

# **The Effect of Globalization, Politics, on Welfare Determination: A Nigeria Case (1980-2008)**

**Charles N. Ibeziako  
Saint Augustine's College**

*This paper challenges conventional theorists such as Strange (1997), and Nader (1993) who suggest that states, will give up welfare spending to create global competitiveness. Political scholars such as Gilpin (2001); Myles and Pierson (2001) dispute theorists on globalization and welfare but rather argue that politics is a relevant factor of welfare decline in lower developing countries (LDC). The findings from date collected from World Bank and United Nations (1980- 2008) indicate that politics determines welfare expenditure in Nigeria and present adequate validation to re-examine the assertion that welfare decline in LDC creates global competitiveness.*

## **INTRODUCTION**

An important discussion in the economic, academic, and political circles from the 1970s, through the new century has been how economic globalization affects the welfare state of developed countries (Korpi, 1983; O'Connor & Olsen, 1998; Esping & Andersen, 1990; Hicks, 1999; & Garrett, 1998). A widespread position is that governments in Developed Countries (DC) have deregulated foreign direct investment (FDI) and capital flows in trade with policies that enhance competition, hence creating a decrease in social public expenditure (Nader, 1993).

Upon closer examination, however, it appears that the welfare state actually aids the process of globalization. The domestic support obtained by state-sponsored social benefits serves to maintain a drive toward continued economic liberalization (Fligstein, 1997). During the past quarter century, globalization penetrated DC and Less Developed Countries (LDC) but, while the more developed countries were expanding resources devoted to this form of shelter, the average share of gross domestic product (GDP) allocated in a sample of fifty-three less-developed countries (LDC's) became much lower (Rudra, 2002). Thus far, trends in welfare spending in developed and developing countries have diverged (Rudra, 2002). Rudra (2000) concludes that the welfare state is eroding away in Lower Developing Countries, raising concerns about their survivability given LDC's rapidly declining welfare expenditure.

The 1970's gave rise to modern studies of our contemporary welfare theories (Amenta, 1993). Social scientists, including political scientists and historians, have studied the course of development of national social policies in different countries and documented their findings (Wilensky & Lebeaux, 1958; Kerr, 1960; Pryor, 1968; Rimlinger, 1971). Some of the seminal studies that later became a focus of this new body of professional literature were written in the decades after the Second World War (Hecllo, 1974). As researchers continued their search, several classical theories were rediscovered in the 1970's (Polanyi, 1994; Marshall, 1949 & 1994).

A welfare state is characterized by Fligstein (1997) as a social system in which the government assumes the primary responsibility for its citizens, and also is concerned with issues related to the social security, education, employment, and health care of the nation's citizens. In its more narrow definition, globalization refers to the process of integrating the economies of individual nations into one market that encompasses them all (Wallerstein, 1974). When compared with the border-transcending vision of incorporation on an international scale, the concept of the welfare state seems to be in direct opposition: it describes a situation in which a country puts its citizens and its national needs ahead of the goals of the global market or community (Ohmae, 1991).

According to Stryker (1996), state intervention is unnecessary interference in economic globalization, and for those of the neoclassical liberal economic turn of mind, government intervention serves only to inhibit the natural efficiency of the market; which is seen as counterproductive in all facets of economic activity. The disagreement between these ideologies is obvious. Upon closer examination, however, it appears that the welfare state actually aids the process of globalization in DC's (Fligstein, 1997).

By analyzing fourteen developed countries, Geoffrey Garrett (1996) presented the most recent and convincing challenge to the notion that welfare states are crumbling under these pressures. Garrett's analysis extends the globalization-welfare debate initiated by Polyamide (1978), Ruggie (1976), and Katzenstein (1978). Garrett demonstrated that international market exposure actually induces greater government spending on redistribution programs that compensate for market-generated inequalities.

Key to Garrett's analysis is the ability of labor-market institutions to effectively negotiate between government and labor. He convincingly argued that if labor markets are highly centralized and well-developed, then, labor and government can effectively coordinate economic performance with redistribution policies. Garrett (1996) concludes that globalization has in fact strengthened left-labor movements in developed countries.

