

NEOLIBERALISM AND THE TRANSFORMATION OF THE GLOBAL ECONOMY

Iorshe Akav¹ and Fanen Akuraga²

^{1,2}Department of Political Science, Rev. Fr. Moses Orshio Adasu University,
Makurdi

iorsheakav50@gmail.com¹ lengthis1999@gmail.com²

Abstract

The paper examined neoliberalism and the transformation of the global economy, with particular emphasis on its implications for developing countries like Nigeria. The study adopts a qualitative research methodology based on secondary data analysis, drawing from scholarly books, journal articles, institutional reports, and policy documents relevant to neoliberal economic reforms and global economic restructuring. The study is anchored on the World-Systems Theory, which explains the structural inequalities in the global economy and the division of the world into core, semi-periphery, and periphery nations, highlighting how neoliberal policies reinforce dependency and unequal development patterns. Findings from the study reveal that neoliberalism has significantly transformed the global economy through trade liberalization, financial globalization, privatization, and deregulation. These transformations have facilitated the expansion of multinational corporations, increased global economic integration, and enhanced capital mobility. However, the study also finds that these developments have produced adverse consequences for developing countries, including increased economic dependency, widening inequality, unemployment, weakened state capacity, and vulnerability to global economic shocks. Furthermore, neoliberal reforms have limited policy autonomy in developing countries, particularly through Structural Adjustment Programmes imposed by international financial institutions. The study concludes that while neoliberalism has contributed to economic integration and growth in some regions, its uneven outcomes have reinforced structural inequalities and hindered sustainable development in many developing countries like Nigeria. The transformation of the global economy under neoliberalism therefore requires balanced policy approaches that integrate market efficiency with social protection and state-led development strategies. Based on these findings, the study recommends that developing countries should strengthen state capacity and regulatory frameworks to manage globalization effectively and protect domestic industries. Additionally, regional economic cooperation and economic diversification should be prioritized to reduce dependency on external markets and promote sustainable development in developing economies.

Keywords: Neoliberalism, Global Economy, Globalization, Structural Adjustment Programme, Multinational Corporations (MNCs)

Introduction

Neoliberalism has become one of the most influential ideological and economic paradigms shaping the contemporary global economy since the late twentieth century. It represents a transition from

state-led development strategies and Keynesian economic management toward market-oriented reforms characterized by privatization, deregulation, trade liberalization, fiscal austerity, and reduced government intervention in economic affairs (Harvey, 2007; Stiglitz, 2019). The rise of neoliberalism was closely associated with the global economic crises of the 1970s, including stagflation, oil price shocks, inflation, unemployment, declining industrial productivity, and fiscal instability experienced by many advanced capitalist economies (Hobsbawm, 1994; Peck, 2010). These crises generated dissatisfaction with Keynesian welfare policies and strengthened support for economic models that emphasized market efficiency, competition, and private sector-driven growth (Harvey, 2007; Mirowski & Plehwe, 2015).

The intellectual foundations of neoliberalism are rooted in classical liberal economic thought, particularly the ideas advanced by Friedrich Hayek and Milton Friedman. Hayek, in his seminal work *The Road to Serfdom*, argued that excessive government intervention and centralized economic planning threaten individual freedom, innovation, and market efficiency (Hayek, 1944). Friedman (1962) similarly advocated for free-market capitalism, limited state interference, monetary discipline, and individual entrepreneurial freedom as the foundation for economic growth and stability. These ideas regained prominence during the economic downturns of the 1970s and became central to policy reforms implemented across both developed and developing countries (Peck, 2010; Steger & Roy, 2020).

The practical implementation of neoliberal reforms became particularly evident during the administrations of Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States during the 1980s. Their governments introduced policies centered on privatization of public enterprises, deregulation of industries, tax reduction, weakening of labour unions, reduction in public spending, and liberalization of financial markets (Gamble, 2001; Harvey, 2007). These reforms significantly transformed domestic economies and accelerated the global spread of neoliberal ideology. Consequently, many countries in Europe, Latin America, Asia, and Africa adopted similar market-oriented reforms aimed at promoting economic growth, attracting foreign direct investment, and integrating into the global capitalist system (Steger & Roy, 2020; Saad-Filho & Johnston, 2005).

