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Chinese Globalisation Strategy, Her Recent Global Business Dominance: A Lesson for Nigeria

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Abstract

The study made a comparative analysis of the Nigerian economy and China on globalization. The need to empirically compare Nigeria and China with regard to China's recent global business dominance formed the central objective of this study. Data spanning over 23 years (1990-2012) sourced from World Bank were utilized. The data were purged of spurious relationship by conducting test for stationarity. Ordinary Least Square was employed to analyze the data. The result revealed that China is benefiting from globalization based on China's strategies in its globalization effort which yielded positive results. Nigeria on the other hand had hurriedly embraced globalization with a mono cultural primary product whose price is very volatile. The study therefore recommends that Nigeria should emulate the Chinese path of gradual market reforms, characterized by cumulative causation where each reform should lead to the next. Furthermore, it recommends that over emphasis on market economy- privatization, liberalization and commercialization is strategic but government presence in planning and development is valuable as seen in China's experience. Heavy infrastructure and sustained development attract local and foreign investors and government should create incentives to encourage local production and export.

Key words: Chinese Globalisation Strategy, Global Business, Dominance.

1 Introduction

Globalization can be seen as the integration of the world as oppose to differentiation of the world. It is all about increasing interconnectedness and interdependence among countries of the world; it targets at bringing the world into a borderless and barrierless entity through the help of information technology in other to form a global village. According to Aluko (2003:36), globalization refers to the growing interactions in world trade, national and foreign investments, capital markets and the ascribed role of government in national economies. Adawo (2003) sees globalization as the integration of national economies which is aided by improvement in communication, international capital transfers and to a great extent international monetary institution among other things. This integration of nations is meant to bring benefit to all the nations integrating. The benefit may come in different forms such as increase in trade, employment generation, output growth, and improvement in living standard through consumption of variety of goods made possible through international trade, transfer of technology and removal of trade barriers especially since the end of the 2nd world war.

The idea behind globalization is to bring growth and development to both the developing and developed countries thus reducing poverty and improving the standard of living. On the contrary, globalization seems to be favouring some few countries at the detriment of many impoverished countries of the world. According to Aluko (2003:37), while each sovereign nation is trying to have a voice in international affairs on "equal" footing, not all countries are participating in the global economy on anything near an "equal" footing. This is because there are three regions in the world today which emphasize and are trying to impose globalization. They are in the European axis, mainly Britain, France and Germany; the North American axis, mainly USA and Canada and the pacific axis, notably Japan. He went further to opine that the dominance of these three axes in the economies of the world and the direction in which they seek to lead the other countries of the world have led some economists to say that we should not be talking of globalization of the world economy but of "Triadization" of the world by three powerful axes of Europe, North America and Japan.

However, the collapse of the Soviet Union and the Eastern Europe in 1989 and the end of the cold war gave much impetus to globalization coupled with the actions of the International Monetary Fund, World Bank and World Trade Organization. The introduction and imposition of Structural Adjustment Programme (SAP) and other policies seems to suggest that globalization and market economy are the best option to world economic growth and development. China's gradual liberalization of foreign trade and inward investments shows that almost every part of the globe is embracing globalization as a norm.

However, the pertinent questions this study will answer include investigating how countries are embracing the idea of globalization. Has globalization delivered the growth in terms of trade, inflow of capital and transfer of technology or has it heighten the risk of instability and marginalization in some countries especially Nigeria and China. Has it increased export or has it increased importation and foreign direct investment in both countries? How has government in both countries been incentivizing local production and export and how globalization impacted their currencies? The central objective of this study is to investigate Chine's success in embracing and benefiting from globalization and compare her with Nigeria's experience. To this end, the paper seeks to investigate how Nigeria has benefited from globalization using China as reference point to Nigeria.