To discuss and understand this difficult issue, one has to categorize at least three main government systems that have transpired in Nigeria since its independence. Nigeria was governed by social democratic parties from 1960 -1966 (Verdu, 2000), and by authoritarian regimes for most of the years from 1966-1999 and then by social democratic parties from 1999 to present (Davis & Kalu-Nwivu, 2001). Labor was very weak during this time frame but noticeably weaker during the authoritarian regimes.

According to Nwawu (2001), labor unions were against the law during the authoritarian regimes and at best very weak during the social democracies. Scholars supporting the theory of new politics of the welfare state have composed three main positions of opinions inquiring the task of socioeconomic class and the power sharing in the environment of welfare state reduction. First, according to Pontusson and Swenson (1996) and also Pierson (2000), this position considers the relations between employers and employees as negligible, but ignored the activist role of employers for welfare state development. Second, political objectives of policy writers changed noticeable during the welfare reduction phase (Pierson, 1996). However, in the growth phase, policymakers might consider liberal well-liked reforms, largely supporting welfare state policies already in place. Third, the new groups generated by the welfare state for example the disabled, pensioners, and health care groups become strong interest groups.

### **Nigeria Political Information**

Before the colonization of Nigeria in the 16<sup>th</sup> century, by the Europeans, Nigeria consisted of numerous Kingdoms and consisted of quite a few tribal communities (Davis & Kalu-Nwivu, 2001). At the beginning of this period, Nigeria still maintained self rule which slowed down interaction with the west. However, trade flourished between the British and Nigeria. According to Sock (2004), the British built depots in Lagos and the Niger River areas which are now the oil rich area of Nigeria

The few explorers at that time such as Heinrich Bath of Germany, Richard and John Lander of England, and Mongo Park and Hugh Clapperton of Scotland, monopolized and chartered those ports (Stock, 2004). In the Berlin West African Conference, the British government declared its claim of the territory and by 1861 the colony of Lagos was declared and eventually expanded (Musa, 2000). In 1897 a protectorate coast was created in Niger Delta area which caused some resistance from the indigenes but

was crushed by the British. In 1914, the amalgamation of the northern states and the southern states was completed to form the colony of Nigeria.

Nigeria's independence in 1960 copied the British parliamentary style of authority (Kalu-Nwivu, 2001). The union between the north and the south brought together different groups with diversified cultures and religious backgrounds (Mundt, 1999). The most prominent of these groups are the Ibos and the Yorubas of the south who are mostly Christians and the Fulanis and Hausas of the north who are mostly Muslims (Kalu-Nwivu, 2001). According to Aborisade and Mundt (1999), the distribution of the tribal divisions in Nigeria is as follows: Hausa (29.5%), Yoruba (20.3%), Ibo (16.6%), Kanuri (4.1%), Ibibio (3.6%), Tiv (2.5%), Ijaw (2.0%), Edo (1.7%), Nupe (1.2%), and Other (18.5%).

The politics and economy of Nigeria still reveals the distinct diversity of Nigeria. Factors such as religion and ethnicity are dominating influences in Nigeria welfare distribution. Divisions between these ethnic groups created rivalry in the colonial era and still play out dominantly in the politics and economic competition in Nigeria (Aborisade & Mundt, 1999).

The Nigerian practice of politics and economics since after independence in 1960 has been sabotaged at different junctures due to ethnic divide which has continued to cause monumental problems of integrating ethnic groups inside the nation (Davis & Kalu-Nwivu, 2001). For example, the conflict between the Ijaw and Itsekiri in 1997- due to local government relocations- was so intense that the Federal government intervened by blocking the waterways and oil pipes (Obasa, 1998). Other resulting conflicts include but are not limited to the Yoruba and Hausa conflict in 1999 caused by non-cooperation of the Hausa against the Yoruba enclave (Adeyemo, 1999).

