Financialization and Swapization: A Chinese Lifeboat for Economic Development of Nigeria

Chima, C. Christian Ph.D & Obiah, Mmadubuike Emmanuel
Department of Accountancy
Imo State Polytechnic, Umuagwo
Nigeria
ccchima_44@yahoo.com, madoxlimoz@gmail.com

Abstract
The study examined the place of financialization and swapization in economic development of Nigeria with a particular reference to Chinese trade relationship with Nigeria. Qualitative research method was used in this study, in other words, it is purely an opinion paper. The paper was of the opinion that financialization and swapization are global financial trend and revealed the positive and negative aspects of this trend and concluded that financialization and swapization makes a country unproductive. The paper therefore, recommended among others that instead of dwelling in swapization, Nigeria should improve on the ease of doing business and become self-reliant by encouraging potential entrepreneurs.

Keywords: *Financialization, swapization, economic development, swap transaction*

Introduction

In the last few decades, the financial services industry around the world has witnessed remarkable changes, driven largely by deregulation and liberalization, increasing wave of globalization and advances in information and communications technology, resulting in rapid financial sector development. The development played an important role in stimulating financial innovations; integration of financial markets and greater competitions among financial institutions. The structural changes in financial markets have equally exposed them to various risks and posed several challenges for the supervisory authorities and policy makers in the design and implementation of monetary and financial policies (Mordi, 2010). According to Szunke (2014), in the decades, there have been significant changes in the functioning of financial markets which might be referred to the example of the industrial revolution as the financial revolution. They have become the source of significant transformation of the global financial markets. At the same time, they form the basis of a number of economic, political, legal, social, and technological phenomena. Also, globalization led to the financial markets integration, causing that they became more open systems of the world economy; its manifestation is the increase of relationships and linkages between economies, financial markets, banking institutions and new banking products, which lead to the development of advanced financial engineering instruments, channels of their distribution and risk management methods; extensive use of the internet that affect the deepening of the financial market and increase its liquidity (Szunke 2014).

However, financial development and integration are indispensable if Nigeria is to increase its economic growth rates and reduce poverty. Nigerian financial systems have less depth than in other regions in the world, and financial services reach fewer people than elsewhere. In other words, the effectiveness of monetary policy in Nigeria has long been constrained by the lack of financial depth. But integration with global markets influences the arbitrage between domestic and foreign financial assets (Christensen, 2014). At the continental outlook, Christensen (2014) opined that; during recent years, cross-border capital flows in Africa have reflected several factors. First, the continents macroeconomic performance has strengthened and its economies have proven more resilient during the recent global financial downturn than in the past. There is greater optimism among foreign investors about private sector activity and the economic potential of Africa. Second, financial flows have reflected the change in composition of flows from North-South to South-South relations, in particular the growing role of major emerging markets such as Brazil, China and India.

Sawyer (2014) contributes that in the last thirty years, the economies of the world have undergone profound transformations. Some of the dimensions of the altered reality are clear; the role of government has diminished while that of markets has increased; economic transactions between countries have substantially risen, domestic and global financial transactions have grown by leaps and bounds.... In short, the changing landscape has been characterized by the rise of neoliberalism, globalization and financialization added to these is the trend of swapization. Within the Monthly Review Monopoly Capitalism School, John Bellamy Foster argues that "changes in capitalism over the last three decades have been commonly characterized using a trio of terms: neoliberalism, globalization, and financialization. Although, a lot has been written on the first two of these, much less attention has been given to the third including swapization. Therefore, financialization and swapization form the fulcrum of this discussion. The paper will focus mainly on the trade relationship with China.

Background of the Study

Central Bank of Nigeria in her 2015 annual report x-rayed that the global economy remained weak amidst fragile unbalanced growth and poor outlook. The tepid global growth continued to be threatened by strong downside risks due to sharp drop in commodity prices, a slowdown and rebalancing of the Chinese economy, and the aftershocks of the normalization of the US monetary policy (Emefiele, 2015). In Nigeria's situation the Chinese offered a lifeboat in form of swap deal to develop or to under develop the economy.