The paper is divided into five sections. Section one deals with the introduction, section two provides a conceptual and theoretical framework. It examines the linkages between globalization and the economic growth and development indicators of Chinese and Nigerian globalization experience. Section three explains the methodology while section four analysis the study. Section five concludes and recommends policies.

2 Conceptual and Theoretical Framework

The concept of globalization

The understanding and meaning of globalization is multidimensional, depending on the view point of the individual, organization or economy. According to Uwatt (2003:129), globalization is the growing tendency of interactions, interconnection and integration of countries on a global scale. UNDP (2001), defines globalization as a multidimensional process of unprecedented rapid and revolutionary growth in the extensiveness and intensity of interconnection on a pure global scale. This manifest itself in various forms such as in the globalization of democracy, global ideological shift, global technological revolution particularly through information and communication technologies; globalization of culture and the environment, and above all globalization of the economy.

Economic globalization is defined as the integration of the domestic economies with the world economy and the inevitable consequential increase in the economic interdependence of the countries through trade, financial and investment flows, free factor movements and exchange of technology and information. According to Uwatt (2002), it is the economic dimension that is perceived to constitute the heart or hallmark of globalization. Obadan (2003) opined that openness and markets constitute the platform of globalization while trade, finance, investment, and entrepreneurs are the heart. Clark (2000) in his parts sees globalization as the process of creating networks of connections among actors at multi continental distances mediated through a variety of flows, including people, information and ideas, capital and goods. However, in all the conceptualization of globalization, there are things that come to forefront. One is that globalization seems to centre on integration of the world and the centre piece or the moving forces are trade, finance, investment while the platform is technology, targeting the international market in order to improve the living standard of the people.

Globalization especially economic globalization which is the centre pace of study aims at increasing economic growth and foster human development. Economic growth has been defined by Samuelson and Nordhaus (2001) as involving the growth of potential output over the long-run. The four wheels of economic growth are human resources, natural resources, capital formation and technological change and innovation. Todaro and Smith (2011) see development as the process of improving the quality of all human lives and capabilities by raising people's levels of living self esteem and freedom. And this is achieved through the utilization of the fruit of economic growth.

However, from the above, there is a link between globalization and economic growth. Both aim at increasing the output and improving the living standard of the people through increase in productivity and output. For trade spurs growth as international trade allows the greater specialization and division of labour, resulting in increased productivity and output. These will give rise to specialization, resulting in increase in world output. According to the classical economists, this will give access to large market as countries specialize. However, it is this large market that many countries of the world are targeting in order to get a large chunk of the market. This is the moving force of globalization. What a country gets from globalization depends on how prepared such a country is. And the factors that affect the preparedness of such economy depend on:

- The nature of product the country is producing
- The level of technology the country is operating
- The level of innovation

This is where many African countries Nigeria inclusive is lagging behind other developed economies. This is because Nigeria depends mainly on natural resource and agricultural products that have less growth potential and no value added to the products, and also lack the technical know-how to improve on their products and innovations. The structure of the Nigeria manufacturing industry is weak, so it cannot compete in the international market because of the weak production capacity. At that early stage such a country has little to gain from globalization. Although Nigeria has been involved in international trade over the years even before the discovery of oil in 1956 through the primary product of agriculture, the impact of globalization is more felt during the introduction of Structural Adjustment Programme (SAP) in 1986.

2.1 Capital Flow, Globalization and Economic Growth

The amount of capital flow, both inflows and outflow in any country depend on a lot of factors. The investing agent, organization or firm is first interested in the rate of return of his investment, therefore capital flows to countries with the highest rate of returns. The level of conducive environment prevailing in an economy at any point in time plays a significant role in attracting capital flows. Likewise the level of political stability in the country, which include the legal framework, good governance, macroeconomic policies and the level of infrastructural facilities in the country. These factors help to attract capital flow and help increase the height of economic growth which later transcends to human development. These factors are similar in terms of trade and investment. The question that arises from the foregoing therefore, does Nigeria economy have these incentives to globalize?

