



## Globalization: Theoretical Foundation, Contradictions and Implications

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### ABSTRACT

*The study set out to identify the basis of the current 'New World Order'-Globalization' which was intended to benefit all nations mutually which has not been the case. This study considered it the 'highest stage of capitalism' with attendant contradictions which subsumed its much touted 'mutual benefits', with enormous implications of underdevelopment for several states. The design of the study was qualitative thereby making extravagant usage of observation and historical documentary analysis of primary and secondary documents to assemble data from various sources which were later triangulated to support the objectives of the study. The study revealed that there were series of European economic depressions which culminated into the great 1929-39 depression with its negative economic consequences in the European economies. In order to avoid further economic depressions, it became imperative to open up other economies which were operated on 'protectionism, tariffs, quotas and other regulatory measures' for European goods. The operators of the other economies were to be told of the mutual benefits of the scheme, even when this was/is not feasible. This is what has generated the discontent with globalization. We concluded that Globalization in its present form has no mutual developmental benefits, rich countries have created series of trade barriers to protect their economies and they subsidize their agriculture to the detriment of others. What is required is equity and fair play even if it is not a balance development, let the system be humane. This is one of the numerous reasons; we dubbed the phenomenon as the highest stage of sustained capitalism'.*

### BACKGROUND

Globalization is the New World Order, we dare to state that, in order for anyone to understand the phenomenon and identify its latent contradictions, we must deal with its precursor. This is because Globalization is now the highest stage of capitalism in the view of this work. The level in which Globalization is at the moment is higher than that claimed by Vladimir Lenin in his classic work 'Imperialism, the Highest Stage of Capitalism (1916)'. Capitalism being a dynamic phenomenon had long progressed beyond imperialism and got transformed into Globalization, which simply means, 'common open your economy to my products, to be in your market for consumption by you. If you cannot compete, it is your fault'. Indeed, it is the self-sustained stage of capitalism. This is the current level of the phenomenon which has come to be, without assistance, as imperialism would have. Thus, it is herein considered to be a stage higher than imperialism in the structure of the politics of development which create new world order.

It was aided at the foundational stage by slave trade, which provided free and cheap labor for product needed in the western economies which needed to be marketed and consume. Secondly, colonialism perfected the unrestrained access to free labor capital and markets in favor of the first world. Thirdly, the inability of the economies of the first and second world to consume the excess economic outputs from mass production system, generated by industrial revolution created the imperative of, making the third world economies consumers of the products of the first world. These advantages were disrupted with the treaty of Westphalia in 1648, the rise of nationalism and the declaration of Atlantic Charter. Each sovereign nation became desirous to protect its wealth, provide for the

welfare of its citizens to meet the level of advancement of western societies, which judged new states by their own level of modernization.

Emergent nation states, sought development and one approach to it was the creation of the principles of protecting domestic economies through 'Import-Substitution-Industrialization (ISI). The industries were protected through the economic instrument of 'protectionism'. Economic protectionism is the deliberate public policy by an independent state to restrict the quantity of foreign goods allowed into its market, in order to create certain degree of market segmentation for its own goods in the same market. It was intended to generate demand-pull for the local industries and restrict the entry of foreign goods. The instrument for executing protectionist policy included;

- (i) Import tariffs-where a certain percentage of import tax or duty is imposed on goods imported. This translated to higher prices for such goods compared to the domestically produced goods. It was expected that as an 'economic-man' consumers would go for the cheaper goods being that which is locally produced one compared to the imported one. In so doing, the locally manufactured industries would grow stronger by having a greater share of the market. This is what President Donald Trump is currently embarking on in the USA with his tariff war.
- (ii) Quotas refers to the quantitative restriction of the number of such imported goods permitted to enter a local economy. This is to avoid dumping of goods with low price index to sway local consumer to it, rather than purchase that which is being produced locally. To restrict entry of foreign goods quantitatively, so that in its absence, the locally produced would be the substitute.
- (iii) Subsidies- local industries are unusually enjoying certain waivers or support by the National or sub-national government to enable the industries remain in production to save foreign exchange which would have been deployed to pay for imports. The subsidies could assume the form of; direct payment to the domestic manufacturers to lift certain burden off them, tax credits, grants, low interest loans, price supports and input subsidies all of which are geared to support domestic production and boost economic growth, while keeping the price of their products at an affordable level. Dangote Refinery should have enjoyed certain subsidy which would enable its products to be cheaper than the similar imported products in Nigeria.

