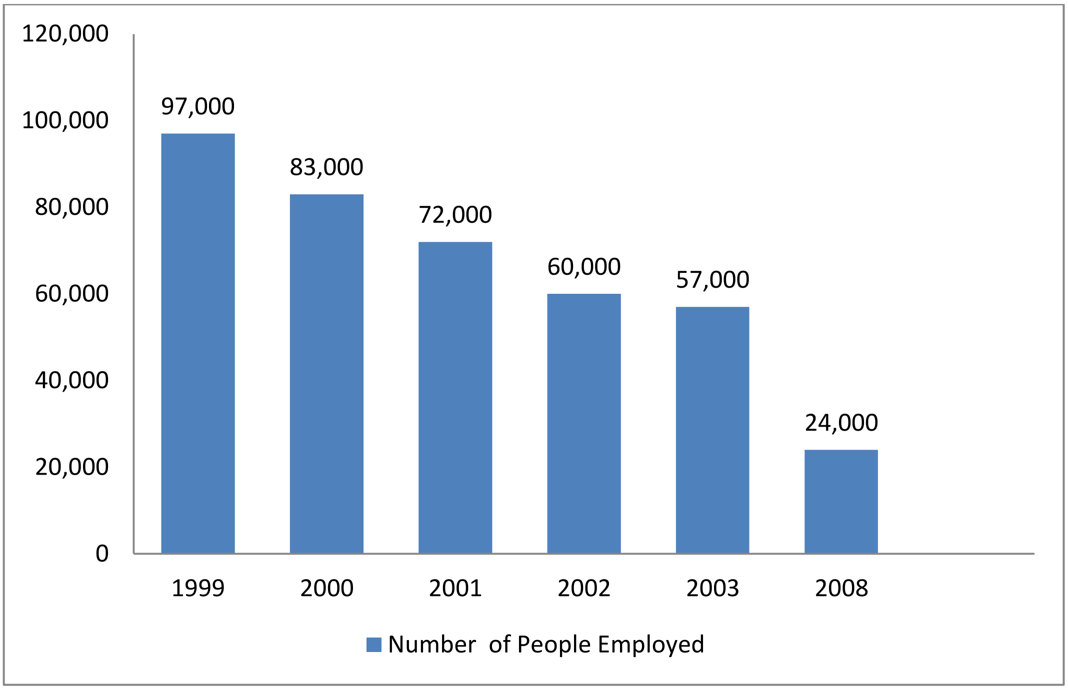
4.1. 9 Employment Statistics of the Nigerian Textile Industry (1999 – 2008)

(i)Figure 7: Employment Statistics of the Nigerian Textile Industry (1999 – 2008)



Source: Nigerian Textile Manufactural Association/ United Nations Industrial Development Organization (UNIDO), 2009

(ii)Table 10: Employment Statistics of the Nigeria Textile Industry (1999 -2008)

Year	No of People Employed	Percentage Change
1999	97,000	
2000	83,000	-14.4
2001	72,000	-13.3
2002	60,000	-16.7
2003	57,000	-5
2008	24,000	-57.9

Source: Nigerian Textile Manufactural Association/ United Nations Industrial Development Organization (UNIDO), 2009.

The above figure 7 and table 10 enumerate the number of employees in the textile sector and the level of changes in the disengagement of workers within the period under review.