2.2 Theoretical Framework

The theoretical framework of globalization is anchored on the theory of international trade. However, the early theory of absolute cost advantage by Adam Smith and comparative cost advantage by David Richard, argued that world output would increase if countries should specialize in the production of those goods they have comparative cost advantages over others. The implication of this theory, is that developed countries should concentrate and specialize in production and exportation of goods that require high technology, while the developing countries should produce and export goods that need low technology. Going by this theory, since developing countries have surplus of primary commodities, they should only produce primary products while exchange these primary product with manufactured value added products that comes from the developed countries, thus increasing the world output and welfare of both countries.

However, the theory of comparative was modifies by Heckscher-Ohlin. The Heckscher-Ohlin theory postulates that foreign trade will help to reduce the gap between the rich and poor country since inter country differences in factor endowments are the basis for international trade. Since developed countries have more of capital than labour, it then follows that developed countries production should be more capital intensive since they have more capital than labour while the developing countries that are endowed with abundant labour should be labour intensive. Free trade, trade specialization in production base on relative factor endowments will tend to bring about factors price equalization and thus increase the returns to labour in poor countries to the levels of rich countries. But Ozughalu and Ajayi (2003) observed that base on this theory, globalization, apart from paving the way for optimality in global economic returns and standard of living, also has the ability to mitigate inequality and inequity in income distribution between and within nations. This has the capacity to bring about a convergence in absolute poverty incidence between the rich and poor countries. And this theory is capable of making developing nations to remain technological under developed and dependent indefinitely. Chinese understanding the statement above and defying Ricardo's competitive advantage theory has not specialized in any product, but is a master of all. Their export is market driven as they are capable of sourcing and fabricating any product needed by customers globally. This is also in defiance of factor proportion condition. The foregoing evidenced the fact that Michael Porter (1990) competitiveness of nation's theory is an adequate tool for analysis of China's prominence in global economy.

In the modern theory of globalization, technological advancement is the platform through which globalization is operating. This is captured through different growth model such as the endogenous growth theory and Solow's theory. Endogenous growth theory argued that Gross National product growth is a result of natural consequence of long-run equilibrium. The endogenous growth theorists seek to explain the factors that determine the rate of growth of GNP that is left unexplained and exogenously determined in the Solow neoclassical growth equation (that is Solow residual). Todaro and Smith (2011:151) opine that, the most interesting aspect of endogenous growth model is that they help explain anomalous international flows of capital that exacerbate wealth disparities between developed and developing countries. The potentially high rates of return on investment offered by developing economies with low capital labour ratio are greatly eroded by low level investments in human capital (education) infrastructure, or research and development (R&D). The endogenous growth theory also explains technological change as an endogenous outcome of public and private investment in human capital and knowledge intensive industries. In summary, the theory emphasizes that government has role to play in economic activities through direct and indirect investment in human capital accumulation through encouraging foreign private investment in knowledge intensive industries that will enlarge growth in other sectors of the economy. Also related to this theory is the theory of innovation, growth and development by Schumpeter and neo-Schumpeter. Here, growth is a function of the innovation created by the entrepreneurs, the development of new market, new products, new methods of production, management and new technology which will allow the entrepreneur compete in ever changing, world business environment called globalization. The implication of this for the Nigerian economy is that for Nigeria to gain from globalization, concerted effort has to be made by both private and government towards research and development, skill acquisition, provision of minimal infrastructure, and capable working institutions. Wohlmith (2001) lending his support to this theory opines that progress made by entrepreneurs depend on the ability to adjust to the new form of competition which based mainly on research and development expenditure and on human capital investment so as to exploit new opportunities that emerge in the global market.