Protectionism therefore halted earlier free trade enjoyed under colonialism and created a situation where trade was conducted through myriads of diplomacies and made the need for bilateral and multilateral agreement imperative. In order to vitiate the obstructions caused by the 'nation-state system and protectionism', the political economy idea of having unhindered global trade without boundaries became a categorical imperative. In order to do this, the state and its sovereignty created in 1648 had to be revisited, because, it is this which gave rise to protectionism in different forms.

We posit in this treatise that the modern state system was activated by the 1648 Westphalia treaty, chaired by the German Chancellor Otto Von Bismarck. The critical development which emerged from the treaty were not only the principles of sovereignty of states, but also non-interference and equality of states. The treaty also created two critical elements of international law, 'de-factoism and dejure' (occupation on the basis of being the first comer and legalistic acquisition). It resolved that European states which first arrived at any territory overseas, had 'de-facto' right to colonize or possess such a state.

The principle of sovereignty extended to the right of the state to not only protect its territory but also to regulate trade within its territory. In order to manage the economy of the states to the benefit of the citizens, Economic Protectionism became the International Economic Order. Economic protectionism (to protect local infant industries from foreign competition) was practiced along with 'tariffs (taxes imposed on imported goods) and quotas (limit placed on the quantity of goods that can be imported into the country). All these to create opportunities for local industrial growth within the state system.

It should be noted that no one country is ever self-sufficient in the supply and acquisition of its needs for the citizens. This inadequacy and the need to obtain from others what is needed. This laid the foundation for international trade, law and diplomacy. This became the means by which one state or group of states obtain its needs from the other. In the process, trade relations and negotiations have to be established with each country individually. This took time, energy and resources. The

trade between the various states was based on different terms with each country. Then came the forethought on how to do these with ease. This mindset set the template of the problematic of this study.

### **The Problem**

The problematic of this study arose from the nature of international trade which emerged with the birth of the nation-state system, which arose partly from the Westphalia Treaty of 1648. No matter the level of development that states have attained, there is always some which do not have comparative advantage over everything they need, hence, they would embark on international economic relation to obtain what they do not possess from others.

Nation-states in the quest to catch-up with development of their societies, imposed 'protectionism' as economic policy. This implied that, each nation had to engage in 'bi-lateral negotiation to obtain terms of trade with each other, this took time and resources to do so. Trading with five different countries for instance, meant five different bi-lateral agreements' many of which had similar elements of the agreement earlier entered into with the previous country. These take time and resources to achieve the same end as a result of differential rule of engagement. The economic events preceding 1929-39 and its negative effects in the global economy was instructive enough to work towards the removal of protectionism in economic relations, and to take advantages of free trade without encumbrances.

All the agreements entered into were on the same subject of negotiating 'tariff, quota' on the volume of trade. This set the groundwork for the discussion in 1947 on 'International Trade Organization (ITO) which later became 'General Agreement on Tariff and Trade (GATT). The translation of ITO to GATT was basically to avoid the incidences of 1300-1400, 1618-1648, 1837-1843, 1878-1876 and 1929-1936 from economic history. It was the position of the promoters of GATT that it would generate mutual benefit to all parties to the GATT agreement, and forestall further collapse of the global economies. The collapsed of the systems in the years under reference meant high rate of joblessness, economic dynamics slow down, business collapsed, financial uncertainty emerged, social unrest were imminent, reduction in world trade became the feature, less investment and increased indebtedness (Edwards, et al.1972), these became the common denominators for these years and economies, generally known as depressions. The global capitalist made less profit if any, because aggregate demands could not be created as a result of low disposable income of consumers.

The idea to manage the international economic relations to avoid the re-occurrence of these downturns became expedited. The singular idea to set-aside the numerous trade agreements and have an 'expanded markets' devoid of protectionism and above all, allow free trade in goods and services became an urgent goal. This extensive market would mean the ability to generate 'aggregate demand for all goods and services' with an expansive market which would serve as a stimulus to economic activities in all economies, thereby avoiding yet another depression.

The GATT negotiations introduced the concept of the 'Most Favored Nations' (MFN), where countries could grant preferential treatment to partners in free trade agreements or custom unions. This, the study considered discriminatory. The crux of the problem therefore was to find out the extent to which Globalization which replaced protectionism benefited all within its fold particularly developing nations-Nigeria then and now.

### **Objectives and Research Questions**

The goals of this study, included; (i) to identify the theoretical foundation of the phenomenon, (ii) to isolate the latent and manifest contradictions of globalization (iii) To validate the fact that globalization is the now the highest stage of capitalism and ascertain what would be the most critical stage of free market economy. (iv) to identify the governance system for the organization which would be fair to all parties, and (v) how do we ensure that globalization works for all?