Furthermore, neoliberalism expanded globally through international financial institutions such as the International Monetary Fund, World Bank, and World Trade Organization. These institutions promoted neoliberal economic policies through Structural Adjustment Programmes (SAPs), loan conditionalities, and trade liberalization measures, particularly in developing countries facing debt crises during the 1980s and 1990s (Stiglitz, 2019; Mkandawire & Soludo, 1999). SAPs typically involved currency devaluation, subsidy removal, privatization, fiscal austerity, trade liberalization, and deregulation. Although these reforms were intended to promote macroeconomic stability and economic efficiency, they also generated widespread criticism due to their adverse social

and developmental consequences, including poverty, unemployment, and declining public welfare services (Rodrik, 2018; Ake, 1996).

The transformation of the global economy under neoliberalism is reflected in the expansion of global trade, financial globalization, technological integration, and the increasing influence of multinational corporations. Trade liberalization and reduced restrictions on capital flows encouraged foreign direct investment, outsourcing, and the development of global supply chains (Hirst, Thompson, & Bromley, 2015). National economies became increasingly interconnected through global production networks, while multinational corporations gained substantial influence over trade patterns, labour markets, and domestic economic policies (Sassen, 2018; Harvey, 2007). Governments increasingly shifted from direct participation in economic production toward facilitating market competitiveness and private sector-led growth. This transition fundamentally altered traditional notions of sovereignty, economic governance, and development planning in both developed and developing countries.

Despite its promises of efficiency, modernization, and economic growth, neoliberalism has produced highly contested outcomes globally. While some countries experienced increased investment, technological advancement, export expansion, and economic growth, many developing countries encountered rising inequality, unemployment, weakened domestic industries, and declining social welfare systems (Stiglitz, 2019; Rodrik, 2018). Critics argue that neoliberal globalization has disproportionately benefited developed countries, multinational corporations, and global financial elites while marginalizing poorer nations and vulnerable populations (Harvey, 2007; Piketty, 2020). The unequal distribution of the gains of globalization has contributed to widening disparities between core and peripheral economies within the international capitalist system (Wallerstein, 2004).

In Africa, neoliberal reforms implemented during the 1980s and 1990s significantly transformed economic structures and governance systems. Structural Adjustment Programmes introduced in many African countries resulted in reduced public expenditure on education, healthcare, housing, and social welfare, thereby worsening poverty, unemployment, and social inequality (Ake, 1996; Mkandawire & Soludo, 1999). Additionally, neoliberal reforms contributed to the weakening of state institutions and reduced governments' ability to provide social protection and public services (Saad-Filho & Johnston, 2005). Labour market reforms emphasizing flexibility, privatization, and outsourcing also contributed to informal employment, wage stagnation, precarious working conditions, and declining labour union influence in many countries (Castells, 2010; Standing, 2011).

Developing countries increasingly became dependent on foreign investment, external borrowing, and export-oriented production systems, exposing them to volatile global financial markets and external economic shocks (Arrighi, 1994; Stiglitz, 2019). Financial crises, commodity

price fluctuations, and global recessions have demonstrated the vulnerability of peripheral economies within the neoliberal global order. Moreover, the growing influence of multinational corporations and international financial institutions has raised concerns regarding national sovereignty and policy autonomy. Many developing countries are pressured to adopt investor-friendly policies, reduce regulatory controls, and liberalize domestic markets in order to attract investment and secure international financial support (Sassen, 2018; Hirst et al., 2015). Such pressures often constrain governments' capacity to pursue independent development strategies suited to domestic socioeconomic conditions.

Consequently, debates continue concerning whether neoliberal globalization promotes equitable development or merely reinforces global inequalities and dependency relationships. Therefore, the central problem this study seeks to address is the contradictory outcomes associated with neoliberalism in the transformation of the global economy. Although neoliberal reforms have facilitated economic integration, financial globalization, technological advancement, and trade expansion, they have also contributed to rising inequality, unemployment, weakened state capacity, economic dependency, and social dislocation in many developing countries (Harvey, 2007; Stiglitz, 2019). These contradictions raise critical questions regarding the sustainability, inclusiveness, and long-term developmental implications of neoliberal economic policies, particularly for developing countries striving to achieve equitable growth, socioeconomic transformation, and sustainable development.