### **Democracy and Military Regimes since Independence**

Dr. Nnamdi Azikiwe was the first president of Nigeria in 1960 (Udensi, 1996). By 1966, Major General Aguyi Ironsi assumed leadership of the country after the government was overthrown (Udogu, 2001). Six months later, Colonel Yakubu Gowon successfully overthrew the government in a military coup in which General Ironsi was assassinated. Ironsi's death caused some civil strife amongst the Ibo's which triggered the mass execution of the Ibo's by the Hausa's in the northern states of the country. The Ibo's had to seek refuge in their own part of the country, southern region, and by May of 1967, declared themselves independent and became the Biafra Republic headed by Colonel Odimegwu Ojukwu (Udogu, 2004).

As a result of this declaration of Independence, a civil war started which lasted until January, 1970. General Yakubu Gowon, who was the head of state at the end of the civil war, was ousted five years later by Colonel Mauritala Mohammed in a military coup. As many as six military coups, one elected democratic government, and one interim government were witnessed from 1960 to 1999 before President Obasanjo was elected (Insa, 2006). This administration served for eight years and became the longest democracy and the first to hand over government to civilians.

The turbulence of the military era, compounded by high rate of corruption in Nigeria, did not alter much of the capitalist attitude of Nigerians. Hence international trade - mostly in importing - flourished (Phillips, 2005). By 1996, tariffs for imports were dropped drastically and import licenses were no longer a requirement to bring in goods (Adeyemo, 1999). Deregulated exchange rates were introduced in an attempt to attract foreign investors and most likely to create credit worthiness in the international organizations. By 2000, Nigeria has already borrowed more than a billion dollars from the International Monetary Fund (World Fact Book, 2003). According to Ancharaz (2003), this unnecessary borrowing as well as economic instability, economic instability, and high corruption index made Nigeria a safe haven for looting.

Since oil exporting is the main source of revenue for Nigeria, the quick drop in world oil prices in the mid-1980s created a severe economic stagnation. In sub-Saharan Africa, with the exclusion of only some countries, economic growth has usually been miserable; on average, real incomes have been sluggish since 1980 and total welfare reductions have been shown in some Sub-Sahara African countries (Ross & Levine, 1995).

Nigerian's pride for taking care of the elderly and the unemployed is a symbol of strong extended family system (Achebe, 1959) and as such, a substitute for the local welfare system. Social welfare has been defined differently during the past decades. Grossman (1994) and Newman (1994) defines social welfare as a program that provides the poor with health, education and social benefits such as pensions in an attempt to reduce the poverty level. Under this definition, Nigeria has no social welfare system in place.

World Bank Books of records (2002) indicates that less than 1 percent of the elderly receive pensions in Nigeria. According to the CIA reports (2000), some elderly citizens living in the northern part of Nigeria are homeless and will usually resort to begging for survival. Studies of Ajayi's (1999) shows that the traditional social system in Nigeria is fading out due to economic austerity, although, Essien (2001) argues that this traditional welfare system is still very strong and common in the rural areas as compared to the urban areas.

Welfare situation in Nigeria for the most part is directly connected to the rapid population growth and the continuous increased international trade. According to Wagner (1890) there is a direct relationship between economic growth and government expenditures. Studies of Essien (1997) used the popular Wagner's Law to measure the appropriate ratio of Nigeria government growth to government social expenditure. His report concludes that the ratio of economic growth to government social expenditure is less than the growth in population.

**The following research questions are used to guide this study:**

1. Does globalization cause an expansion of the welfare state in Nigeria?
2. Does the welfare expenditure differ in Democracy compared to Military regime? (Military regime from 1984 through 1998, democracy from 1980 through 1983, and from 1998 through 2008). From these research questions, three hypotheses were formulated.