The study guided questions included; (a) what could be the hypothetical basis of globalization? (b) what are the latent, manifest contradictions of globalism on developing countries-Nigeria and © How has globalism become the highest stage of liberal free market economy? (d) what governance

structure can grant a fair and just outcome for developing countries and (e) what governance structure would ensure it work for all?

These questions guided the analysis deposed too herein. In pursuant of these questions, it became instructive to consider the promises of globalization which incentivized the movement to the new trade arena.

### **The Promises of Globalization**

The first major campaign promise of the promoters of the phenomenon were that opening up the economies to international trade and vitiating protectionism would help many of the countries grow far more quickly than they would otherwise have done, through export drive, their economies would grow faster. In the second place it averred that many people in the world would live longer than they were and their standard of living would be better than they were living before globalization. This would make them better than staying on the farms and cultivating raw product such as rice. Thirdly, it would enhance the introduction of new technologies, access to new markets, and the creation of new industries. Fourthly, it would bring foreign aid and above all, reduce the sense of isolation felt in much of the developing country's access to knowledge well beyond their reach. Developing countries must accept globalization, if they are to grow and fight poverty effectively (Stiglitz, 2003p.4,5). How have developing countries, particularly Nigeria obtains mutual benefit from its embrace of the phenomenon?

### **The Approach of the Study**

This was a qualitative study which utilized observation and, historical documentary analysis as the main tool of data assemblage. This involved the interrogation of existing documents in relations to the phenomenon for data generation and insights into both primary and secondary sources of material. We made extravagant use of historical document and observations to understand the past activities pursuant to the birth of the phenomenon and the relevant of the previous activities to the present state of globalization in thematic order.

We evaluated the past global economic structure before the WWII, and noted the dominance of the 'principle of protectionism and import -Substitution industrialization'. The other antecedent to the birth of GATT were the various Uruguay-Rounds-of-talks which amounted to the transition to World Trade Organization (WTO). The role of Information Communication Technology became prominent in bringing distant events to instance audience with significant impact on global trade.

The expediencies of the approach of the study provided considerable insights into the past, making sense of the present and indicating the trend and patterns towards the future (Ndiyo, 2005). This revealed the trend of activities which culminated into globalization as captured in this study.

### **The Sources of Data**

The application of the technique included, the definition of the problem, identification of relevant document and their sources and the triangulation of the findings (Ndiyo, 2005). Documentary analysis of data obtained as an element of qualitative study approach provided the mode for data extraction from the various documents consulted. It essentially consisted of deeply looking into documents, interpreting existing one and triangulating information from various sources to validate or repudiate the study theses. Towards this end, the following documents were evaluated;

- a) GATT Analytical Index: Guide to law and Practice 1947-1994 which exposed the Articles and clauses which binded the signatories to the agreement.
- b) WTO, website which provided inestimable database on the nature of most agreement which it execute.
- c) Marrakesh (Morocco) agreement which officially launched the WTO in 1994.
- d) The IMF website with data on international trade and finance.
- e) Research papers and Essays; which dealt with the role of GATT and WTO in international trade.

f) Books: We examined among others; Francis Cherunilam's International Business-Text and Cases (1999, Prentice-Hall India). Lee Edwards (2001). The Global Economy-Changing Politics, Society and Family (APWPA) publishers. George Soros (2004), The Crisis of Global Capitalism-Open Society Endangered (1998). These sources generated considerable secondary data for the analysis that follow. Above all, we witnessed as participant the implications of globalization on the economy of Nigeria as a case-study.

### **Theoretical Framework of Analysis**

The analysis of the contradictions of globalization and its implications was viewed and analyzed through the perceptual prism of 'Global Capitalism Theory'. This resonated from the paradigm of analysis generated by William I. Robinson, Thomas Piketty in 'Capital in the Twenty-first Century', along with Immanuel Wallenstein, Frederick Hayek and Milton Friedman. The last two, took the theory to a higher level in their work 'The Road from Mont Pelerin: The Making of the Neoliberal Thought's collection of works by 'Mont Pelerin Society'.

The substance of the theory included;

- i) The rise of transnational elites
- ii) Capitalism should be transformed into a global system where transnational elites would shape the world economy
- iii) Integrate global production and financial system
- iv) Deregulate, privatize and embark on regressive taxation for corporations.
- v) Increased inequality and wealth concentration in small elite controlling dis-proportionate global wealth (Mirowski & Piehwe 2009).

### **Mount Pellerin Society's Consensus: An Explanda**

It is critical to explicate the Consensus of Mount Pellerin Society in relations to this study. First, they agreed that the ideological framework of global economic system should be 'capitalism, the free-market system or a market society,' with regulation of the market base on contract where everyone wear a commodity mask, you are either a buyer or a seller of goods and services. Its salient values include 'impersonality' individualism, freedom to produce and sell within the bound of the law, equality and efficiency of the market society (Frank,2015 p.171).

