NIGERIANS' PERCEPTION AND APPREHENSION OF NEO-COLONIZATION MAYBE IMPACTING TRADE GROWTH BETWEEN UNITED STATES AND NIGERIA

by

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ABSTRACT

This phenomenological qualitative study explored experiences, perceptions, and apprehension of Nigerians toward United States' no tariff trade programs in sub-Saharan Africa, particularly in Nigeria. More than a decade after United States' unilaterally enacted African Growth Opportunity Act (AGOA) and Generalized System of Preference (GSP), the volume of trade between Nigeria and United States have not increased outside of the oil and gas import from Nigeria. This study interviewed Nigerians living in Nigeria to better understand why Nigerians are not enthusiastic about these programs and intention of United States business expansion. The study provides insight for leaders and law makers of industrialized countries with sensitivity of perceptions of the peoples in developing countries when formulating liberal and preferential trade policies toward such countries. This study also provides an understanding that may engender positive perceptions in developing countries that unilateral trade programs would not be another form of dependency on developed countries.

DEDICATION

I would like to dedicate this research study to my family, my wife, Lubov, who has been there for me, providing continuous support, advice, and inspiration throughout this educational journey. To my son, Anthony, for such understanding at a tender age, sacrificing countless family vacations, and time for this study. I would also like to dedicate this study to friends and well-wishers who inspired, motivated, and supported me throughout the research study.

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CHAPTER 1: INTRODUCTION

Acceleration of information technology, communication inventions and the Internet has significant impact on globalization of the world's economy. Gupta and Govindarajan (2002) posited that the world's economic landscape is changing rapidly and becoming increasingly global. These changes are creating new business and investment opportunities beyond the traditional geographic and political borders.

These new business opportunities carry legal, political, and ethical risks from host countries. A global organization's success at exploring emerging markets and tackling accompanying risks depend on how intelligently the organization observes and interprets the dynamic world in which it operates. The theater of international business operates in an independent environment in which local, societal or national political and cultural diversities have a big influence on commerce.

Recent years' acceleration of global changes in commerce and international business techniques are outpacing the ability of traditional political businesses to control external effect on the society. Global commerce affects and alters economic, social and cultural patterns, without regard for the effect these changes have on the people and society. Hamm (2003) posited that globalization and the accelerated medium of dispersing information with the advent of the Internet have created a unique situation in ethics and value.

Cultures of one country or society have values similar to and in some cases different from those of other countries and societies, but these values connect in some ways. Global political economy magnifies local pressures as organizations need to respond immediately to different government and societal groups. Global managers need to develop a mindset of an integrator that allows meaningful global strategy.

Such mindset will enhance the managers' effective integration of global business, regional and country pressures, and worldwide functions. A global mindset and comprehensive global strategy will enhance conditions necessary to build a global organization based on specialization, interdependency, and coordination. Analyzing the reasons why some organizations are very successful identifying and exploring global opportunities and other organizations are not, Paul (2000) hypothesized that the answer is in the individual organization's mindset.

Organizations engaging in global commerce develop a corporate global mindset that determines how their management encourages and values cultural diversity while maintaining strategic cohesion. The success of an organization in this new global era depends on how intelligent the organization can research and interpret the dynamic world and abundant business opportunities. Global mindset is one of the available tools to build such intelligence.

Gupta, Govindarajan, and Wang (2008) explained mindset as individualistic or organizational perception and interpretation of its environment to determine which of the abundant business opportunities would be suitable to explore and how to explore the opportunities. Analyzing the reason a global mindset is necessary to do business in the global marketplace, Kedia and Mukherji (1999) contended that "globalization is rendering traditional ways of doing business irrelevant" (para 5). Global organizations expect managers to become familiar with global perspective that consist of global mindset in addition to appropriate skills and knowledge.

The European Union, Britain, and some developed countries of world enacted rules that accorded selected countries in African preferential trade status. This trade status allows low or no tariff goods imported from the selected African countries. These rules are suppose to assist countries of Africa develop their local product for export.