China Dominance in Global Business

Amongst others, China's attraction in global business is attributed to a lot of factors such as:

- Reforms that started in 1978
- An abundance of cheap labor/ natural resources
- Supportive government policies
- High foreign demand for Chinese products
- High domestic demand

Since 1978, China began to make major reforms to its economy. This necessitated a pragmatic perspective on many political and socioeconomic problems and quickly began to introduce aspects of a capitalist economic system. In this era, the government laid emphasis on personal income, consumption and introduction of new management systems to help increase productivity. Foreign trade was also focused on as a major vehicle for economic growth. Hence there was a combination of central planning and market oriented reforms to increase productivity, living standards and technological quality without exacerbating inflation, unemployment and budget deficits. A gradual but continuous reform were seen in China's agricultural, industrial, fiscal, financial, banking, price setting and labor systems. Qian (2000, 2003) attributes the successful reform to the adoption of non-orthodox economic policies.

About 20% of world population lives in China. This explains what the labor force is like. Agricultural reformation increased income of the farmers, raising their standard of living to a great extent such that most of the farmers are elevated to middle class status capable of migrating to urban areas to seek employment in industrial sector. Also there is abundance of natural resources- arable land, minerals for aggressive utilization of the labor force.

The Chinese government plays supportive role during initial reformation and has continued in most developmental policies geared towards encouraging local economy and foreign direct investments. Some vital sectors were marked out and foreigners invited to invest in such areas, giving the world the signal that the government supports flow of businesses internationally. This was essentially done to stimulate high technology imports to China and encourage exports (Morrison, 2006). This initiative encouraged foreigners to invest heavily in China's economy. China by record ranks as one of the highest in the world for capital inflow.

Also encouraging to the economy is a sound home demand for products made in China, as a great number of the citizens reached an improved financial status. The home demand condition inevitably became encouraging for local industries. More so, there is high demand for Chinese products overseas. Vernon, Wells and Rangan (1996) point out that while in the earlier years firms primarily rushed into China for reasons such as acquiring resources, securing key suppliers, accessing low cost factors, diversifying sources of supply but the rising incomes of the local populace is now resulting in market- seeking behavior. These enabled an era of capital accumulation which in turn enables China to increase their capital base for industrialization. Also the home demand condition sends signals to foreign firms to invest enormously in China e.g. the telecommunication industry. Unilever launched 14 joint ventures in China from 1986 to 1999 (Dasgupta and Dutta, 2004) and P&G ended as the market leader in almost all categories. They introduced in China (Tunistra, 2000). However, one can also count on government support on education as one of the drivers of China's height in global business. The government also opened up more and more business schools, encouraging young ones to enroll and learn modern management skills and industrial methods which will go a long way to improving literacy level of an average Chinese worker.