Meanwhile, the origins of the term financialization are obscure, although it began to appear with increasing frequency in the early 1990s. The fundamental issue of a gravitational shift toward finance in capitalism as a whole, however, has been around since the late 1960s. The earliest figures on the left (or perhaps anywhere) to explore this question systematically were Harry Magdoff and Paul Sweezy, writing for Monthly Review (Foster, 2007 in Sawyer, 2014). In the footnote to the first of those sentences, he writes that "the current usage of the term "financialization' owes much to the work of Kevin Philips, who employed it in his Boiling Point (New York: Random House, 1993) and a year later devoted a key chapter of his Arrogant Capital to the "Financialization of America", defining financial economies. Correa Vidal and Marshall (2012) cited Bernis (1988) as the earliest author to draw attention to the rising dominance of finance (Sawyer, 2014). Kruppner (2005) labels the growing weight of finance in the American economy as 'financialization', and brings forward evidence to support the view that there has been financialization in the US post-war economy; this does not preclude that there has been financialization in other periods and in other countries; like monetization in Nigeria.

As such, the term "financialization" is not limited to a specific period or place, and indeed there are periods of de-financialization as well as those of financialization (Sawyer, 2014). In the Financialization and Economy society and Sustainable Development (FESSUI)

Description of work, spoke of the era of financialization and implied that the present forms of financialization started to emerge around 1980 (or a little earlier), a dating which broadly coincides with the dating often applied to the neo-liberal era and globalization. It should be made clear that this should not be seen as the start of financialization but rather the start of an era in which the processes of financialization had some continuing aspects of previous processes (e.g. the growth in volume of financial transactions), some acceleration of previous processes, (e.g perhaps de-regulation), and some novel aspects (securitization) and more recently 'swapization'. Thus it is helpful to think in terms of different eras of financialization, different intensities and different forms of financialization (Sawyer, 2014).

In intellectual terms, financialization is inspired by the work of M. Friedman and the Chicago-school in modern economics. This doctrine and a neo-liberal thought encouraged R.Reagan and Margaret Thatcher to implement broad de-regulatory reforms that have increased the development of financialization. The second stimulus of economies' financialization was the collapse of the world monetary system in 1971 and breaks the link between the main currencies and gold (Szunke, 2014). There is also a view that financialization of the economy is a new stage of capitalism – financial capitalism, rentier capitalism, "chipping coupons" and bankokration. With the reference to Keynesian tradition, this is a "Casino Capitalism", which means a situation when the accumulation of capital becomes a by-product of gambling game and entrepreneurship is mainly based on speculation. Supporters of the Marxist tradition, determine the financialization as a monopolist and financial stage of the capitalist economy. It is also one of the manifestations of the transition from democracy to plutocracy – the world of money and its depositors.

Financialization promotes also so-called finance democratization. The development of markets and financial instruments, and the possibilities which offer the securitization process, allow companies even with very low credit worthiness to use a credit for example for purchasing a real estate, which in turn opens the way to further consumer spending, in connection with increasing the value of the acquire property (Sawyer, 2014). In all these, financialization may well differ between people and overtime. The potential for internal conflicts within this list is immediately apparent. Therefore, the highest stage of finance democratization or financialization in the contemporary times is swapization.

The origin of swapization, therefore, can be traced to the 1970s when investors in the United Kingdom used back to back loans to by-pass the British government's policy on foreign exchange controls and capital restrictions. To mitigate shortcoming of back to back loan in the early 1980s the back to back loan was structured into a formalized swap agreement referred to as currency swap. The first formalized swapization agreement was the currency swap between International Business Machine (IBM) and the World Bank in 1981. In late 1981, swapization was extended to credit market instruments that were denominated in the same currency (CBN, 2016). For Anetoh, Anetoh, Obiorah and Chiekezie (2018) since the first bilateral local currency swap line agreement was signed in December 2008, there are only a few reported instances of using the facility.