United States of America instituted the African Growth Opportunity Act (AGOA), the Generalized System of Preferences (GSP), and other business initiatives that will benefit entrepreneurs in qualified countries of sub-Sahara Africa. Knowing that countries in Africa had colonial experiences with European countries, it is worth exploring the reason why Nigeria, a selected country in sub-Sahara Africa, is not actively taking advantage of the African Growth Opportunity Act (AGOA) and Generalized System of Preferences (GSP) tariff free trade programs to improve and increase commerce with United States.

Modern history of several countries in African relate to political independence that colonial rulers left behind in economic, political, and developmental bondage, which directly or indirectly tie these countries to and made them dependent on their former rulers (Salami, 2009). Sappor (2009) indicated that the legacy of European colonialist and neo-colonialist imperialism manifests itself in various ways in Africa. Many countries in Africa gained independence in the early 1960s because of heroic national liberation struggles against colonial dominance and the uprising for independence that engulfed several countries on the African continent.

Furthermore, Sappor (2009) asserted that despite gaining independence, the colonial rulers continue to maintain deep economic, military and administrative ties, and control over most of its former colonies. In the case of Anglophone countries in Africa, continual administrative relationship comes from membership of the Commonwealth Nation association of former British colonies. This association followed the euphoria of independence of former British colonies that lasted up to the early 1980s with Queen of England as head of the

Commonwealth nations. Hence independence of the British Empire's colonies was merely flag independence.

Sappor (2009) claimed that new imperialists and former colonial rulers have made a successful come back in form of neo-colonialism. In addition, Sappor asserted that the colonial rulers positioned themselves strategically to control and continue to play a major role in the economic affairs of their formal colonies. The effects of globalization, trade competition and liberalization have encouraged trade organizations controlled by the capitalist markets and colonial rulers to dictate prices of goods, specifically raw materials, to the disadvantage of their former colonies.

Some entrepreneurs, leaders, and lawmakers from some countries in African are insinuating that price setting is adversely affecting the fair market prices of raw materials sourced in their countries. This in turn affects the value of economies of these countries, relegating them into further depression and poverty. Issahaq (2010) asserted that trade between countries in African stands at about 16% as compared to trade volume of about 45% with Europe. The concern is the terms of trade between Africa and the developed world. Terms of trade is very unfavorable to flag-independent countries of Africa and at best regarded as a form of neo-colonization.

Expectation of countries in African includes obtaining fair economic partnership agreements with their trading partners however; this has not been the case, especially with former colonial rulers. According to Issahaq, many countries in African are of the opinion that developed nations would be seen as true development partners if they would support industrialization of Africa. Such economic development would set countries in Africa on the path of sustainable development rather than bail-outs and financial aids.

Likewise, Kalu (1996) opined that a plausible explanation of the economic and political problems in Nigeria may come from the history of Nigeria. The British colonial ruler amalgamated the Northern and Southern protectorates to form Nigeria in 1914. Kalu contended that the British Empire's forceful historic fusion of multi-ethnic cultures and people to form a country and government that serves the interest of Britain would be a starting point.

In addition, Kalu indicated that Nigeria's economic development policy is a copy of colonial model. During the period of Great Britain's maintenance of colonies, the British Empire exploited the economic and natural resources of their colonies using British trading companies. This method increased power and wealth of the British Empire over free market.

Nigeria gained political independence from Britain in 1960, however; Nigeria's economy and political structure remained dependent on its colonial relationship with Britain. This dependent relationship facilitated Nigeria's economic dependency on external demands and is perpetuating Nigeria's under-development status. Changes in global economy are driving the direction of economic activities in Nigeria because Nigeria's economy is not based on the country's internal needs.

Kalu (1996) indicated that Nigeria's economic situation today, is reminiscent of the colonial territories' economic activities. The colonial activities were created to serve and sustain British industries and consumers. Example of these economic activities include exporting raw materials for British industrial inputs, food crops such as peanuts, cocoa, banana, palm oil, and several other crops.

During the colonial era, the main stay of the economies of the British Empire's colonies including Nigeria was cash crops without any industrial base to sustain manufacturing and cash crop products. Nigeria's economic development strategies remain unchanged and dependent on price stability of her export products even with the discovery, exploration, and exportation of crude oil. Produce export from Nigeria switched from agricultural cash crop products to crude oil and natural gas as the country's main source of foreign exchange when crude oil was found in Nigeria.