Literature Review

Neoliberalism is widely understood as a political and economic ideology that promotes free-market capitalism, privatization, deregulation, trade liberalization, fiscal austerity, and minimal state intervention in economic affairs. It represents a major shift from Keynesian welfare-oriented economic policies toward market-driven approaches that prioritize efficiency, competition, private enterprise, and profit maximization (Harvey, 2007; Steger & Roy, 2020). Emerging prominently in the late twentieth century, particularly during the 1980s, neoliberalism became the dominant framework guiding economic governance and development strategies across much of the world. Its rise was influenced by the economic crises of the 1970s, including stagflation, inflation, and declining industrial productivity, which weakened confidence in state-led development models and strengthened support for market-oriented reforms (Peck, 2010; Stiglitz, 2019).

The intellectual foundations of neoliberalism are rooted in classical liberal economic thought, particularly the ideas advanced by Friedrich Hayek and Milton Friedman. Hayek (1944) argued that excessive government intervention and centralized planning threaten individual liberty and economic efficiency, while Friedman (1962) emphasized free markets, monetary discipline, and limited government as essential conditions for economic growth and stability. These ideas later shaped the economic policies adopted by governments in the United Kingdom and the United States

during the administrations of Margaret Thatcher and Ronald Reagan respectively, whose reforms accelerated the global spread of neoliberal ideology (Harvey, 2007; Gamble, 2001).

Neoliberalism also became deeply embedded in global development strategies through international financial institutions such as the International Monetary Fund, World Bank, and World Trade Organization. These institutions promoted market-oriented reforms in developing countries through Structural Adjustment Programmes (SAPs), policy conditionalities, and trade agreements aimed at promoting economic liberalization and integration into the global economy (Stiglitz, 2019; Mkandawire & Soludo, 1999). SAPs generally involved privatization of public enterprises, currency devaluation, subsidy removal, deregulation, fiscal austerity, and trade liberalization. Although these reforms were intended to stimulate economic growth, improve macroeconomic stability, and attract foreign investment, they have remained highly contested due to their association with rising inequality, unemployment, poverty, and weakened state institutions in many developing countries (Rodrik, 2018; Saad-Filho & Johnston, 2005).

Within this context, the global economy refers to the interconnected system of trade, finance, investment, production, and consumption that transcends national boundaries. The global economy has increasingly been shaped by globalization, technological advancement, digital communication, and the growing influence of multinational corporations, all of which have intensified economic interdependence among nations (Hirst, Thompson, & Bromley, 2015). Neoliberalism accelerated this process by encouraging financial globalization, trade liberalization, and the removal of restrictions on capital flows, thereby facilitating cross-border investment and the expansion of global production networks (Harvey, 2007; Sassen, 2018). Consequently, national economies became increasingly integrated into global markets, with multinational corporations playing central roles in international trade, production, and investment.

However, the transformation of the global economy under neoliberalism has produced uneven outcomes across regions and countries. While developed economies and multinational corporations have benefited significantly from globalization, many developing countries have experienced dependency, financial instability, and structural imbalances within the global economic system (Stiglitz, 2019; Wallerstein, 2004). Developing economies often remain dependent on the export of primary commodities, foreign direct investment, and external borrowing, making them vulnerable to fluctuations in global markets and external economic shocks (Arrighi, 1994). Critics therefore argue that neoliberal globalization reinforces unequal power relations between developed and developing countries and perpetuates core-periphery dependency structures within the international capitalist system (Harvey, 2007; Wallerstein, 2004).

Globalization, as a broader process of economic, political, social, and cultural integration, has expanded opportunities for international trade, investment, technological transfer, and communication. Nevertheless, globalization has also intensified inequality both within and between

countries, particularly where developing nations are pressured to liberalize their economies without adequate institutional capacity or social protection mechanisms (Rodrik, 2018; Stiglitz, 2019). In many cases, domestic industries in developing countries have struggled to compete with foreign corporations, leading to industrial decline, unemployment, and reduced policy autonomy (Harvey, 2007; Ake, 1996). These developments demonstrate that the benefits of globalization under neoliberalism are unevenly distributed and often favor economically advanced nations.