This theoretical framework identified that the promoters of this consensus were desirous of converting the economic system into a global ideology with few elites controlling the transnational corporations determining the financial and production system to avoid the event of 1929 the great depression. Globalization would clear the global market society of obstacles. Economies of developing states particularly and to a lesser extent that of developed nations should be coerced into privatizing their state-led development to make way for the entry of global Transnational corporations. The Late Ronald Reagan and Margaret Thatcher were on the driver's seat to push the expansion of the frontiers of the mount Pellerin's consensus. This became the Market fundamentalism which came to dominate policy around 1980s, when they came to power more or less simultaneously (Soros,2003 p. 128).

The integration of the global finance was to be conducted through the World Bank and International Monetary Fund, while trade was to be regulated by World Trade Organization (WTO) all to the benefit of the first and second world. The ultimate outcome of the situation would be increased inequality, poverty for developing nations and wealth for the first and second world. This was and currently, so, because Nigeria and other third world states are assigned by the agreements to be the producers of raw materials and not processed goods. At this point, some of the latent goals of globalization is becoming visible. This explained the statement by Joseph Stiglitz, that the west has driven the globalization agenda, ensuring that it garners a disproportionate share of the benefits, at the expense of developing world (2003).

### **Globalization: Conceptions**

A phenomenon which decreases the importance of national border transforming into a globalist. It is instructive to note that before now, the geographical, spatial framework of social activity, was one of territorialism, which means that economics, politics, culture and social ecology were all located within and bounded to territorial space (Aart, 1999). The phenomenon however, meant that events are in this dispensation 'supra-territorial' (Egomnwam, 2002 p.226).

A short view of the subject-matter averred that it is the growing liberalization of international trade and investment, and the resulting increase in the integration of national economies.

Amanyie and Nwigbos (2016 p.91) cited the World Bank description of the phenomenon as producing winners and losers, both between and within countries and as a powerful force shaping world economies for good or for evil. Whichever-way one conceptualizes it, it is certainly a means towards an open society to facilitate trading among states and Transnational Corporations (TNCs) devoid of statism.

Frank (2013) described it as the Highest Stage of sustainable Capitalism. He went further to state that it refers to, 'open your sovereign boundaries for my goods and services, if you cannot compete in the system, you have yourself to blame. It is far above Lenin's Imperialism as the highest stage of capitalism.

According to Oman (1994:27 cited in Offiong 2001 p 2) it is understood to mean a multilateral lowering of policy impediments to the movement of goods and services across national as well as regional boundaries, and this process is what is referred to as multilateralism. In other words, it is the free movement of goods and services across national boundaries without human beings.

The above literature, conceptual and empirical put together left evidence, knowledge, methodical, theoretical and practical-knowledge gaps. Consequently, the current study set out to fill the theoretical, evidence and the practical knowledge gaps often over-looked in the discourse of the politics of Globalization.

### **Stages of Development**

In the first instance, the series of economic depressions which occurred in the years 1300-1400, 1618-1648, 1837-1843, 1873-1896 and 1929-1939, created considerable economic difficulties which challenged the prevailing economic system-initiated by Adam Smith (1776). The collapsed of the system in these years meant that the prevailing liberal economic system would not survive within series of 'protectionist' measures by sovereign states. As Edward (1972) viewed it, the results were, high rate of jobless people, slow economic dynamics, collapse of business, financial uncertainty, social unrest, reduction in world trade, less investment, increase indebtedness, the height of which was the 1929-1939 episode. The economic lessons of these years were too fundamental to allow it to occur again. Europe and America had to wear their thinking caps to forestall the re-occurrence of the phenomenon.

Secondly, the multiplicity of trade negotiations that had to be conducted before the establishment of trade relations by the various states in the protectionist international economic arena, was time consuming. What needed to be done was create a general platform to deal with the situation. A situation which would not allow the re-occurrence of these economic downturns.

The idea to manage the international economic relations to avoid the further depression led to innovation of collapsing the various protectionist trade policies into a general one, which would apply to all countries. This gave birth to General Agreement on Tariff and Trade (GATT) in 1947. It was intended to reduce tariff and other trade barriers gradually. The focus was on facilitating smooth global trade without further hindrances. In order to achieve this goal, institutions have to be created to sustain it.