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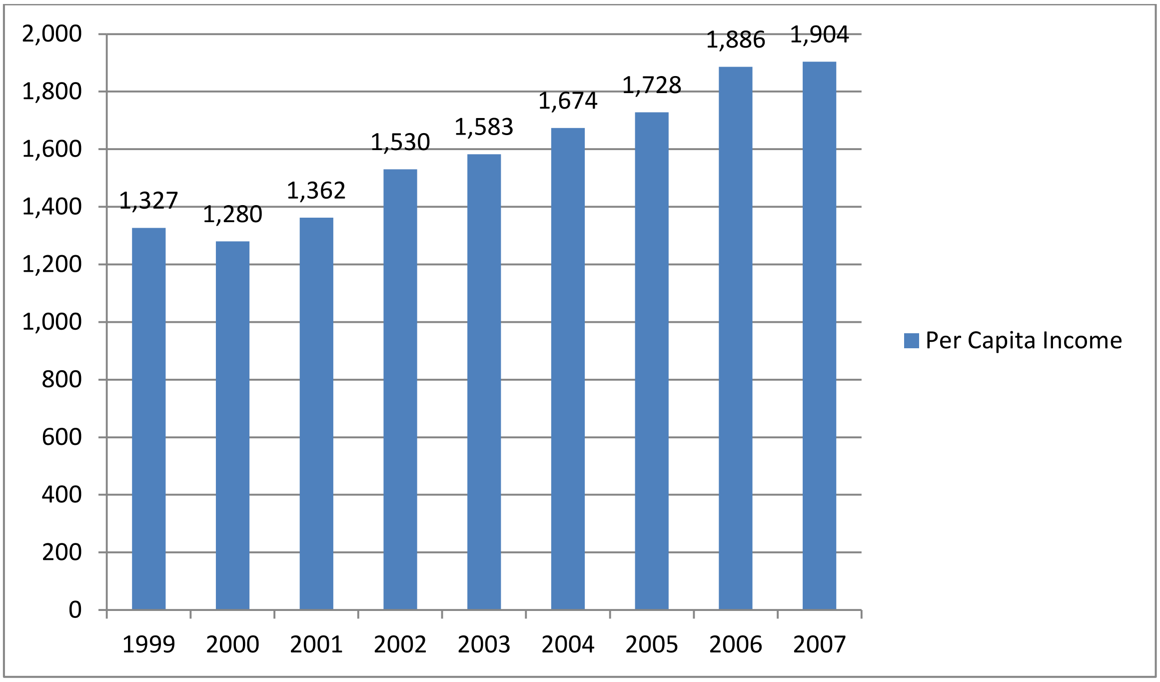
4.1.10 Per Capita Income

Figure: 8 Per Capita Income in US $



Source: IMF: World Economic Outlook (WEO) October, 2019

(ii) Table 11: Per Capita Income in US $

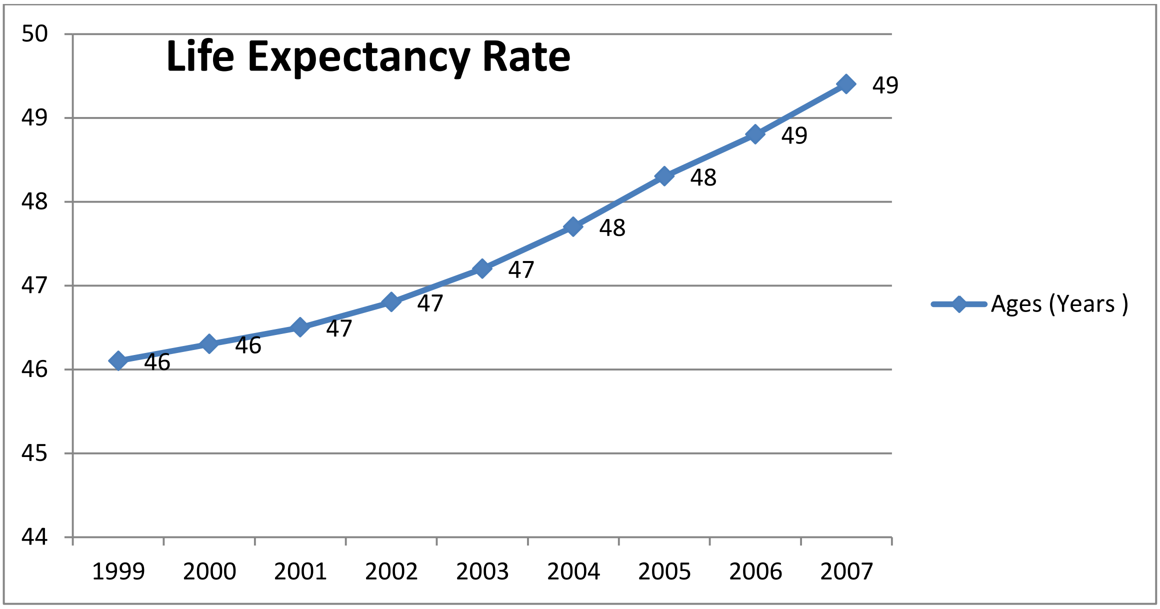
YEAR	VALUE	Percentage Change
1999	1,327	
2000	1,289	-2.86
2001	1,362	5.66
2002	1,530	12.33
2003	1,583	3.46
2004	1,674	5.75
2005	1,728	3.23
2006	1,886	9.14
2007	1,904	0.95