Structural Adjustment Programmes became central instruments for implementing neoliberal reforms in developing countries, especially in Africa and Latin America during the debt crises of the 1980s and 1990s. While these programmes promoted fiscal discipline, market liberalization, and economic restructuring, they frequently generated severe social consequences, including reductions in public spending on healthcare, education, housing, and social welfare services (Mkandawire & Soludo, 1999; Stiglitz, 2019). The implementation of austerity measures often increased poverty, unemployment, and social inequality, thereby weakening state capacity and reducing governments' ability to provide basic services to citizens (Saad-Filho & Johnston, 2005).

Additionally, multinational corporations have emerged as dominant actors within the neoliberal global economy. These corporations control significant portions of global trade, investment, production, and technological innovation, making them highly influential in shaping economic policies and labor markets across countries (Sassen, 2018). Although multinational corporations contribute to economic growth, foreign direct investment, employment generation, and technology transfer, their operations in developing countries are frequently criticized for reinforcing dependency, exploiting cheap labor, contributing to environmental degradation, and limiting national policy autonomy (Harvey, 2007; Stiglitz, 2019). Consequently, neoliberal globalization has become closely associated with increasing economic inequality, as its benefits tend to favor wealthy individuals, multinational firms, and developed economies while marginalizing vulnerable populations and peripheral countries (Piketty, 2020; Harvey, 2007).

Theoretical Framework

The paper used the World-Systems Theory as propounded by the American sociologist Immanuel Wallerstein in 1974, with the publication of his seminal work, *The Modern World-System, Volume I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. Wallerstein developed the theory as a framework to explain the historical development of the modern global economy and the persistent inequalities among nations. Unlike theories that focus solely on domestic factors, World-Systems Theory emphasizes the structural relationships between countries and the ways in which economic and political hierarchies shape development outcomes. The theory is built on several core assumptions.

- i. First, the global economy is organized into a single world-system rather than a collection of isolated nation-states. Within this system, countries are structurally positioned as core,

- semi-periphery, or periphery, with core countries dominating global trade, finance, and technology, while peripheral countries provide raw materials and cheap labor.
- ii. Second, the relationships between these zones are inherently unequal and exploitative, ensuring that wealth and power are concentrated in the core.
 - iii. Third, the world-system operates over a historical continuum, meaning that global economic processes are shaped by long-term historical structures rather than short-term national policies.
 - iv. Fourth, economic and political change in one part of the system affects other parts, creating a dynamic and interdependent global order.
 - v. Fifth, development in peripheral countries is constrained by their structural position in the global system, making it difficult for them to achieve autonomous growth independent of the core (Wallerstein, 1974; Frank, 1967; Harvey, 2005).

In essence, Wallerstein's World-Systems Theory provides a macro-analytical lens for understanding the persistence of global inequalities and the transformative impacts of economic policies, including neoliberal reforms, within an interconnected and historically structured global economy. It highlights that development and underdevelopment are not simply products of domestic policy choices, but outcomes of structural positions and relationships within the larger world-system.

Critique of World-Systems Theory

While Wallerstein's World-Systems Theory has been widely influential in explaining global inequalities and structural dynamics in the international economy, it has also faced several criticisms. One of the main critiques is that the theory tends to overemphasize structural determinism, portraying peripheral countries as almost entirely constrained by their position in the world-system and leaving limited room for agency or domestic policy innovation (Frank, 1967; Hirst, Thompson, & Bromley, 2009). Critics argue that this perspective underestimates the capacity of developing nations to pursue autonomous development strategies, adopt protectionist policies, or leverage globalization for growth.

Another critique concerns the theory's broad categorization of countries into core, semi-periphery, and periphery, which some scholars view as overly simplistic. This classification can mask significant variations in economic, political, and social structures within each category. For instance, countries such as South Korea and Taiwan transitioned from semi-periphery to more developed positions, demonstrating that movement within the world-system is possible, though the theory does not adequately explain the mechanisms of such mobility (Chase-Dunn & Hall, 1997).