### **Sustaining Globalization: The Structures**

In order to achieve the goal of globalized economic arena, across sovereign states and regions, it became imperative to create institutions that would compel by all means sovereign states to abide



with the political economy principles which would facilitate the goals of economic globalization. They included;

a) The Washington-Consensus-with apology to John Williamson who in 1989 coined the term to refer to the policy trajectory of the organizations all of which are located on Wall Street in Washington DC. They all generate the policy thrust and direction that guide world economies especially of the third world states in the direction that would vitiate protectionism. They are the research body which constantly evolve and generate the dynamics which keep sovereignty down, globalization afloat and economic depression afar-off.

Washington-Consensus organizations policies rest on; trade liberalization, privatization, deregulation, fiscal discipline and small government with no subsidies and floating exchange rate. These are the contents of the policy thrust for the spread of globalization across sovereign states.

b) The World Bank, IMF and WTO

The International Bank for Reconstruction and Development (IBRD) was initially meant to resuscitate Europe from the scorched of the WWII, it was renamed 'World Bank' and it assumed global perspective and poses as wanting to help the global communities to address the major problems facing them.

These problems included; to reduce poverty, promote economic development and improve living standards. These are desirable goals. They were going to make loans available towards these laudable goals. When you go to address these goals through the inducement of the World bank, they then advance the conditions for execution in your country as a conditionality to access the fiscal facility. These are guidelines for globalized economy.

c) The IMF would insist on the borrowing countries meeting the conditions outlined by the World Bank before accessing the loan and their Country-Directors monitor to ensure compliant by the receiving states.

d) The WTO on the other hand monitor your international trade to ensure that you present in the market the quality of goods assigned to each country which is often 'crude' unprocessed materials to be processed in the 'advanced countries and re-imported by the 'peripheral or developing states'.

In so doing, unfavorable balance of trade is maintained in favor of the advanced states to the disadvantage of the peripheral states. This is why the conditions canvassed by 'Washington-Consensus' is offered as a panacea, yet they turn out as 'toxin' in the economies of all states. These are the multifaceted and intricate system for the sustainability of globalization in the world system.

### Data Presentation

The data presented herein were all derived from the various in-depth documentary analysis, these included;

a) GATT Geneva Round which started in 1947 till 1995 when the WTO was born.

b) The WTO and the principles of 'Most Favored Nations' (MFN) which is discriminatory.

c) While WTO sought to ensure the removal of restrictions and access to markets by all, the advanced countries still build protectionism against the products of the third world states. The USA has African Growth and Opportunity Act (AGOA) for Africa.

d) The principles of WTO and globalization despised 'subsidy', the advanced societies subsidize agriculture and many other productive activities in their countries.

e) The economic status of African states and most developing nations at the time of signing unto GATT and WTO was that of producers of primary products. The WTO agreement would not allow them to present finished goods in the WTO markets except that with which they entered into the market.

f) Drawn from Joseph Stiglitz (2002), Globalization and its Discontents globalization has increased poverty and it need reform.

g) John Wiseman and S. McBride (2000) with a book of the same title, submitted that globalization has affected communities adversely, it vitiates sovereignty in relation to economic policies as well as promoting policies which are in contradiction with local identities.

h) We posit that it is clear that there is nothing as ‘free-market principles as all market desire interventions by the state. Interventions are often manipulated in favor of the side with comparative advantage.

### **Validation of Research Questions and Discussions**

a) We elected to restate the first objective and research question as; what was the theoretical foundation of phenomenon and its hypothetical basis for a better understanding of current dynamics. To uncover the theoretical foundation, we traced the operative principles of the early political economy to the initial global political economic system, enunciated by Adam Smith (1776), termed Liberal economic system, commonly referred to by others as ‘capitalism. This system was said to have the ability of self-augmentation with profit as the motive-force for the investors without interference by anyone.

However, the economic depressions of the years preceding 1929-1939, proved the economic system wrong, that it had no resilience of self-augmentation without being prop-up, hence the various depressions. This discovering is in consonance with the view held by Martin Wolf in ‘the Crisis of Democratic Capitalism’ (2023) wherein he contended that the crisis arose from the systems inherent contradictions and flaws leading to periodic crisis, financial crashes and recession, which can have far reaching effects for global economies which indeed occurred. George Soros in his ‘the Crisis of Global Capitalism (2004)’ asserted inter-alia that ‘we live in a global economy that is characterized not only by free trade in goods and services but even more by the free movement of capital, interest rates, exchange rates, and stock prices in various countries are intimately interrelated, while global financial markets exert tremendous influence on economic conditions. He pointed to the failures of the system (2004 p.101). In the same vein Lee Edwards (2001) concluded that free markets and free societies must be created to enable capital to move around without restrictions. Whereas, Edwards, R.C. et al (1972) in the work ‘the capitalist system’ espoused the problem, structure and the alternative to the system given its proclivity to crisis. The implication is that the prevailing economic system would occasionally throw up global financial crisis.