*Null Hypothesis # 1 (Ho-1)*

*Ho 1: There is no relationship between welfare expenditure and globalization.*

*Alternative Hypothesis # 1 (Ha-1)*

*Ha 1: There is a significant correlation between welfare expansion and globalization.*

*Hypothesis # 2 (Ho-2)*

*Ho 2: There is no difference between welfare expenditure during military regime and democracy (military regime from 1984 through 1998, and democracy from 1980 through 1983, and from 1999 through 2008).*

*Alternative Hypothesis #2 (Ha-2)*

*Ha 2: There is a difference between welfare expenditure during military regime and democratic.*

*Null Hypothesis # 3*

*Ho 3: There is no correlation between welfare expenditure, type of the political regime, and globalization.*

*Alternative Hypothesis #3*

*Ha 3: There is a significant correlation between welfare expenditure, type of political regime, and globalization.*

**SUMMARY STATISTICS**

The purpose of this paper is to evaluate and determine the domestic and external factors that promote government welfare expenditure in Nigeria, as well as to establish the relationship between economic globalization, Vis a Vis: Foreign Direct Investment (FDI) and Net Trade: on the Welfare of Nigeria (Government expenditure on education, health care and social securities as a percentage of the GDP).

The data used in this study [www.lib.ncsu.edu/search\\_collection/](http://www.lib.ncsu.edu/search_collection/) a subscription database prepared by the World Bank's International Economic Department (World Development Indicators). All numbers are inflation-adjusted for 2008. Data for education and health expenditures are given as a percentage of the Gross National Expenditure (World Almanac and Book of Facts from 1980-2008). Data for social security is collected from the University of North Carolina Library (March, 27, 1992 issue of International Monetary Fund). These percentages collected from World Development Indicators, World Almanac, the Books of Facts from 1980 through 2008, the International Monetary Fund, were applied to the inflation current values of 2005 (GDP, Gross National Expenditure) to calculate the corresponding values of education expenditure, health care expenditure, and social security expenditure. Some missing data, for example education expenditure as a percentage of GDP in some years is a concern, however, is less than 10% of the total sample size therefore, could be deleted or ignored (Hair, 2005).

**TABLE 1**  
**GOVERNMENT REGIME DESCRIPTION**  
**(Military regime from 1984-1998, democracy from 1980-1983, and from 1999-2008)**

Military Regime	Democracy
15years (from 1984 – 1998)	14 years (from 1980- 1983; 1999-2008)

**TABLE 2**  
**BIVARIATE CORRELATION DESCRIPTION, 1984-2008**  
**(Military regime from 1984-1998, democracy from 1980-1983, and from 1999-2008)**

Source	Govt._ Regime	Mean	Std. Deviation	N
GDP per capita	Democracy (1)	55.74	18.27	14
	Military Regime(2)	27.48	4.96	
	Total	39.44	18.71	
GNE per capita	Democracy (1)	51.36	13.75	14
	Military Regime(2)	26.24	4.25	
	Total	36.87	15.68	
FDI per capita	Democracy (1)	1.06	.86	14
	Military Regime(2)	.96	.58	
	Total	1.01	.70	
Export per capita	Democracy (1)	21.68	11.23	14
	Military Regime(2)	10.75	3.15	
	Total	15.38	9.20	
Import per capita	Democracy (1)	18.11	4.54	14
	Military Regime(2)	9.06	3.21	
	Total	12.89	5.90	
Net Trade per capita	Democracy (1)	3.57	8.85	14
	Military Regime(2)	1.69	2.59	
	Total	2.48	6.00	
Education as a % of GNE	Democracy (1)	1.17	.18	14
	Military Regime(2)	1.32	.17	
	Total	1.14	.17	
Health as a % of GNE	Democracy (1)	1.46	.60	14
	Military Regime(2)	1.16	.62	
	Total	1.28	.62	
Social Security as a % of GNE	Democracy (1)	2.03	1.48	14
	Military Regime(2)	1.49	.48	
	Total	1.72	1.04	

In Table 2 above, democracy is (1) and military regime is (2). Data for democratic regime (1) is for fourteen years and data for military regime (2) is for 15 years.