Source: IMF: World Economic Outlook (WEO) October, 2019

Above data is the per capita income for the year 1999 to 2007. The value and percentage changes have been included**.**

4.1.11 Life Expectancy Rate in Nigeria

(i)Figure: 9 Life Expectancy Rate in Nigeria, 1999 to 2007



Source: World Development Indicator (WDI), United Nation, 2017

(ii)Table 12: Life Expectancy Rate in Nigeria

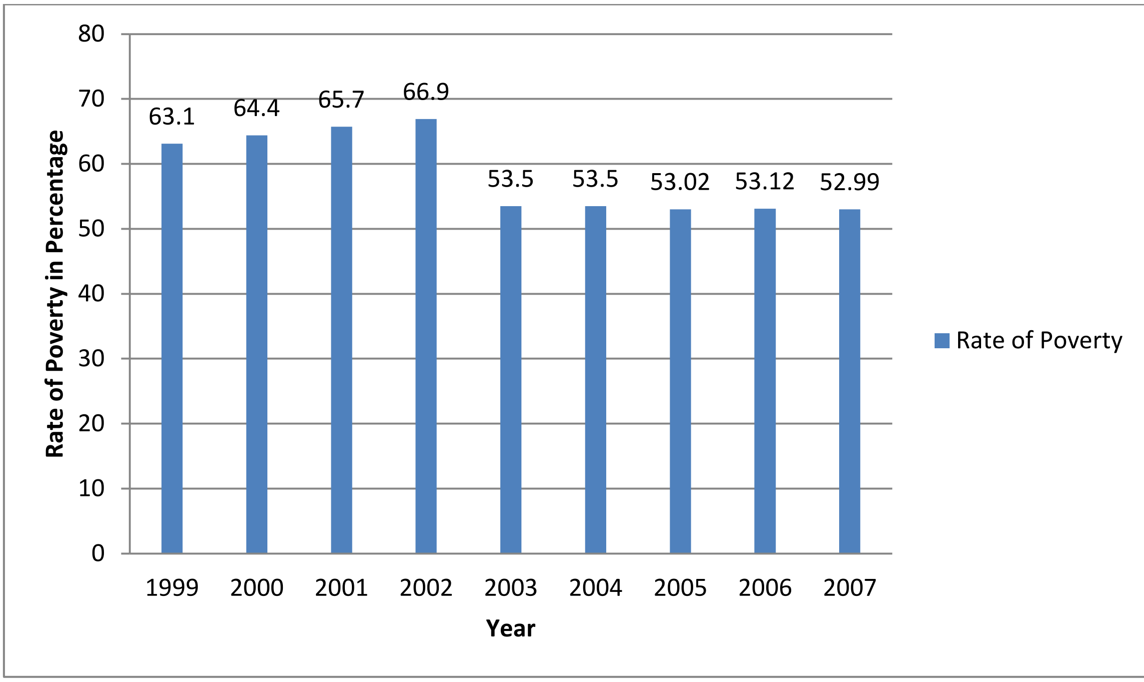
YEAR	AGE (YEARS)
1999	46.1
2000	46.3
2001	46.5
2002	46.8
2003	47.2
2004	47.7
2005	48.3
2006	48.8
2007	49.4

Source: World Development Indicator (WDI), United Nation, 2017

Above represents the life expectancy rates as put together by United Nation. The period covered is from 1999 to 2007.

Rate of Poverty

(i) Figure 10 : Rate of Poverty



(ii) Table 13: Rate of Poverty, 1999 to 2007

YEAR	Percentage Value	Percentage Change
1999	63.1	
2000	64.4	2.06
2001	65.7	2.02
2002	66.9	1.83
2003	53.5	-20.78
2004	53.3	-0.37
2005	53.02	-0.53
2006	53.12	0.19
2007	52.99	-0.24

Sources: World Bank Group (www.worldbank.com)

CBN Statistical bulletin, 2010

4.1.13 Trends in Poverty level by zones, (1980 -2004)

(i) Table 14: Rate of Poverty - Trends in Poverty level by zones,

Zone	1980	1985	1992	1996	2004
South South	13.2	45.7	40.8	58.2	35.1
South East	12.0	30.4	41.0	53.5	26.7

South West	13.4	38.6	43.1	60.9	43.0
North Central	32.2	50.8	46.0	64.7	67.0
North East	35.6	54.0	54.0	70.1	72.2
North West	37.7	52.1	36.5	77.2	71.2

Sources: National Bureau of Statistics, 2005

Above data shows the rate of poverty in Nigeria from 1999 to 2007. The trends in poverty level by geopolitical zones of Nigeria covering 1980 to 2004 are presented.