(b) The Westphalia treaty 1648 which ended the European wars on colonial possessions and rapidly led to statism and national economies, led new states into playing the ‘catch-up’ though participated in international trade, but sought to protect its economy. This urge led to economic protectionism which embodied quotas and subsidies. This meant that trading with another, would require diplomatic relations, bi-or-multilateral agreements. This consumed time and large economies required large markets for their finished products.

This time-consuming nature of global economy at the time, was driven by a free-market system characterized by self-regulating by forces of demand and supply, the market was a contract one, the rule of law operated, the market was pragmatic, individualistic, everyone had freedom to operate, profit drove the system and all actors were equal. The system was believed to possessed the dynamism to resuscitate itself in crisis (Frank, 2015 p.172). However, when the global economic depression of (1929-1939) occurred, the ‘invisible hand of Adam Smith’ could not restore the global economy back to operation, until John Maynard Keynes postulated the ‘economic stimulus’ system, which rescued the global economy.

In order to ensure extensive markets for economic growth, devoid of another depression, protectionism in whatever form must give way through ITO, then through GATT to globalization. This is the underlying theoretical foundation of what is today globalization.

(c) About the 17-18<sup>th</sup> centuries Enlightenment took place in Europe which canvassed ‘reason, individualism and the protestant ethics in business and capitalism. (Frank, 2015 p.171). The adaption of this economic model set the economic philosophy of Western and Eastern Europe apart. The western European economic motor rested on private initiative and TNCs, and other social institutions created for that purpose, while the state provided the enabling environment. The engine of this economic system was the Adam Smith’s ‘invisible hand’- the idea that self-interest, under



the rule of law, guides a nation to prosperity (Edwards, 2001 p.3). The logic rested on the fact that in achieving individual interests, public interests inadvertently get served. Since the society, is individual 'writ-large.' This market society has the capacity for self-augmentation. However, in the years of depressions 1300-1400, 1618-1648, 1837-1843, 1878-1876 and 1929-1936, the economic system and market society failed to rise, but only on the application of John Maynard Keynes's postulations. The quest to avoid the negative consequences in which investors suffered in the past years, led to the quest for globalization in order to avoid a repeat of the economic experiences of any of the previous years. This is the theoretical foundation.

The research question, sought the theoretical or hypothetical basis, which on the other hand, hinged on the removal of protectionism. After many countries gained independence, their economies needed to be protected from economic dumping. Selling one's goods at lower price in another country amounted to dumping which would lead to job losses in the domestic economy. Towards this end one protects its economy through 'tariff and quota' or quantitative price restriction. This was the situation in the early mercantile period. To trade with any state, you needed negotiation and agreement. Trading with many states required several agreements. The initial Politics of International Economic Relations, accounted for several economic depressions earlier referred to herein. Dropping protectionism and berthing globalism was the way-out.

The quest therefore was the fragmented economic system should be replaced with a larger market. This initiated the negotiation for International Trade Organization (ITO) which culminated into GATT and eventually WTO to regulate globalized economy. This validates the author's description of the phenomenon as the 'highest stage of capitalism'. In a seeming agreement with this position, George Soros's titled his work 'the crisis of global capitalism. In line with this mindset, Scholte (1998) cited in Egonmwan (2002) averred that prior to contemporary globalization, the geographical, spatial framework of social activity was one of territorialism, that is, economics, politics, culture...were located within -and bounded to-territorial space in contrast to supra-territoriality of globalization. The assertion here, coincided with Bela Balassa (1961) conditions for economic integration, Jacob Viner (1950) the Custom Union Issues and James Meade (1955) the theory of Customs Union as well as Sanjay Sehgal (2023) et al Economic and Financial integration in South-East Asia- A contemporary Perspective. All of these were geared towards the realization of globalization which is economic integration and global governance.

(d) We sought the isolation of the latent and manifest contradictions of globalization, and the visible elements of the inconsistency of the phenomenon. We proceeded firstly, by interrogating the 'Promises of Globalization which we alluded to earlier and postulated that it benefits has not accrued to the third world states, hence, Joseph Stiglitz (2002) authored his classical work, 'Globalization and its Discontents'. The protests at Seattle meeting of the WTO, in 1999, the Genoa murder of Carlo Giuliani in Italy in a similar protest in 2001 during the G8 Summit, are indications of the discontents with Globalization. It is instructive to note that, virtually every major meeting of the IMF, World Bank and the WTO has become scenes of protests and turmoil against the expansion of globalization (Stiglitz, 2002 p.3)

In the same vein, Lee Edwards (2001) averred 'not all nations benefit equally' but serious iniquities persist. The number of people surviving on a dollar a day rose from 1.2 billion to 1.5 billion in the decade ending in 1996. The 'haves' out-distance the 'have-nots' in nearly every category. According to Jay Manzur, globalization has increased inequality between and within nations even as it connects people as never before (2001 p.2). In affirmation of this, the former French President, Jacques Chirac during the 1996 ILO Conference, submitted that 'globalization was not making life better for those most in need of its promised benefits (1996).