2.3 Evidence of Chinese Business Dominance

Researches abound on forces that propel a centrally planned and market oriented state like China to soar to great height in global business**.** The popular expectation behind this is the presence of vast and cheap labour. This explanation is not adequate because in 1980 China had about 40% of world population, whereas in 1913 it had a third. If a vast and cheap labor force were the reason behind growth in Chinese international business profile, it should have grown in the past, but rather it remained stagnant. In terms of foreign trade**,** the main countries that China exported goods to are : USA (%21.1), Hong Kong(%17.4), Japan (%13.6), South Korea (%4.6), Germany (% 4), Holland (%2.7), Singapore (%2.2), Turkey (%2.1). The country, in the same way imports from countries such as Japan (%18), Taiwan (%11.9), South Korea (%10.4), USA (%8.2), Germany (%5.9), Hong Kong(%3.9), Russian Federations (%3.3) and Malaysia (%2.5). (World bank 2013) China exported unlimited variety of goods such as; fuel, chemical, alcoholic and non-alcoholic beverages, food goods, machines, textiles and technological goods. (World bank data 2013).It is our opinion that changes in Chinese business profile is better explained by changes in the world that have enabled China to benefit from its labor resources- most notably lower transaction costs due to technological advancement, and, no less importantly to a different global order of trade. To buttress this fact, if China was able to grow at a fast rate due to lower transaction cost (cheap labor), why hasn't India or other countries with a large population been able to grow at a comparable rate. It is also our view that China's progress in international business is as a result of peculiar characteristics of her economy, the large share of the government in the economy and its ability to live beyond governmental bureaucracy- implement policies and projects quickly. In China the government takes up allocation of resources and commands a large proportion of assets and income without any democratic pressures in making decisions that affects citizens. This has enabled China to industrialize and move at a faster pace in global business than other countries. Micheal Porter (1990), rightly postulates in theory of competitiveness of nations, that factor condition of a firm and other interlocking forces make a nation competitive in international business. The prevailing factor condition in China was attributed also to centrally planned governance which plays a contributory part in making China favorable in international business. There's a lot done on provision of infrastructure, supportive government policies, stable government, minimum civil unrest, peoples support for government policies. All these combined with other factors make conditions in China suitable for attracting international business. Also the home demand condition is favorable with exploding population of over 1.3 billion. China can boast of a very sound market that will enable indigenous firms sustain pressures and complexities in international business. The government also embarked on balanced development to ensure existence of related local industries which support and collaborate with each other. The government has a programme that also supports development of small scale steel smelting industries that later became common source of steel for local industrial production. With availability of steel in every corner of the country, small scale industries benefitted as manufacturing is taking place in every home. Also encouraging to competitiveness of China in global business is the existence of rivalry firms that ensures stiff competition which in turn enable Chinese firms to cope with global competition as they arise.

3: Research Methodology

3.1Sources of Data:

The research made use of secondary data, sourced from various publications of the Central Bank of Nigeria and World Bank data. The data are net capital flow, level of infrastructure proxied by electricity consumption, exchange rate, interest rate, per capital gross domestic product for Nigeria and China.

3.2 **Model Specification**

The growth of the Nigeria and Chinese economies depends to a large extent on their exposure to foreign and external economies,

The econometric form of the model can be stated as follows:

Gross domestic product is a function of net foreign investment flows, exchange rate, level of infrastructure, cost of capital,

Therefore, the equation is transformed into the form.

$GNIN = b_{10} + b_{11}IFRN + b_{12}INTN + b_{13}NCFN + b_{14}EXR + U$

$GNIC = b_{10} + b_{11}IFRC + b_{12}INTC + b_{13}NCFC + b_{14}EXR + U$

Where:

GNI is gross National per capita Income

NCF is net inflow
INT is interest rate
IFR is infrastructure
EXR is exchange rate
N Represent Nigeria
C Represent China
b_{10} is the intercept
b_{11}, b_{12}, b_{13}, b_{14}, b_{15}, are the slopes
U is the error term.

3.4 Method of data Analysis

The data will be analyzed using multiple regressions while the data for the test of the violation of the assumption will be analyzed using Augmented Dickey fuller test, Johansen co integration test, granger causality test.

4. **Data Presentation, Analysis and Discussion of Findings**

Table 4.1 table for Gross national income per capital (GNI), net capital inflow (NCF) infrastructure (IFR), interest rate (INT) and Exchange rate (EXR) for Nigeria and China