*Ho 1: There is no relationship between welfare expenditure and globalization.*

*Alternative Hypothesis # 1 (Ha-1)*

*Ha 1: There is a significant correlation between welfare expansion and globalization.*

*Hypothesis # 2 (Ho-2)*

**TABLE 3**  
**CORRELATION TABLE, 1980-2008**  
**(Military regime from 1984-1998, democracy from 1980-1983, and from 1999-2008)**

	Education as a % of GNE	Health as a % of GNE	Social Security as % of GNE
GDP per Capita Pearson coefficient sig. (2- tailed) N	.449* .022 26	.670*** .000 26	-.543** .004 26
GNE per Capita Pearson coefficient sig. (2- tailed) N	-.018 .932 26	-.179 .382 26	.450* .021 26
FDI per Capita Pearson coefficient sig. (2- tailed) N	.125 .544 26	.405* .040 26	-.179 .380 26
Export per Capita Pearson coefficient sig. (2- tailed) N	.153 .456 26	.016 .938 26	-.022 .915 26
Import per Capita Pearson coefficient sig. (2- tailed) N	.021 .919 26	-.092 .654 26	-.473 .015 26
Net Trade per Capita Pearson coefficient sig. (2- tailed) N	.202 .322 26	.140 .496 26	-.628*** .001 26

Where: \*p = 0.05      \*\*p = 0.01      \*\*\*p = 0.001

In conclusion for the economic and welfare data from 1980-2008, there is a significant relationship between welfare variables in terms of the following interactions: Education as a percentage of GNE, Health as a percentage of GNE, Social Security as a percentage of GNE and Gross Domestic Product per Capita. The result of the data analysis of the Pearson Correlation r between GDP per capita and Education as a percentage of GNE is positive 0.449, with p value .022; r is positive .670 for Health as a percentage of GNE, with p value .000, and r is negative .543 for Social Security as a percentage of GNE, with p value .004. These significant values of .022, .000, and .004 are less than Alpha .05 level. Therefore, these correlations are significant. Hence the null hypothesis Ho 1 is rejected from data 1980-2005. It is concluded that there is a relationship between welfare expenditure and globalization.

*Research Question #1 and Hypothesis #2, 1980-2008*

*Does the effect of globalization on welfare differ in a democracy as compared to a military regime? (Military regime from 1984 through 1998; Democracy 1980 through 1983, and 1999 through 2008).*

*Ho 2: There is no difference between welfare expenditure during military regime and democratic regime.*

*Ha 2: There is a difference between welfare expenditure during military regime and democratic regime.*

**TABLE 4**  
**THE MULTIVARIATE TEST: 1984-2008**  
**(Military regime from 1984-1998, democracy from 1980-1983, and from 1999-2008)**

Multivariate Tests <sup>a</sup>						
Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.987	540.649 <sup>a</sup>	3.000	22.000	.000
	Wilks' Lambda	.013	540.649 <sup>a</sup>	3.000	22.000	.000
	Hotelling's Trace	73.725	540.649 <sup>a</sup>	3.000	22.000	.000
	Roy's Largest Root	73.725	540.649 <sup>a</sup>	3.000	22.000	.000
Government_Regime	Pillai's Trace	.251	2.456 <sup>a</sup>	3.000	22.000	.090
	Wilks' Lambda	.749	2.456 <sup>a</sup>	3.000	22.000	.090
	Hotelling's Trace	.335	2.456 <sup>a</sup>	3.000	22.000	.090
	Roy's Largest Root	.335	2.456 <sup>a</sup>	3.000	22.000	.090

a. Exact statistic

b. Design: Intercept+Government\_Regime

In the multivariate test table above, Government Regime effect's p value is .090 in all tests: Pillai's Trace, Wilks' Lambda, Hotelling's Trace, and Roy's Largest Root test which is greater than alpha .05, therefore, is not significant. The p values indicate that there is no difference between Democratic Regime and Military Regime in Welfare Expenditure. The test result is shown in the multivariate Table 6.