Additionally, the theory has been criticized for historical rigidity, as it primarily focuses on long-term structural patterns since the sixteenth century, potentially underemphasizing contemporary technological, cultural, and institutional factors that influence global economic change

(Arrighi, 1994). By concentrating heavily on economic hierarchies, World-Systems Theory may also neglect internal social, political, and cultural dynamics that significantly shape development outcomes within peripheral and semi-peripheral countries.

Relevance of World-Systems Theory to the Study

World-Systems Theory is highly relevant to the study of neoliberalism and the transformation of the global economy because it provides a structural lens for understanding the unequal distribution of wealth, power, and resources among nations. By situating countries within the global system as core, semi-periphery, or periphery, Wallerstein's framework explains why certain nations benefit disproportionately from neoliberal globalization while others remain vulnerable to economic dependency and structural constraints (Wallerstein, 1974; Harvey, 2005). This perspective aligns closely with the objectives of this study, which seeks to examine how neoliberal reforms, global integration, and international financial institutions influence economic development and inequality, particularly in developing countries.

The theory is particularly useful in analyzing the structural implications of neoliberal policies such as Structural Adjustment Programmes, trade liberalization, and financial deregulation. It helps explain why peripheral countries often experience limited policy autonomy and heightened economic vulnerability when implementing market-oriented reforms promoted by the International Monetary Fund (IMF), World Bank, and World Trade Organization (Rodrik, 2011; Stiglitz, 2002). By highlighting the interdependent yet unequal relationships between core and peripheral nations, World-Systems Theory provides a conceptual framework to understand the mechanisms through which neoliberal globalization transforms local and national economies, often reproducing structural inequalities.

Moreover, the theory informs the study's focus on the role of multinational corporations and global economic actors in shaping development outcomes. Harvey (2005) notes that the concentration of economic power in core nations and global firms often directs the flow of capital, technology, and trade to serve their interests, reinforcing the structural dominance of the core. Using World-Systems Theory, this study can critically evaluate how such dynamics influence the economic trajectories of developing countries and shape their ability to achieve sustainable and equitable growth.

Lastly, the theory's historical and systemic perspective enables the study to link long-term structural patterns with contemporary economic reforms, providing insight into why neoliberalism has produced both opportunities and challenges in the global economy. It emphasizes that economic outcomes are not merely the product of domestic policy choices but are shaped by a broader, historically rooted world-system, thereby offering a robust framework for analyzing the transformation of the global economy under neoliberalism.

Methodology

This study adopts a qualitative research methodology using descriptive and analytical research designs to examine the implications of neoliberalism in the transformation of the global economy. The methodology is suitable because it enables the study to explain the historical emergence, principles, and impacts of neoliberalism while critically analyzing its outcomes and contradictions in both developed and developing countries. The study relies mainly on secondary sources of data. Data were analyzed using content analysis, which involved reviewing and interpreting literature to identify major themes such as privatization, deregulation, globalization, Structural Adjustment Programmes, multinational corporations, inequality, dependency, and state capacity. The methodology is appropriate because it provides an in-depth understanding of neoliberalism and its effects on global economic transformation without relying on statistical techniques, while also enabling critical evaluation of its implications for development, governance, and social welfare.

Historical Emergence of Neoliberalism

Neoliberalism emerged in the late twentieth century as a dominant economic ideology rooted in classical liberal ideas of free markets, individual liberty, and limited state intervention (Harvey, 2005; Friedman, 1962). It developed as a response to the perceived failures of Keynesian and state-led economic models, particularly during the economic crises of the 1970s marked by stagflation and declining productivity. Influential thinkers such as Milton Friedman and Friedrich Hayek promoted policies centered on privatization, deregulation, and reduced government spending, which laid the foundation for neoliberal reforms (Harvey, 2005).

The ideology gained practical prominence in the 1980s through leaders like Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom, whose policies emphasized market liberalization and private enterprise (Stiglitz, 2002). These reforms were later extended globally through institutions such as the International Monetary Fund and the World Bank via Structural Adjustment Programmes. Overall, neoliberalism represents a shift from state-centered economic management to market-driven globalization, though it remains contested for its tendency to increase inequality and reinforce global economic imbalances (Harvey, 2005; Stiglitz, 2002).