Average Manufacturing Utilization, 1980 - 2007

Table 15: Average Manufacturing Utilization, 1980 to 2007

Year	Average Capacity Utilization in %	Percentage Change
1980	70.1	
1981	73.3	4.56
1982	63.6	-13.23
1985	38.3	-39.78
2001	42.7	11.49
2002	54.9	28.57
2003	56.5	2.91
2004	55.7	-2.65
2005	54.8	-1.62
2006	53.30	-2.74
2007	53.5	0.38

Source: CBN Statistical Bulletin, Vol 17, December, 2007

Above is the manufacturing capacity utilization from 1980 to 2007. This indicator shows the extent to which the local industries utilize its installed equipment to produce output.

Analysis of the Impact of Trade Liberalization on the Socio-economic Development of Nigeria.

Export and Import Volume: Figure 1 and table 3 present the volumes of import and export in local currency (naira). The table reveals that oil has the highest contribution to the export volume, resolving the balance of trade problem. From 1999 to 2007, export amounted to 67% while import stood at 33%.This high export was due to the contribution of the oil sector, which relies mainly on crude oil. From table 3, oil sector constituted 98% of the total export from 1999 to 2007. The oil and gas sector is not a major employer of labour and that accounts for the low impact on the level of employment, hence the increase in poverty in the country and this affected the socio-economic condition of the people. From table 3, oil export in 1999 stood at one trillion, one hundred and sixty nine billion naira (N1,169) and rose to eight trillion, one hundred and ten trillion (N8,110) in 2007. However, the other sectors of service and manufacturing did not grow as most companies in the textile and tyre industries folded due to infrastructural issue and inability to compete with cheaper imported products. This was a major challenged faced by the local industries.

The balance of trade was favourable in terms of the value of export, but the value from oil sector which has joint ownership with International Oil Companies (IOC) contributed less to poverty reduction. The huge revenue from the oil and gas sector was not judiciously used to better the lives of

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the people. The increase in export from 1999 to 2007 was as a result of improvement in crude oil daily output. Unfortunately, crude oil is an industrial product for foreign companies and does not have direct impact on the daily demand for necessities by the people, hence no positive effect on inflation.

Table 4 is another presentation in current US dollars. Export in 1999 was thirteen billion, eight hundred and fifty six million US dollars ($13,856), while import stood at twelve billion, sixty four million dollars ($12,064). The same year, there was an increase of 51% in export value from 1999 to 2000 and this trend continued to 2007 which stood at sixty seven billion, four hundred and ninety four million dollars ($67.494).

The increase in export was mainly improvement in the crude oil daily output and does not reduce the unemployment level. This invariably did not impact positively on the living condition of the people. Likewise, import increased from twelve billion and sixty four million dollars ($12.064) to forty six billion, six hundred and forty four million dollars ($46.644). This increment was as a result of the implementation of trade liberalization policies that triggered the influx of foreign goods into the Nigerian market. The export and import volume increments had no effect on the socio-economic development of the people as large proportion of the revenue was not accounted for due to corrupt practices.

Rate of Inflation: The percentage increase in prices over a period of one year has both positive and negative impact on the economy. With higher consumer price index (CPI), it shows that prices have gone up due to high demand for foreign goods, which affected the performance of local industries. Subsequently, the rate of employment fluctuated downward. From table 5, the inflation rate was 6.6% in 1999; it went up to 18.9% in 2001 with about 25.8% increment. This change adversely affected the socio economic status of the people due to the high cost of living. In the same year, the employment rate stood at 52.96%, maintaining constant change from the year 2000 to 2001, which did not improve the lives of the people. From figure 7 (Gross Domestic Product), there was change in the value of GDP from the year 2000 to 2001. The 7.8% change in 2001 did not impact on the living condition of the people because it was mainly revenue from the sale of crude oil which has low employment rate with about 56,376 employees in 2001(PENGASSAN, 2003). This amount to 0.01% of the labour force (NBS, 2013). Also, the revenue generated from the economy was not equitably distributed for the improvement of the socio-economic condition of the populace.