	NIGERIA					CHINA				
Year	GNI(US$)	NCF(US$)	IFR(US$)	INT(%)	EXR(US$)	GNI(US$)	NCF(US$)	IFR(US$)	INT%	EXR(US$)
1990	290	5.88E+08	87	25.3	8.04	330	3.49E+09	511	9.4	4.78
1991	270	7.12E+08	89	20	9.91	350	4.37E+09	549	8.6	5.32
1992	270	8.97E+08	90	24.8	17.3	390	1.12E+10	605	8.6	5.51
1993	190	1.35E+09	100	31.7	22.07	410	2.75E+10	663	11	5.71
1994	170	1.96E+09	95	20.5	22.1	460	3.38E+10	727	11	8.62
1995	170	1.08E+09	91	20.2	21.9	530	3.58E+10	770	12.1	8.35
1996	230	1.59E+09	86	19.8	21.88	650	4.02E+10	821	10.1	8.31
1997	280	1.54E+09	82	17.8	21.89	750	4.42E+10	853	8.6	8.29
1998	270	1.05E+09	77	18.2	92.34	790	4.38E+10	871	6.4	8.28
1999	265	3.88E+10	75	20.3	101.7	850	1E+09	914	5.9	8.28
2000	270	3.84E+10	74	21.3	101.7	930	1.14E+09	993	5.9	8.28
2001	310	4.42E+10	75	23.4	111.23	1000	1.19E+09	1077	5.9	8.28
2002	350	4.93E+10	104	24.8	120.58	1100	1.87E+09	1195	5.3	8.28
2003	410	4.95E+10	101	20.7	129.22	1260	2.01E+09	1380	5.3	8.28
2004	610	6.21E+10	123	19.2	132.89	1490	1.87E+09	1587	5.6	8.28
2005	660	1.11E+11	129	17.9	131.27	1740	4.98E+09	1784	5.6	8.19
2006	840	1.33E+10	111	16.9	128.65	2040	4.85E+09	2042	6.1	7.97
2007	970	1.69E+10	138	16.9	125.81	2470	6.03E+09	2330	7.5	7.61
2008	1160	1.87E+10	126	15.9	118.55	3050	8.2E+09	2458	5.3	6.95
2009	1160	8.55E+09	120	18.4	148.9	3610	6.71E+10	2633	5.3	6.83
2010	1460	6.05E+09	135	17.6	150.3	4240	2.73E+10	2944	5.8	6.77
2011	1710	8.84E+09	149	16	154.74	4900	3.32E+10	3298	6.6	6.46
2012	2460	7.1E+08	132.5	16.8	157.5	5730	2.96E+10	2833.3	6	6.31

Source: world Bank data 2012.

Table 4.2: table for unit root test result

	Nigeria				China			
Variable	At level	1st diff	2nd diff	Level of integration	At level	1st diff	2nd diff	Level of integration
GNI	3.058			1(0)	-1.842	-2.374	-4.306	1(2)
NCF	-2.81	-6.127		1(1)	-2.512	-5.972		1(1)
IFR	2.701	0.549	-12.449	1(2)	2.659	-2.701	-3.360	1(2)
INT	2.235	-5.756		1(1)	-1.342	-4.01		1(1)
EXR	-O.916	-4.572		1(1)	-2.303	7.405		1(1)
Critical value		5% = -3.052						

Source: E-view version 7.0

Table 4.3: Unrestricted Cointegration Rank Test (Trace) for Nigeria

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.311	7.830	3.841466	0.0051

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level

Table 4.5 Unrestricted Cointegration Rank Test (Trace) for china

Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	1.0000	733.846	3.841466	0.0000

Source :E-view ver.7

Table 4.4: table for Nigeria regression result

Dependent Variable: GNIN

Method: Least Squares

Sample: 1990 2012

Included observations: 23

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-720.8052	560.9048	-1.285076	0.2151
NCFN	-8.69E-09	2.41E-09	-3.606295	0.0020
IFRN	12.43362	3.351690	3.709656	0.0016
INTN	-12.40522	18.72765	-0.662401	0.5161

EXRN	5.632082	1.651347	3.410599	0.0031

R-squared	0.835057	Mean dependent var	642.3913
Adjusted R-squared	0.798403	S.D. dependent var	596.1693
S.E. of regression	23.89602	Akaike info criterion	9.060208

F-statistic =22.782, Prob =0.00001

Durbin Watson=1.328 , Source :E-view ver.7

GNIN= -720.81 – 8.69E-09 NCFN + 12.43 IFRN -12.41 INTN+5.63EXRN

Table 4.5: table for China regression result

Dependent Variable: GNIC

Method: Least Squares

Date: 01/14/15 Time: 07:16

Sample: 1990 2012

Included observations: 23

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	607.2439	995.3820	0.610061	0.5494
NCFC	8.90E-09	5.86E-09	1.517575	0.1465
IFRC	1.613547	0.150407	10.72786	0.0000
INTC	-31.64787	64.54106	-0.490353	0.6298