Another dimension of the contradiction was that nations negotiated in group in GATT like the Schengen states but African states including Nigeria which was still under colonialism at the cradle of GATT, did so individually. GATT provided the arena to illustrate the weakness of the 3<sup>rd</sup> world which negotiated individually rather than as a group. WTO is to join the IMF and the World Bank in managing the world economy in the interests of USA, EU and Japan (Onimode, 2000 p185), hence conditions which hold down the developing states abound in the GATT conventions.

Today, the USA has 'AGOA conditions to be fulfilled before Africa products enters its market and currently, President Donald Trump is fixing tariff and quota against every country that ever traded with the USA. It is on records that the EU have set up Economic Partnership Agreements (EPAs), before African exports would reach their markets, certain conditions must be met. The EU-EPA is a tariff free agreement with 34 out of 54 African countries. How would the remaining 20 African countries navigate the European markets?

The Generalized Scheme of Preferences (GSP) is yet another contradiction of the scheme. It is a preferential tariff arrangement which allows selected third world products into European markets on reduced tariff systems for seven (7) African states. All these are pointers to the fact that, while third world states are made to cancel tariffs and quotas, the advanced countries allow theirs to persist under complex structures. If these are not contradictory, we would like to be better instructed.

(e) In order to validate the fact that globalization is now the highest stage of sustainable capitalist economy and at the same time certify that the most critical stage of globalization would be 'perfect competition' in the free market economy. We would consolidate the fact here together, as answering one would invariably provide the respond to the other. We proceeded thus, the ultimate goal of capitalism is to achieve the 'hypothetical 'perfect competition' in the market society, for capital to operate freely. This entails first of all, that there should not be barriers to competition, which protectionism, tariff and quota are great obstacles. Secondly, everyone in the market society should wear a 'commodity mask' wherein you are either a 'seller or a buyer' with the middle class use as mediators in the conflict between the buyer and the sellers (Professor Claude Ake, 1988). Thirdly, the market makes for innovation and efficiency to undercut the prices and attract patronage or consumer to one's goods, and rational behavior of the consumers would pull them to cheaper goods being 'Homo-economicus'. Fourthly, the market society should allow free entry' and exit of participants, above all, the market society is regulated by the market forces otherwise known as price determinism. These are the long-term goals of globalization. Fifthly, it seeks to downsize government control in favor of the private sector.

It would be recalled that before 1947, such economic freedom was not in existence as each sovereign state protected its economy with series of tariff and quotas. It was difficult to break through international boundaries to create a large market for goods and services because both bilateral and multi-lateral trade agreement were required. These obstructions accounted in great measure to the economic problems culminating in the great depression of 1929-39. Capitalism failed to progress. It required the removal of the hindrances which globalization did easily through the institutions and structure earlier enunciated in the preceding sections of this study. In so doing 'perfect competition' the hallmark of free market economy was created, hence the highest stage of sustainable capitalism with no obstruction (Frank, 2015 p.171-7), in developing nations which the advanced societies retained theirs.

In line with the position of this study, Griswold asserted that Globalization is really just a shorthand for expanding economic liberty across international borders (2001 p.36). Lopez-Garay averred that it is the main political -economic crusade undertaken by the governments and multinationals of the so-called developed nations to impose their Neo-liberal ideology all over the world. Through liberalization of the markets, the 'invisible hand' will bring economic development to us all and with it the solution for the major problems of this world such as; poverty, unemployment etc. would be resolved, hence, the function of the state, must be minimized, trade and investments must be liberalized, and public assets must be privatized (2001 p.120). The ultimate goal of globalization in the long run is openness towards foreign investment.

(f) The fourth objective and research question pointed at identifying a governance system that would enable globalization to fair to all and work towards the attainment of 'Pareto-optimality' for all mankind. This is rather a difficult venture because the theoretical foundation of the free market liberal economy rest on profit. This requires leadership in the third world to diversify their economies to use one product as countervailing force on the other. African state had always been engaged individually making them powerless on the negotiation table. They should go as collective voice and call for the renegotiation of the provisions of the structures of globalization. African states

should henceforth go into global trade agreement in groups of 'ECOWAS, SADC, EAC' etc. in these groupings, there would be the power of collective negotiation. It is a tough order, but do-able.