**TABLE 5**  
**TESTS OF BETWEEN-SUBJECT EFFECTS, 1980-2008**  
**(Military regime from 1984-1998, democracy from 1980-1983, and from 1999-2008)**

**Tests of Between-Subjects Effects**

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Education as % of GNE	.010 <sup>a</sup>	1	.010	.298	.590
	Health as a % of GNE	.561 <sup>b</sup>	1	.561	1.479	.236
	Social Security as a % of GNE	1.864 <sup>c</sup>	1	1.864	1.756	.198
Intercept	Education as % of GNE	33.656	1	33.656	1044.234	.000
	Health as a % of GNE	43.651	1	43.651	115.083	.000
	Social Security as a % of GNE	79.196	1	79.196	74.597	.000
Government_Regime	Education as % of GNE	.010	1	.010	.298	.590
	Health as a % of GNE	.561	1	.561	1.479	.236
	Social Security as a % of GNE	1.864	1	1.864	1.756	.198
Error	Education as % of GNE	.774	24	.032		
	Health as a % of GNE	9.103	24	.379		
	Social Security as a % of GNE	25.480	24	1.062		
Total	Education as % of GNE	35.076	26			
	Health as a % of GNE	52.828	26			
	Social Security as a % of GNE	104.675	26			
Corrected Total	Education as % of GNE	.783	25			
	Health as a % of GNE	9.664	25			
	Social Security as a % of GNE	27.343	25			

a. R Squared = .012 (Adjusted R Squared = -.029)

b. R Squared = .058 (Adjusted R Squared = .019)

c. R Squared = .068 (Adjusted R Squared = .029)

In individual tests between subject effects, Education as a percentage of GNE has a p value of .590, which is higher than alpha.05; therefore, the relationship between education as a % of GNE and the government type is not significant. Health as a percentage of GNE has a p value of .236 which is higher than .05; therefore, the relationship between health as a % of GNE and the government type is not significant. Social Security has a p value of .198 which is higher than alpha .05; therefore, the relationship between social security and the government type is not significant. These p values of .590, .236, and .198 for education as a percentage of the GNE, health as a percentage of the GNE, and social security as a % of the GNE respectfully, are higher than the Alpha .05 level. Therefore, the correlation between the dependent variable and the government type is not significant. As such, the null hypothesis cannot be rejected. Therefore, it is this writer's conclusion that there is no difference in welfare expenditure during democracy and military regime in Nigeria.

Research Question # 2 and Hypothesis # 3, 1980-2008.

Does the welfare expenditure differ in Military regime compared to the democratic regime? (Military regime from 1983-1998; democracy from 1980 through 1982, and 1999-2008)

Ho3: There is no correlation between welfare expenditure, type of political regime, and globalization.

Ha3: There is a significant correlation between welfare expenditure, type of political regime, and globalization.

**TABLE 6**  
**MULTIVARIATE TESTS-INTERCEPT AND GOVERNMENT REGIME, 1980-2008**  
**(Military regime from 1984 through 1998, Democracy 1980 through 1983, and 1999 through 2008)**

Multivariate Tests <sup>c</sup>								
Effect		Value	F	Hypothesis df	Error df	Sig.	Noncent. Parameter	Observed Power <sup>a</sup>
Intercept	Pillai's Trace	.988	250.722 <sup>b</sup>	6.000	19.000	.000	1504.332	1.000
	Wilks' Lambda	.012	250.722 <sup>b</sup>	6.000	19.000	.000	1504.332	1.000
	Hotelling's Trace	79.175	250.722 <sup>b</sup>	6.000	19.000	.000	1504.332	1.000
	Roy's Largest Root	79.175	250.722 <sup>b</sup>	6.000	19.000	.000	1504.332	1.000
Government_Regime	Pillai's Trace	.732	8.664 <sup>b</sup>	6.000	19.000	.000	51.983	.999
	Wilks' Lambda	.268	8.664 <sup>b</sup>	6.000	19.000	.000	51.983	.999
	Hotelling's Trace	2.736	8.664 <sup>b</sup>	6.000	19.000	.000	51.983	.999
	Roy's Largest Root	2.736	8.664 <sup>b</sup>	6.000	19.000	.000	51.983	.999

a. Computed using alpha = .05

b. Exact statistic

c. Design: Intercept+Government\_Regime

In this Multivariate table above, the Pillai's Trace p value is .0000 which is less than alpha .05; therefore, there is a significant difference in the globalization factors between the Democratic Regime and the Military Regime. The p value of Wilks's Lambda test is also significant at .000 which is also less than alpha .05, which is a significant difference in the globalization factors between the Democratic Regime and the Military regime. Hotellings Trace test and Roy's Largest Root test also show p values of .000, therefore indicating that there is significant difference between Democratic regime and the Military regime.