The notable case took place in October 2010 when Hong Kong drew RMB 20billion to meet the territory's trade financing needs. Korea in 2013 accessed RMB 62m, while China in 2014 accessed Korean and won 400m via their bilateral local currency swap arrangement to facilitate trade financing of their domestic companies. Recently, Shell and Exxon mobile has accepted swap transaction option, and Nigeria and China sealed a currency swap deal worth \$2.4B on May 4, 2018 to provide local currency liquidity between Nigeria Chinese trade relations. While this paper may view this swapization as a move for international monetary fund (IMF) to use RMB Chinese currency as a super-sovereign reserve currency to replace US dollar, which has spark US-China trade war, it is equally a move to de-manufacture Nigerian products.

This swapization is meant to provide backstop liquidity without resorting the dollar to lubricate Nigeria-China's trade with the rest of the world. However, trade relations facilitate financialization and swapization; but China is not the only country Nigeria has trade relationship.

Nigeria and Germany are steeply into world trade as exporting and importing nations. The range of goods traded between the two countries appear to be quite slim (Monye, 2009). In 2008, according to the figures from the United States International Trade Commission Nigeria with trade totals of US $32.52B as at end 2007 with the North American country ranks as the most favoured trading nation, south of the Sahara (Monye, 2008). Equally, the trade relations between Nigeria and Turkey are seen as mutually beneficial as Turkey is considered a strategic partner in Nigeria's quest for economic growth and development. Economic experts are of the view that Turkey stands a good chance of increasing its investments in Nigeria in the areas of energy, construction and aviation services especially as the current state of the Nigerian economy seriously demands new investments in these sectors (Ujomu, 2010). He had earlier view the Nigeria relationship with Russia relations, especially looking at the different social, economic, diplomatic and political gains that stand to be harnessed through bilateral relations (Ujomu, 2009). The number of countries are numerous, but majority of goods imported into Nigeria is from China. Available information points to a general upward trend in the inflow of Foreign Direct Investment (FDI) from China to Nigeria. The public investment and economic activities of Chinese in Nigeria have also gained prominence in recent time (Ogunkola, Bankole and Adewuyi, 2010). The trade volume between Nigeria and China however, stood at over N1trillion in 2012 with a deficit of N270B against Nigeria (Nwokoma, 2017). Although Nigeria and these countries including Europe and Americas have come a long way in their relationship, it is debatable if such has in any significant way assisted the country in its quest for development. The relationship appears to be exploitative at least from the trend in the structure and pattern of trade and FDI inflows to the country (Ogunkola et al, 2010).

Problem Statement

Nigeria's quest for development which has spanned some decades is yet to deliver on the ultimate goal of poverty reduction, despite various plans, programmes, and projects. There is no need reciting our litany of woes but the fact remains that Nigeria is a 'permanent member' in the very poor segment of every available socio-economic indicator (Muo, 2011).Consequently, she is the poverty capital of Africa as described by some world leaders. Probably, this manifested from the recession experienced recently.

However, many analysts identify the immediate cause of the Great Recession as the meltdown of the subprime mortgage in the U.S. facilitated by a period of financial sector deregulation, banks and investment firms seemed to run amok, with the development of exotic financial instruments and 'teaser' loans that bordered on predatory lending, which combined to produce toxic assets. Focus on the malfunctioning of financial markets has obscured inquiry into the deeper systematic roots of the crisis (seguino, 2011). She agrees that, the last decade and a half has been witness to a variety of mechanisms by which firm profits have been funneled out of the productive sector of the economy to the financial sector. Mergers and acquisitions have absorbed a large chunk of firm profits. Share buybacks, whereby firms repurchase some shares from existing shareholders to concentrate ownership, have been one use of excess cash that firms decline to employ in expanding output.