External forces and conditions started to dictate and control Nigeria's economic growth despite its membership in the Organization of Oil Producing Countries (OPEC). Nigerian's economy like economies of other countries participating in global economy becomes predisposed to fluctuations of external markets. Lack of an internal legitimizing mechanism and dependent on 90% oil revenue makes Nigeria's economy more fragile than that of other countries. Over the years, Nigeria consistently neglects to address decline of agricultural produces largely performed by small and medium farmers in Nigerian prior to discovery of crude oil.

Repercussion of a mono-product economy is that when the global market for such economy collapses, it takes the whole country with it and recovery may never occur. Nigeria has many genuine business opportunities, though the business climate may seem difficult, foreign businesses need to conduct extensive research and screening of potential business partners in Nigeria. Nigeria has many honest, well-educated business people eager to form partnerships with their counterparts in any country of the world.

However, Nigeria business people and leaders are weary of dependence on foreign business ventures that consist mainly of importing finished goods into Nigeria. From 1960, when Nigeria became a sovereign independent country, Nigeria has not improved significantly with exporting finished goods to compete on the global market. Crude oil and natural gas form the bulk of Nigeria's exports with tin, bauxite, gold, and some perishable farm produce like cocoa, peanut, and cotton to a lesser extent. Nigeria's economy depends on the proceeds of the crude oil that generates the foreign exchange used to import almost everything.

Salami (2009) affirmed that the end of colonial rule in most countries in Africa has not resulted into complete control of economies and political affairs of the countries in Africa. Nigeria business people, executives, and law makers are mindful of the years of slavery and dependency on colonial masters. They are cautious of global business ventures, and may be apprehensive of neo-colonization from the global business opportunities with United States of America.

Background of the Problem

Shomade (2004) posited that Africa is "the richest continent in culture, land, and resources, and has made America the richest country in the world" (para. 2), but remains the world's poorest continent. Lasting effect of slavery, colonization, and post-colonial realities have devastated the continent. These issues left behind health deficiencies, environmental degradation, adverse trade agreements, abhorrent debts, inter-tribal wars, and widespread political instability.

In addition, these issues have facilitated and perpetuated Africa's economic and political dependency on the ex-colonial rulers and lately America. Trade plays a significant role in the development of any country and also occupies a vital position in the country's foreign policy. Every country chooses the kind of economic or trade relationship, which includes the types of products to import or export to and from other countries. The Europeans went to Africa, engaged in the slave trade, exported raw materials to feed manufacturing in Europe and partitioned the African continent to satisfy their economic interests.

In recent times, United States of America has been in the forefront of using trade from the North American Free Trade Agreement (NAFTA) to United States' trade embargo on Cuba and Iran, to promote its political interests all over the world. However, Ugbaja (2010) contended that Nigeria has not been able to take advantage of the trade liberalization with United States under the Africa Growth and Opportunity Act (AGOA) program.

Ugbaja maintained that Nigeria has little to nothing to export apart from crude oil and natural gas as compared to Kenya and Ghana. Afeikhena (2005) posited that global context forms the basis of Nigeria's trade policy. Nigerian government and inter-government agencies with several overlapping responsibilities are responsible for the policy. Contributions from the public sector institutions are very weak because of intolerant of alternative opinion by the leaders.

This situation exacerbated during the years of military governance in Nigeria. Participation of the private sector in policy making process is mainly through membership of advisory committees, direct lobbying and through special personal or business relationship with Nigerian leaders. Afeikhena (2005) contended that the success of effective formulation and implementation of trade policies depend of contribution and collaboration between relevant government agencies, the private sectors and non-governmental agencies.

Additionally, Afeikhena posited that Nigeria maintains membership of and has participated in international trade relations. Nigeria actively participates in the Economic Community of West African States (ECOWAS), African Union (AU), Cotonou Agreement, European Union – Africa, Caribbean, and Pacific (EU-ACP) Agreement, and United States' Africa Growth and Opportunity Act (AGOA). After achieving political independence in 1960, Nigeria became a member country of the General Agreement Trade and Tariffs' (GATT).

Nigeria has participated in many bilateral and multilateral trade negotiations and agreement including the Tokyo Round and Uruguay Round negotiations. The main deficiency in Nigeria's trade policy, as Afeikhena (2005), concluded is that there are no identifiable sources or