EXRC	-165.0576	83.93636	-1.966461	0.0649

R-squared	0.936102	Mean dependent var	1698.696
Adjusted R-squared	0.921902	S.D. dependent var	1571.558
S.E. of regression	439.1881	Akaike info criterion	15.19739

F-statistic =65.92, Prob =0.0000

Durbin Watson=0.9137

Source :E-view ver.7

GNIC= -601.24 + 8.90E-09 NCFC + 1.614 IFRC -31.648 INTC-165.058EXR

Data Analysis and Discussion of Result

The results show that the variables are stationary at second difference using Augmented Dickey Fuller test. Also long run relationships exist among the variables of the model both for Nigeria and china. This is deduced from Johansen co-integration test, because the trace statistic values are greater than the critical for both countries at 5% levels of significance. The validation of the assumptions of the model leads to the application of ordinary least multiple regression technique. The results show that the adjusted R-Square of Nigeria is about 79.8 per cent while that of China is 92.2 per cent. However, the sign and size of the parameter (apriori) which according to Koutsoyiannis (1977) is the most important in the evaluation of estimate of the parameters. In the case of China, all the globalization indicators are economically stable. The signs of net capital inflow and infrastructure are positive showing an increase in each of the variables help to boost the per capita income of Chinese economy. Interest rate and exchange rate of china have negative signs. These signs are also in line with apriori expectation, for decrease in interest rate and exchange help to increase investment and invariablely boost economy grow. The single digit of Chinese interest rate and stability of its exchange rate help to boost Chinese globalization. For foreign investors put into consideration the cost of capital and the price of currency among other variables before they invest in any economy which the Chinese has worked on. Statistically, the explanatory variables included in the model accounted for 92.2 per cent variations in per capita gross national income of China using adjusted R-square while in Nigeria it is 79.8 per cent. However, in the case of Nigeria, the net inflow is not only insignificant but also negative. The double digit interest rate with volatile exchange scars capital flow into Nigeria, making globalization to have an adverse effect on the Nigerian economy. This is in line with works of Ozughalu and Ajayi (2003), Aluko (2004), who observed that globalization has the ability to mitigate inequality and inequity in income distribution between and within nations, and has the capacity to bring about a convergence in absolute poverty incidence between the rich and poor countries. However, these indicators show that china is benefiting from globalization base on the strategy China adapted, by ignoring the classical comparative and gearing towards endogenous and neo-Schumpeter's theory while Nigeria entered into globalization with a mono cultural primary product whose price is very volatile with imposed, uncoordinated and inconsistent policies

5 Conclusion and Recommendations

For more than three decades China has had sustained growth averaging over 10% per annum. This is indeed very remarkable. This is enabled by gradual but dramatic transformation of the economy from low productivity to high productivity activities- from agriculture to industry, from the state sector to private sector, and from production for home market to production for export. With her sustained initial advantage in producing labour-intensive products, China has today become the workshop of the world; and attracts attention of international business giants (Ma, 2007).

This paper has thus looked at China, a previously closed economy and the realities that propelled her to prominence in global trade. These realities manifest in- privatization of state owned sector, reduction of legal discrimination against non state and non-collective forms of ownership and systematically economic opening to outside world.

The study thus recommends that Nigeria should emulate Chinese path of gradual market reforms characterized by cumulative causation; where each reform leads to the next. The study also recommends to the rest of the world that over emphasis on market economy- privatization, liberalization and commercialization is strategic but government presence in planning and development is valuable as seen in China's experience. Heavy infrastructure and sustained development attract local and foreign investors. Government should create incentives to encourage local production and export.

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