Economists such as J. Tobin and H. Minsky in a related development drew attention to the negative elements of financialization, J. Tobin, Nobel laureate in economics in 1981, states that more and more resources are invested in financial activity, rather than in the production of goods and services, that generates high private profits, disproportionate to its social utility, financialization has caused a deepening of information a symmetry when it comes to relations between customer and supplier in the sphere of financial products (Szunke, 2014). He noted that a negative consequence of financialization is also a process of asset securitization and modern financialization of the economy is, in fact, the next phase of searching for new methods how to maximize profits in the money form.

Various authors and writers have documented Nigeria-China trade relations. Utomi (2007), Ayoola (2013) all appeared in Nwokoma (2017). According to him, economic relations between Nigeria and China date back to 1971 when the two countries signed the joint communiqué on the establishment of Diplomatic Relations. The volume of trade between them grew at low levels until rapid growth turned China in 1993 from a net exporter of crude oil to the second-largest importer of crude oil in the world. The trade volume between the two countries in 2009 reached $7.3B and $7.7.B in 2010 respectively. In 2015, China undertook 14% of the major projects in Africa, it become the Africa's largest trading partner with a trading volume of $166B, expected to reach $11.7 trillion in 2030. In 2011, Nigeria was the 4th largest trading partner of China in Africa (Nwokoma, 2017).

The step that drew China close to Nigeria in the 1990s commenced under Sani Abacha's regime. The impact of sanctions imposed by the US and its western allies on Nigeria by 1995 because of its human rights abuses led the government to look "East". President Olusegun Obasanjo granted China four drilling licenses in exchange for commitments to invest $4B in oil and infrastructural projects. In 2004, the volume of trade grew by 17.6%, with Nigeria's export to China registering a growth of 330%. Nigeria's total imports from China increased from $5.3B in 2000 to $17.7B in 2005 (Randap, 2015 in Nwokoma, 2017). In 2008, many financial agreements such as the $500m concessionary loan for projects to be identified by Nigeria, construction of a hospital in Abuja to be facilitated by a $4.2m for the construction of China-Nigeria friendship cultural center in Abuja, were concluded by President Umaru Yar'Adua. President Goodluck Ebele Jonathan also maintained strong relations with China. Chinese companies were awarded contracts in Nigeria. According to government sources, Nwokoma (2017) recorded, "the government invested over $10B on the generation, transmission and distribution in the power sector with over $2B invested in the rejuvenation of the rail system in Nigeria". The highest stage of this relationship came under President Mohammadu Buhari with the swapization deal. According to the Chinese Foreign Ministry, China has already invested or financed a total number of $22B projects here in Nigeria, another $23B projects are on-going. In addition, another over $40B of investments are in the pipeline (Nwokoma, 2017). Therefore, this paper will focus on this swapization deal, whether it will be a life boat for Nigeria's economic development or otherwise.

Literature Review

Conceptual Issues

The study of financialization is undertaken across a range of discipline, notably (heterodox) economics and political economy, geography, political science or at least the term is used by researchers from those disciplines. While the term financialization rarely, if ever, makes an appearance in the mainstream economics literature (or the mainstream finance literature), there is, of course, discussion of the growth of finance, financial development and financial deepening. Within that literature, there has been a favourable view taken of the growth of finance and the financial sector (Sawyer, 2014). The term financialization is defined in the narrow and broad sense.

In a narrow sense, it is understood as the growing importance of financial operations in the activity of non-financial companies. In a broad sense, it includes elements typical for tradition of institutional analysis in which economic events are closely related with phenomena from other areas of social life. So that, financialization is a process of financial sphere autonomization in relation to the real economy, and even its superiority over the real economy (Szunke, 2014). This is part of the globalization of national financial markets; he further implied that financialization means a situation in which the elite and financial markets gain more and more influence on economic policy and the effects of management.