In 2004 the inflation rate was 14%, which is high by all economic implications. Most of the advanced countries have inflation target of 2 percent. In the 1990s Japan had inflation rate of 1.2%, which aided the process of economic decision making (Fabio, 2014, P.3). But in Nigeria within the period under review, the inflation rates were high, which had negative impact on the economy. From same figure 2, the highest rate of inflation stood at 17.9% in 2005. This rate affected negatively the living condition of Nigerians, which reflected in poverty rate of 53.02% for the same year (table 13). Since the target of government was 2 digits, 17.9% was too high for any policy on poverty reduction to be successful. The implication of this is that any fund channeled towards fighting poverty becomes valueless due to high inflation.

Gross National Income: Gross national income measures the value of GDP at market price and net income from abroad. From Fig 3 and table 6, GNI was $55.062 billion in 1999 and increased by 16.35% in the preceding year, 2000. From 2000, it went up by 7.37% in 2001. A significant change occurred in 2002, when the GNI increased tremendously by 31.14%. This increment was as a result of increase in crude oil export. In 2004 the GNI was $131.241 billion, this value rose to $256.169 billion in the year 2007. This amounts to about 76% increase in the value of GNI. However, bulk of this value of GNI came from crude oil sales. The income earned from crude oil sales does not affect the living condition of the poor people in Nigeria because of corruption. Increment as seen in figure 3 is a suggestive of high income generation through crude oil sales and has no relationship with productivity in the core manufacturing sector. This was a major challenge to the implementation of trade liberalization as the manufacturing sector could not increase productivity to remain in business. It is remarkable to note that the improvement in GNI did not reflect on the employment, poverty and inflationary rates. For instance, in the year 2004 to 2005 GNI increased significantly by 33% while inflation and employment rates of the same period were 17.9% and 53% respectively. Inflation at 17.9% is below the expected 2 digits that government often strives to achieve. Therefore, increase in GNI in is not development.

Gross Domestic Product: Figure 4 and table 7 present the data on Gross National Product in billion dollars. The growth of GDP from 1999 to 2000 was 18% and from 2000 to 2001, it stood at $73.128 million with 8% increment in the value. This trend continued to 2007, which stood at $262.215 million. The average change of 21.5% from 1999 to 2007 is an indicative of growth in GDP as a result of increase in crude oil export. However, due to the level of corruption in the Nigeria, budgeted funds for development are diverted for private use. Corruption is an epidemic that has destroyed the Nigerian economy. Between 2000 and 2009, Nigeria lost $130bn to corruption (Saliu, 2012, p.113)

A critical assessment of the values in figure 4 and table 7 is an indication that Nigeria has huge GDP put the people remained in poverty. The poverty level at 52.99% in 2007, employment rate of 52.9% in the same year and life expectancy age of 49 years is an indication of underdevelopment. The increase in import as at 2007 that stood at 768 billion naira with a tremendous increase in export was due to trade liberalization and the relative peace achieved by the introduction of amnesty programme of President Yar'adua administration that improved crude oil output. Also the oil sector is dominated by companies from the western countries and they repatriate large chunk of the profit to their respective countries. Hence, the economy remains under the domination of the multinational companies.

From the total value from GDP (1999 to 2007), it is very clear that Nigeria experienced increase in GDP with no corresponding improvement in the standard of living of the people. Income from domestic sector forms part of the consolidated funds for development, which is budgeted for different developmental projects that are meant to improve the lives of the people. However, the revenues generated were wasted due to corruption. Corruption promotes public revenue loss, national capital flight and brain drain, thus depriving Nigeria of the bulk of the two key factors of economic production, capital and technology (Asobie, 2012, p. 11).

Figure 5 and table 8 reflect the contribution of sectors to GDP from 2001 to 2004. In 2001, oil sector top the economy by 32.65%, while Agriculture was 29.66%. The manufacturing sector that is supposed to be the engine of development contributed only 4.33%. This abysmal performance of the manufacturing sector is responsible for the low employment rate of 52.8%. During this period, the textile sub-sector lost about 41,000 jobs between 1999 to 2001 (Table 7).The genesis of this is that the implementation of trade liberalization encouraged import which turned the economy to import dependency and resulted to low capacity utilization of the local industries

Level of Employment: From table 9 and figure 6, the percentage of employed people for 1999 was 53% of the labour force. For the 9 years reviewed, the percentage value for this indicator has