As seen in the between subject effects table above, the p value for Gross Domestic product per capita is .139 which is greater than alpha .05, which is not significant. Therefore, there is no difference in the mean value between Democratic Regime and Military regime. However, the Democratic Regime spends more than the Military Regime in Education as a percentage of GNE, Health as a percent of GNE, and Social Security as a percentage of GNE as shown in Table 10. FDI per capita has a p value of .674 which is not significant, however. Export per capita and Import per capita have p values as .001 and .000 respectfully which are significant. In conclusion, for Ho:3, GDP per capita, FDI per capita, and Net Trade per capita are not rejected; hence, GNE per capita, Export per capita, and Import per capita are rejected for Ho:3.

**TABLE 7**  
**TESTS OF BETWEEN SUBJECT EFFECTS-GOVERNMENT REGIMES, 1980-2005**  
**(Military regime from 1984 through 1998, Democracy 1980 through 1983, and 1999 through 2008)**

Source	Dependent Variable	Sum of Squares	df	Mean Square	F	Sig.	Noncent parameter	Observed Power.
Govt. Regime	GDP/cap	125777	1	125777	2.342	.139	33.019	1.000
	GNE/cap	333678	1	333678	20.750	.000	44.834	1.000
	FDI/cap	7.059	1	7.059	.182	.674	.115	.062
	Export/ca	51950	1	51950	12.765	.022	12.977	.933
	Import/ca	46103 174	1	46103 174	18.562	.000	35.570	1.000
	NetTrade/cap		1		.063	.804	2.342	.312

**SUMMARY OF THE FINDINGS**

The findings of this study may not represent the whole scenery in Nigeria due to some limitations. The time frame of this study (from 1980 through 2008) is also relatively short and even shorter compared to other studies done in developed countries and therefore, may be an issue of debate. This is an indication that many more studies on globalization, politics and welfare determination should be done in the sub-Sahara Africa.

Although the globalization factors: GDP per Capita, GNE per Capita, FDI per Capita, Export per Capita, Import per Capita, and Net Trade per Capita, may perhaps not have provided all of the expected results, it did however present some ideas of what could encourage welfare expenditure in Nigeria. In this study, the findings of the two data sets will be shown for comparisons.

**TABLE 8**  
**SUMMARY OF FINDINGS**

Hypothesis	From 1980 - 2008
Ho: 1	Reject Ho: 1. There is a relationship between Welfare expenditure and globalization
Ho: 2	Do not reject Ho: 2. There is no difference in welfare expenditure between democracy and military regime.
Ho: 3	In Ho: 3, Reject GNE per capita. In Ho: 3, Reject Import per capita. In Ho: 3, Reject Export per capita. In Ho: 3 Do not reject GDP per capita. In Ho: 3 Do not reject FDI per capita. In Ho: 3, Do not reject Net Trade per/cap.

From 1980 through 2008 (Military regime from 1984 through 1998; Democracy from 1980 through 1983, and from 1999 through 2008), Hypothesis Ho #1 was rejected; therefore, there is a relationship between welfare expenditure and globalization. Hypothesis Ho #2 is not rejected; therefore, there is no difference in welfare expenditure between military regime and democratic regime. In Ho: 3; GDP per capita is not rejected, FDI per capita is not rejected, and Net Trade per capita is not rejected. In Ho: 3, GNE per capita is rejected; Export per capita is rejected, and Import per capita is also rejected.