The most widely cited definition of financialization is probably that given by Epstein (2005). In his introduction to his edited book financialization and the world economy said that financialization means the increasing role of financial motives, financial markets, financial actors and financial in situations in the operation of the domestics and international economies. Krippne (2005) says it is a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production. Thus, financialization might be interpreted as a process in which markets and their participants gaining the more influence on the functioning of enterprises/companies and the framework of financial system. It changes the functioning of the economic system, both at the macro and microeconomic level. It also results in increasing the importance of the financial sector in relation to real sector, transferring the income from the real economy to the financial sector and contributing to the growth of inequality income and stagnant wages (Szunke, 2014).

Defining swapization with sufficient clarity to guide academic actions and create a structure for literature accountability is difficult. Central Bank of Nigeria (CBN, 2016) defined a swap transaction as an agreement between two parties to exchange sequences of cashflows for a set period. Usually, at the time the agreement is initiated, the cashflow is determined by uncertain variables, such as interest rate, foreign exchange rate, equity price or commodity price. It has two legs; the fixed and the variable legs. Swap is one of the categories of financial derivatives forwards, futures, options. According to Farouk and Abdullahi (2016) a swap is an over the counter (OTC) contract that involves the exchange of cash flows between two parties at a series of specified future dates. It is customized to meet parties' specified future dates. Our major concern here is currency swapization.

Currency swap involves the exchange of principal and interest in one currency for the same in another currency. In exchange process, both parties must exchange something of value (Achama, Obiah & Ozo, 2016). It is considered to be a foreign exchange transaction and is not required by law to be shown on a company's balance sheet. Currency swaps enables organizations to leverage on business opportunities that are available in some other countries (CBN, 2016). Hence, one way of obtaining borrowed funds in a foreign currency is by way of a currency swap. This involves the exchange of debt from one currency to another. Swaps comprise contracts to exchange cash flows relating to the debt obligations of the two counter parties to the agreement. In the words of Nwachukwu (2011) swap is a contract between two counter parties who agree to exchange payments based on the value of another asset. They are contracts to exchange cash on or before a specified future date based on the underlying value of currencies/exchange rates, bonds/interest rate, commodities, stocks or contracts between the two parties; they do not alter the direct responsibilities that each party has for the debt obligation that it has personally incurred. The parties agree in advance the appropriate exchange rates for the transactions.

A currency swap can be constructed as a series of forward exchange contracts. If it reduces exposure it is a form of hedging. Currency swaps can vary; the swap document should clarify the rate of exchange that will be used. Normally one currency is recorded as the fixed principal amount, with an agreed rate of exchange for calculating the amounts in the second currency. One of the objectives of the currency swap is to take advantage of lower interest rates and to restructure the currency base of a nation's trade liabilities on imbalance. For Anetoh et al (2018) a currency swap is a process whereby two nations elect to denominate aspects of their mutual trade on a direct exchange between their respective national currencies, instead of a third-party value standard that is extraneous to them, which in the present global system is the US dollar. Swap is a noun – a financial derivative in which two parties agree to exchange one stream of cashflow against another stream as a result of trade transaction or balance of payment. Hence, swapization is a financial derivative contract process aimed at relieving counterparts from the burden of global currency reserve foreign exchange and facilitates trade relationship of such counterparts. It is the contemporary stage of financialization that occurs as a result of foreign exchange volatility. This means as we can agree with Nzotta (2004), that exchange rates exert a significant impact on the movement of other macroeconomic aggregates in Nigeria. For Akpan, Yilkudi and Opiah (2016) an appropriate interest rate remains crucial for achieving improved productivity and promoting economic growth and development. According to Emefiele in Uwaleke (2017) the allocation of foreign exchange to the importation of items such as rice, wheat, milk and fish, among others, had contributed greatly to the depletion of the nation's foreign reserves.