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fluctuated between 53% in 1999 and 52.9% in 2007. The changes on the level of employment did not improve significantly within the period. From the year 2000 to 2001, the employment level recorded a nil change as trade liberalization policy affected the local industries, hence no company was able to engage the available manpower. The level of employment is a great determinant of the standard of living of the people. The percentage values from 1999 to 2007 did not make any significant improvement and this reflected in the poverty levels of 63% in 1999 that fluctuated to 52.99% in 2007 as seen in table 13. The employment level of 53% in 1999 and 52.9% in 2007 does not represent a favourable level and cannot impact positively on the living condition of the people. The stability of any economy rests on the ability to maintain low unemployment rate and provide a safe and secured workplace.

A nation that fails to encourage industrial development will continue to witness low employment rate and high level of poverty. Employment rate and economic growth are linked since employees contribute to increase in production and services, and in turn receive a wage which they use to buy goods and services for their personal consumption (Baumol, 2008). The implementation of trade liberalization adversely affected industrialization on account of the inability of local manufacturers to compete against imported cheap products. Most of these foreign companies have advantage on the cost of production compared to local industries in Nigeria. The manufacturing sectors in Nigeria are bedeviled by unfriendly business environment, poor regulatory environment, infrastructural challenges, multiple taxation, rising cost of capital, and decline of local skills and technology. As a result this, trade liberalization impacted negatively on employment.

Employment Statistics of the Textile Industry (1999-2008): Table 10 is a clear indication that the implementation of trade liberalization led to the loss of jobs between 1999 to 2008. In 1999, the employment figure in the textile industry stood at 97,000, the number fluctuated downward to 24,000 employees, signifying the loss of 73,000 jobs in the textile industry. This scenario created additional poverty in the country. The textile industry faced a highly competitive market, created by the opening of the economy to excessive importation. This situation turned Nigerian to a dependent economy and discouraged the growth infant industries. Table 10 represents a continuous decrease in the number of people employed in the textile sub-sector. To buttress this further, 80% of industries in Nigeria folded or were in a dwindling condition between 1999 -2007. This was as a result of poor infrastructure and the exposure of the economy to free trade. To reaffirm this situation, Agunnade (2005, p.13) explains the negative impact of trade liberalization to the industrial development of Nigeria:

In 2002, there were barely 50 companies operating at 30% capacity utilization compare to 175 mills in the mid-1980s. Within the last two years (2003- 2004), more than half of the remaining 50 had further shut down .The largest textile group in the country, UNT PLC was not immune from this closure quake .Two of its subsidiaries , Zamfara textile and Supertex were closed in 2004. Consequently, additional 2,806 workers lost their jobs. In Lagos, UMT and Enpee employing over 5000 workers also closed down in 2004. Hitherto, Nigeria's functional industrial cities like Lagos and Kano, Kaduna are now filled with okada (motorbike) riding youths .This ugly trend represents under employment compared to industrial employment (p.13).

Per Capita Income: Per capita income is the average income earned per person within a period of time. It is determined by dividing the areas total income by its total population. From table 11, the data on this variable had a positive growth from 1999 to 2007, on account of the increase in GNI and GDP.

However, the huge revenue generated was not used for the betterment of the people. Trade liberalization brought hardship to Nigerians as local industries could no longer compete against cheap imported products from western countries. In 2001, per capita income increased from $1,362 to $1,530, indicating an increment of 12.33%. However, this improvement on per capita income could not reflect significantly on the living condition of the people because the revenue generated from GDP has been lost through high cost of transaction created by the ruling elite. This become unimaginable that as the sixth exporter of oil in the world, the telling level of poverty is not justifiable (Saliu, 2012, p.113)

From the year 2002, the per capita income rose from $1,530 to $1,904 in 2007, this increment was accompanied by increase in poverty as seen in table 13. This invariably clarifies the long held thought that the same trade liberalization that the Asian Tigers adopted that worked for them could not yield any positive impact in third world countries of Africa. The growths in table 13 were calculated using the total value of goods produced in Nigeria. Conversely, the value generated from GDP or GNI has never been fully utilized due to corruption.