## LIMITATIONS/DELIMITATIONS OF THE DATA

The following limitations were noted regarding the present study:

- (1) Most of the comprehensive studies of globalization on the welfare state are done only in matured democratic countries from 1960 to the mid 2000. Hence, the use of democracy as a variable, such as in the proposed study, has not been considered as a variable in most of the previous studies done on this subject.
- (2) Very few available studies have been conducted on this subject in sub- Sahara Africa, which might affect the base of this study.
- (3) Another major issue will be designing and distributing an effective survey instrument to capture the welfare circumstances in Nigeria due to political loyalty, political instability, corruption, and even the business environment, which is also of concern.
- (4) Although secondary data from international organizations such as the International Labor Statistics (ILO), the World Development Indicators, the World Bank, and the United Nations Organization (UNO) might be good alternatives, developing countries still lack the discipline and often times the structures to report these data reliably on their own.
- (5) Also, it could be difficult to oversimplify the findings gathered from this study to the entire populace of Nigeria. Given all these limitations to this study, the conclusion could increase the research base and promote further studies of this topic in sub-Saharan Africa.

## DISCUSSION

Although the globalization factors: GDP per Capita, GNE per Capita, FDI per Capita, Export per Capita, Import per Capita, and Trade per Capita, may perhaps not have provided all of the expected results from the welfare variables: education as a % of GNE, health as a % of GNE, and social security as a % of GNE. This test results may have been affected by factors such as

- (1) Real exchange rate misalignment and associated balance of payments are attributed to policy mistakes regarding welfare expenditure in Nigeria (Ikoba, & Oluwole 1996).
- (2) Capital flight has also been regarded as a major factor contributing to the mounting foreign debt problems and inhibiting development efforts in Nigeria. (Ajayi 1996).
- (3) The democracy from 1980 through 1983 was under the watch and pressures of the former military regime and may not have represented a “true” democracy (Aborasade and Mundth, 1999).
- (4) According to Lipset & Lenz, (2000), corruption is a misuse of public trust for personal gains, for example acquiring wealth through illegal ways. Osaba’s study (1996) states that corruption in Nigeria is an improper accumulation of wealth which weakens the authorities in improving the standard of living in Nigeria. In some cases, funds allocated for pension are not properly accounted for.
- (5) According to Bienen (1993), Nigeria abundant natural resources creates rent seeking environment which cause very talented people to spend less in education but rather join military schools or sometimes become political activists.

- (6) Studies of Wantchekon (2005) argues that countries with abundant natural resources tend to end up in authoritarian governments whose administrations do not levy taxes and are less accountable to its citizens.

## CONCLUSION

In a broad base, this paper shows that generalizing the effect of globalization, politics, and welfare determination is by no measurement simple or accurate. While tempting to generalize the findings from one country to another, the issues of globalization, politics, and welfare determination do indeed appear to be much more complex than is sometimes assumed. The analysis of this study exposes three main things. First, it reveals the need for theories in globalization and welfare to include politics, especially in the Low developed countries. Second, this study reveals a few of the difficulties in measuring the effect of globalization on welfare determination and expenditures. Third, slight differences in welfare spending seen between democracy from 1999 through 2008 and Military regime from 1984 through 1998 were found to be outcomes that were related to the government type of the country at that time.

There is no strong evidence in this study to show that increasing levels of factors such as FDI per capita, GDP per capita, GNE per capita, and Net Trade per capita have been associated with higher levels of welfare spending. The outcome of findings of this paper is not by any means comparable to outcomes of research done in developed democracies. This matter, in and of itself, leaves a variety of questions, many of which may only be addressed by more studies with an exploratory focus, most likely using qualitative research methods.

According to a recent influential study, the main challenge for the welfare state in advanced democracies is to reconcile fiscal discipline, employment growth, and limited economic inequality (Iverson & Wren, 1998). However, the challenge of the welfare state in Nigeria should be: How can an effective welfare state be put in place to reach a larger segment of the population?

## RECOMMENDATION

Although the outcome of welfare expenditure using factors such as GDP per capita, GNE per capita, FDI per capita, and Net Trade per capita are not directly shown in this study, it however, advocates the need for more research of this type to be conducted.

Future studies using qualitative data may be appropriate to investigate how globalization, politics may affect welfare determination in Nigeria. Also specific data should be collected using survey instrument designed specifically for the purpose of investigating how globalization and politics determine welfare expenditure in Nigeria.

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