To the extent that the increase in cross-border swapization increases competition in domestic market, it could help reduce the interest margins. In countries that are open and have flexible exchange rates, the exchange rate channel can be a powerful transmission mechanism for monetary policy. A monetary expansion, for example, would tend to lower the real interest rate and cause the currency to depreciate. The exchange rate channel is among the more important transmission mechanisms for monetary policy. In several countries, foreign banks participating actively in the foreign exchange market can also change monetary conditions and the exchange rate (Christensen, 2014). In Nigeria, Nwokoma (2017) noted that the exchange rate (of the naira to various foreign currencies) in the parallel market has been deteriorating and for the US dollar, has hovered N480 recent times. The demand for foreign exchange has remained high and supply continuously diminished.

One index of defining economic development which was itself corollary of economic growth was the idea that industrialization was synonymous with development (Obiah, Nwaneri, Nwachukwu, 2016). Development have been defined by Obiah, Duru, Akalonu and Onyeagoro (2016); Obiah (2016), Akalonu, Obiah, Onyeagoro, Duru and Okonya-Chukwu (2017) as a process by which any group of people or community in a rural area harness, mobilize and utilize indigenous resources available to it, human and material, for purpose of transforming economic wellbeing of the community for the ultimate improvement of the overall quality of life of the society. This can be turned to economic advantage, Nwaneri and Obiah (2017) observed that economic and social agendas must go hand in hand and focus on reforms that will render economies more productive and open up new better job opportunities for all segments of the population.

Empirical Review

The issue of financialization and swapizationare breaking trend in financial literature. Most contributors concentrate on theoretical/qualitative papers rather than empirical/quantitative. But economic developments and growth can be found in conjunction with different topics, either its effect, impact, role or implications among others. There is no single paper that has combined financialization and swapization in relation to economic development empirically. For instance, Anetoh et al (2018) is of the opinion that Nigeria-China currency swap agreement will provide adequate local currency liquidity thereby easing foreign exchange crisis; enhance financial stability and external reserve management. They also agree that they deal will affect Nigerian economy negatively in that it will increase importation of goods from China thereby weakening our domestic manufacturing capacity. They therefore recommended among others; proper regulation of sub standard products into Nigeria. The government should formulate export based economic policies to encourage industries in Nigeria.

On the part of economic development and growth various authors have contributed in different angles. Ubaka and OJeogwu (2018) examined the effect of lopsided allocation revenue formula in favour of the federal government on economic growth in Nigeria. The study adopted descriptive and inferential statistics using ordinary least regression to analyze archival data for the period of 1999-2016. The study revealed that revenue allocation for federal government has positive significant relationship while state government allocation indicated a negative but insignificant causal relationship with economic growth…. Similar investigation has been carried out by Ibekwe and Egungwu (2018) on the effect of foreign direct investment (FDI) on economic growth of Nigeria between 1985-2016 using ordinary least square method of data analysis. The study concluded that government should monitor the activities of foreign investors and as well create enabling environment via security to attract foreign investors in Nigeria.

Onyeche and Enyioko (2016) used descriptive and inferential statistics to examine the impact of strategic management in economic development in Nigeria, focusing on the oil sector. Using the Parson's product moment correlation coefficient, the study concluded that strategic planning is beneficial to organizations in achieving set goals and recommends among others that organizations should engage in strategic planning in order to enhance economic development in Nigeria. Chima, Agusimba and Akujuobi (2017) empirically investigate the impact of public expenditure and economic development in Nigeria. A cointegration evaluation covering the period 1981-2013 with ordinary least square. The paper is of the view that government spending instead of engendering economic growth and development brings retardation, is not a step in the direction.

Theoretical Foundation

There are economic theories pertinent to financialization and swapization, but prominent among them are Mint Parity theory, Purchasing Power Parity theory and Balance of Payments theory. The paper considers the two later theories as related to the topic of discussion.

The Purchasing Power Parity theory (PPP) was developed by Gustav Cassel in 1920 to determine the exchange rate between countries on unconvertible paper currencies. The theory states that equilibrium exchange rate between two inconvertible papers currencies is determined by the equality of the relative change in relative prices in the two countries. In other words, the exchange rate between two countries is determined by their relative price levels. There are two versions of the PPP theory: the absolute and the relative. The absolute version states that the exchange rate between two currencies should be equal to the ratio of the price indexes in the two countries. This version is not used because it ignores transportation costs and other factors which hinder trade, non-traded goods, capital flows and real purchasing power.