It would require State-led capitalism to operate in the global capitalist system as economically nonaligned group of states. Investment in critical infrastructure, human capital accumulation and functional judiciary are elements needed towards opening the global institutions for humane operations.

### **Manifest Contradiction of Globalization**

In the preceding section of this study, we affirmed and repudiated both the objectives and research questions with qualitative data. In this section, we want to ground the theoretical conjectures with manifest contradictions base on experiences of the citizens.

a) Covenant on Agriculture- Globalization wishes away subsidies by states to put the farmers on a 'perfect competitive level' in the market society. It is presumed that innovation and skill in technological adaptation would enable one to corner the market through low cost of production in the liberal market situation. However, the agreement allows the advanced societies 'Countervailing Measures (SCM Agreement) to manipulate the system with differential tariff among their members without any such privilege for the third world states. The SCM provisions allow the advanced societies to provide subsidies to their farmers but discourage the use of the same instrument of governance in the third world. The Organization for Economic Co-operation and Development (OECD-38 member countries) had agreed on 4 percent of GDP as subsidies to their farmers. Madame Christine Lagarde then France's, Secretary of Agriculture and Fisheries shortly before she proceeded to become the Managing Director of the International Monetary Fund (2011-2019), granted 7 percent to French farmers. She intended to ensure the products of the French farmers to be cheaper in the market than that of the rest of the OECD members. There was a protest by other farmers. The result is the inability of 3<sup>rd</sup> world agricultural product to survive in the so called 'perfect competitive market place. This amount to constant agricultural trade deficit for the third world states.

b) The concept of Most Favored Nation (MFN)

This principle as contained both in GATT and WTO agreement is yet another contradiction it provided that 'countries can grant preferential treatment to partner in 'free trade agreements or custom unions and special treatment for developing countries under certain circumstances. Who is to define the certain 'circumstances' This is what Donald Trump is currently doing. It is discriminatory.

c) Anti-Dumping Agreement-The WTO agreement allows countries to create anti-dumping duties on import considered to be priced unfairly low. By this token many products for 3<sup>rd</sup> world states, particularly-Nigeria, have not been able to break into the market of the advanced societies because of several other conditionalities. This provision allowed advanced societies to add taxes on the export into their markets-thereby making goods from 3<sup>rd</sup> world none-competitive in America and European markets it results in trade deficit.

d) It is on record that the EU have set up Economic Partnership Agreement (EPAs) before African exports would reach their market, before their goods would enter their markets, they need to belong on their terms. The EU-EPA is a tariff free agreement with 34 out of 54 African countries. The Generalized Scheme of Preferences (GSP) is a preferential tariff reduction scheme for seven (7) African states. If these are not contradictory, we would like to be better instructed. All these in the face of existing globalization manage by the WTO, which was set -up to break down protectionism.

e) Subsidies and Countervailing Measures (SCM) Agreement -was intended to forestall provisions of subsidies to local industries in a way that it would hurt industries in the trading country. This is not an implementable article as no one is able to hold the advanced countries to account. By this provision, the third world and particularly Nigeria get short-changed in the globalization conundrum.

f) One of the critical evidence is that in all economies in the global south, local manufacturers are crowded out of the market place by the products of the advanced global northern economies. We

are to advise anyone in the global south to go to the market place to purchase a common toilet soap or toothpaste. He would hardly find that locally manufactured such products are not there. This is not the mutual beneficial slogan at the initiation of globalization.

## CONCLUSION

The study set out to identify the theoretical foundation of the phenomenon, bring out the latent and manifest contradictions and to ascertain that it is now the highest stage of sustainable capitalism and canvassed for a more humane governance system for it because it is not working beneficially for all. We have validated that globalization was meant to replace 'protectionism, tariffs and quotas' and create larger markets for capital movement to avoid further crisis of the global capitalism and depression. In line with this thought Sodaro averred that, paradoxically, rich countries continued to impose barriers to the importation of goods from poorer countries; they still subsidized their own farmers at the expense of farmers in the Third World; and maintained variety of trade rules detrimental to the less-developed countries. It further highlighted the latent and manifest contradictions where advanced countries retain tariff and quotas through complex arrangements, yet caused third world states to abrogate theirs cannot guarantee mutual benefits. Globalization offers great opportunities, but it must be managed in a way to create more concern for global equity. However, it has become the highest stage of sustainable capitalism much more than imperialism.

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