Life Expectancy Rate in Nigeria, 1999 to 2007: Data from figure 9 indicates a deplorable state of the life expectancy rate in Nigeria between 1999 and 2007. Life expectancy is the number of years a person can expect to live. From table 12, the life expectancy was 63 years in 1999 but deteriorated to 53 years as at 2007. The trade liberalization policies implemented from 1999 to 2007 did not bring any positive change on the lives of the people. The Nigerian government failed to provide the needed infrastructures for the development of health care system and this did not bother them since they have access to medical facilities abroad. Consequently, the life expectancy rate decreased from 63 years in 1999 to 53 years in 2007.

Poverty rates between 63% to 53% (1999-2007) cannot support savings for health care. The Nigerian government on their own has not been able to provide adequate health care insurance that can cover the needs of the citizens. Life expectancy is generally affected by employment level, income, quality of health care system and the ability of people to access it and poor nutrition. From table 9, the employment level is poor and unable to provide the needed income to cater for health expenses. Therefore, trade liberalization has not provided the needed resources for the socio-economic development of Nigeria within the period under review.

Rate of Poverty, 1999 to 2007: Table 13 presents the rate of poverty in Nigeria. In 1999, the poverty rate was 63%, it fluctuated upward to 64.4% in 2000. Since jobs were lost in the same year in the textile and small scale industries, the poverty rate went upward. The poverty reduction in table 13 is insignificant; hence, the people remained in poverty. The huge resources generated from the oil sector were lost through corruption. According to Global Financial Integrity Report (2014), Nigeria lost an estimated 157.5 billion dollars to illicit financial flow between 2003 and 2012. These funds could have been channeled towards improving SMEs and providing infrastructures for the existing industries but diverted by the ruling class. Corruption has hindered the benefits that are supposed to reach the people. The low employment rate and high inflation as seen in table 9 and figure 2 respectively are the causative agent of poverty. The introduction of trade policies failed to improve on the socio-economic development in Nigeria.

Manufacturing Capacity Utilization 1980 – 2007: From table 15, it was observed that in 1980 the capacity utilization of local industries was 70.1% and went further to record a growth rate of 4.56% in 1981. The utilization at 38.3% in 1985 was the worst due to the introduction of stringent policies by

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the then military regime of Buhari .The growth from 42.7% in 2001 to 54.8% in 2005 was as a result of the government renewed effort to boost industrialization through some economic policies implemented, such as the National Economic Empowerment and Development Strategy (NEEDS). The 53.4% utilization in 2007 is an indication that the manufacturing sector has lost its place in the economic development of Nigeria. The sector was very vibrant in the 1970s but suddenly became redundant. This failure was due to poor infrastructures, exposure to free trade and lack of capital to fund the existing industries and support SMEs. From table 15, the utilization of the manufacturing sector to produce expected output was poor. This failure is in conformity with the loss of jobs in that sector that increased the level of poverty. Available economic indices show that the standards of living of Nigerians have fallen and there are strong indications that Nigerians were better off in the 1970s than they are today (UNDP, 2007).

Conclusion and Recommendations

Based on the available data, the study analyzed the main indicators of socio-economic development as collected from CBN, NBS, IMF and World Bank. All the indicators analyzed failed to contribute meaningfully to the living condition of Nigerians within the period under review. Therefore, trade liberalization does not enhance socio-economic development in Nigeria within the period of review.

(i) Government should provide the enabling environment for business to thrive. This must include adequate security, good regulatory policy, elimination of inconsistency in government policies and taxation. It has been observed that one of the challenges of SMEs in Nigeria is extortion by the regulatory agencies in the process of exercising their regulatory function. Government must put in place policies to eliminate these corrupt practices.

(ii) There is need for Government to put in place legislation that will mandate banks to grant low interest loans to SMEs that are owned by citizens. This legislation will enable companies to access funds to increase and sustain production.

(iii) Government must look inward by diversifying the economy from mono cultural (crude oil) to agriculture and manufacturing. Manufacturing and Agriculture as the main employers of labour must be encouraged by the government. These two sectors must be prioritized in terms of development by government at all levels. The only way for Nigeria to develop is to delink her economy from the world capitalist system and focus on internal capabilities to boost the economy. This strategy must come in both technological innovation and value reorientation on the need for the consumption of made in Nigeria goods.

(iv) Government should formulate export promotion policies that will promote made in Nigeria products. Importantly, high tariff must be placed on foreign goods so as to discourage the importation of what can be produced locally. In addition to discouraging importation, the corrupt practice of custom officers who often undervalue imported goods so as to reduce the tariff for kickback must be eliminated.

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