Economists, therefore use the relative version. According to Cassel, the purchasing power parity is determined by the quotients of the purchasing powers of the different currencies (Jhingan, 2010).

On the other hand, according to Balance of Payments Theory, under free exchange rates, the exchange rate of the currency of a country depends upon its balance of payments. A favourable balance of payments raises the exchange rate while an unfavourable balance of payments reduces the exchange rate. Thus, the theory implies that the exchange rate is determined by the demand for the supply of foreign exchange. The demand for foreign exchange arises from the debit side of the balance of payments. It is equal to the value of payments made to the foreign country for goods and services purchased from it plus loans and investments made abroad. The supply of foreign exchange arises from the credit side of the balance of payments. It equals all payments made by the foreign country to our country for goods and services purchased from us plus loans disbursed and investments made in this country. The balance of payments balances it debits and credits are equal. If debits exceed credits, the balance of payments is unfavourable. On the contrary, if credits exceed debits it is favourable. When the balance of payments is unfavourable, it means that the demand for foreign currency is more than its supply. This causes the external value of the domestic currency to fall in relation to the foreign currency, and vice versa. (Jhingan, 2010). This is one of the arguments against swapization between Nigeria and China. The purchasing Power Parity (PPP) theory and Balance of Payments theory are in line with the issue of discussion, the paper therefore adopt the theories.

Materials and Methods

The study used qualitative method to facilitate in-depth exploration. Qualitative research method was used because data collection comprised documenting the opinions, and experiences of the respondents as opposed to numbers and other quantitative measurements. Hashim, Hashim and Esa (2011) suggested that qualitative case studies allow researchers to evaluate specific cases in ideal settings. Therefore, with qualitative research, authors can simultaneously gather and modify all collected data. Qualitative researchers use interviews, field notes, conversations, memos, and units under study. Also, thematic analysis was used. Thematic is a qualitative analytic method for identifying, analyzing and reporting patterns (themes) within a collection data (Braun & Clarke, 2006).

Chinese Lifeboat for Economic Development

Swapization of Nigeria’s economy by the Chinese counterpart as a lifeboat has been viewed from different perspectives, some support the idea based on foreign exchange rate angle, some against it based on trade relationship. For Aneto et al (2018) the state of substantial trade disparity between the two countries with China in the advantage portrays danger to the economy since Nigeria is the Chinese biggest market and investment destination in Africa, hence, the swapization can weakens Nigeria’s trade balance and its domestic manufacturing capacity in relation to other countries of the world. Weakening the currency may actually make things worse. China needs a strong currency to shift resources away from the export and investment – led type of growth seen up till now and more towards consumption driven growth (Hitchens, 2016).

The crux of this paper may be different from issues so far raised on swapization. The paper is advocating for Nigeria to create a self-reliant economy with an ease of doing business. This strategy will attract more foreign exchange than swapization. Self-reliant economic development maybe defined according to Imandojemu (2016) as the type of development that relies on the human and material resources of the economic unit, whose development is the subject of discussion. In other words, it is development is the subject of discussion. In other words, it is development that relies on "internal" resources as opposed to development that relies on "external" resources. Thus, one of the common objectives you find in economic plans or a blueprint of continental, regional, national and state organizations or governments is "to promote self-reliant development, which currency swap does not encourage. According to Kim Jong II (1982) in Imandojemu (2016) building an independent national economy means building an economy which is free from dependence on others and which stands on its own feet. An economy which serves one's own people, and develops on the strength of the resources of one's country by the efforts of one's own people, not by swapization.

It has also been recognized that sustainable development of the Nigerian economy rests on the diversification of the economy away from oil and gas to non-oil sector and this should be based on the country's abundant resources and comparative advantage, rather than swap deal Ogunkola et al, (2010). A veritable channel for optimal benefit is in the involvement of indigenous entrepreneurs through which technology is transferred and technological capacity is developed, not Chinese expertise. Import dependency has depleted the nation's foreign reserves, fuelled domestic inflation, depressed national output and created unemployment. The exchange rate (of the naira to various foreign currencies) in the parallel market has been deteriorating particularly dollar. The demand for foreign exchange has remained high and supply continuously diminished Nwokoma, 2017). Uwaleke (2017) suggests that the current situation therefore provides an opportunity to look inwards in a bid to trigger economic growth and development. In order to enhance domestic production, conserve foreign exchange and boast economic growth, swapization should be based on encouraging export.

However, a central theme that underpins a robust economy is a coherent set of political institutions, an enabling legal environment, a good social element and sound macroeconomic policies. These macroeconomic conditions are necessary, but not sufficient. They provide the enabler to create wealth, but do not create wealth unilaterally. Wealth is actually created in the microeconomic milieu of the economy, implanted in the sophisticated of enterprise strategic actions, quality of raw materials, infrastructural facilities, institutions, and varieties of regulatory and other policies/ institutions that constitutes the business environment. Microeconomic elements are interdependent and mutually reinforcing pillars of economic development (Imandojemu, 2017). Elsewhere, he reiterated that an economy with a well regulated institutional supports base for business is capable of facilitating entrepreneurship, creativity and ingenuity among individual and provide a framework for the actualization of people full potential, emancipate the populace from the clout of poverty, enhance living standards and promote growth and shared property. This lead to the issue of ease of doing business in Nigeria.

Ease of doing business is an index published by the World Bank. It is an aggregate figure that includes different parameters which define the ease of doing business in a country; and measures the rules and regulations that can help the private sector thrive because without a dynamic private sector, no economy can provide a good and sustainable standard of living for people (World Bank, 2015). Since its first publication, the index has expanded to measure eleven areas in its 2018 report. These are: starting a business, dealing with construction permits, getting electricity, registering property; getting credit protecting minority investors; paying taxes; trading across borders; enforcing contracts; resolving insolvency and labour market regulation. Available evidence shows that many investors have left Nigeria because of burdensome regulations that stifle business…. A high ease of doing business ranking means the regulatory environment is more conducive to starting and operating a local firm (Imandojemu, 2018). This underlined the importance of going beyond supervision and regulation of individual firms to implement measures designed to limit risks to the overall business environments.

Conclusion

This paper has examined two critical concepts, financialization and swapization with a directional look at Chinese lifeboat for economic development of Nigeria. The paper ignore, not in totality the recent swap deal between Nigeria and China, but concentrate much on what Nigeria should do internally to enhance economic development. The study actually agree that swapization is not the best lifeboat China can offer Nigeria as an economic conduit, rather for Nigeria herself to create enabling business environment that can promote productivity. Higher productivity in business results in lowering rates of inflation and exchange rate appreciation, which automatically wipe away swapization and financialization, but promote commodization. According to development expert humans are the initiator and ultimate beneficiary of every developmental effort. Therefore, a suitable indicator of economic development must reflect human progress accruable from such measurement.

Recommendation

The study recommends the following action plans for Nigeria

- Nigerian as a fast growing economy with almost the same description with China has great economic potentials and untapped opportunities in business world, which enabling environment will spark unimaginable economic development.
- Supervisions and regulations are sine quo none in every society, the various agencies of government charged with various certifications and approval should exercise all the legal powers conferred on them in importation and similar transaction in sanitizing Nigerian market.
- The legal framework on entrepreneurial development should be reviewed and amended where necessary and training programmes should be provided to our youths to stimulate the need for self-reliance that geared towards entrepreneurial skills so that nations will look for our domestic products that will enhance our foreign income and exchange rate.
- Nigeria's ease of doing business has always been in a negative form as a result of high cost of establishing and operating business, government should therefore improve on the ease of doing business in order to encourage potential entrepreneurs.

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