Core Principles of Neoliberalism

Neoliberalism is underpinned by a set of ideological and policy principles that emphasize the supremacy of market mechanisms, individual freedom, and minimal state intervention in economic affairs. Central to neoliberal thought is the belief that free markets are the most efficient allocators of resources and that economic growth and prosperity are best achieved through market-driven competition rather than government control (Harvey, 2005; Friedman, 1962).

One core principle is market liberalization, which involves reducing state restrictions on trade, capital flows, and investment. By removing tariffs, quotas, and other trade barriers, neoliberalism encourages countries to integrate into the global economy, allowing the forces of

supply and demand to dictate production and consumption patterns (Stiglitz, 2002). Market liberalization is often accompanied by financial deregulation, which seeks to minimize government oversight of banking, investment, and currency markets, facilitating the rapid movement of capital across borders (Harvey, 2005).

Another key principle is privatization of state-owned enterprises and services. Neoliberal thinkers argue that private ownership increases efficiency, innovation, and profitability, reducing the inefficiencies and fiscal burdens associated with government-run institutions (Friedman, 1962; Harvey, 2005). This principle has been widely implemented through the sale of public utilities, transport services, and industrial firms, particularly in developing countries under Structural Adjustment Programmes (Mkandawire & Soludo, 1999).

Reduction of public expenditure and state intervention constitutes a third core principle. Neoliberalism advocates for limiting social spending, subsidies, and welfare programs, arguing that excessive government intervention distorts market signals and undermines individual responsibility (Harvey, 2005; Stiglitz, 2002). Instead, the state is expected to provide a regulatory framework for the market rather than directly managing economic activity.

Finally, neoliberalism emphasizes individual entrepreneurship and competition as drivers of economic progress. By promoting self-reliance, innovation, and efficiency, neoliberal policies aim to create a globally competitive environment where firms and individuals are incentivized to maximize productivity and profitability (Harvey, 2005; Friedman, 1962). This focus on competition often extends to labor markets, where flexibility and mobility are prioritized over job security and collective bargaining.

Neoliberalism and Transformation of the Global Economy

The transformation of the global economy is closely tied to the rise of neoliberalism, which shifted economic systems from state-led models to market-oriented frameworks emphasizing liberalization, privatization, and deregulation (Harvey, 2005; Stiglitz, 2002). This shift accelerated globalization, expanded international trade and investment, and led to the emergence of global value chains, where production is distributed across countries based on cost and comparative advantage (Rodrik, 2011). As a result, developing countries became more integrated into global production systems, often focusing on low-value manufacturing and primary exports, while advanced economies retained control over high-value sectors (Wallerstein, 1974; Harvey, 2005).

Neoliberal reforms also promoted financial globalization by enabling rapid cross-border capital flows, increasing access to foreign investment but exposing economies especially in developing regions to financial instability and crises (Stiglitz, 2002; Arrighi, 1994). At the same time, multinational corporations expanded their global influence, shaping production, labor markets, and national policies, often shifting economic power away from states (Hirst et al., 2009). Labor markets were restructured through outsourcing and flexible employment practices, which created

opportunities but also increased job insecurity and informal employment, particularly in developing countries (Rodrik, 2011; Harvey, 2005).

Overall, neoliberalism reduced direct state involvement in economic activities, promoting private sector dominance and market competition. While this improved efficiency in some sectors, it also weakened social protection systems and limited governments' ability to address inequality and development challenges (Stiglitz, 2002; Harvey, 2005).

Impact on Developing Countries: Nigeria in Perspective

The transformation of the global economy under neoliberalism has significantly shaped Nigeria's economic structure, governance, and social outcomes since the mid-1980s. While neoliberal reforms especially the Structural Adjustment Programme (SAP) of 1986 facilitated trade liberalization, foreign investment, and global integration, they also deepened structural vulnerabilities, inequality, and economic dependency (Harvey, 2005; Stiglitz, 2002). Nigeria's increased participation in the global economy stimulated growth in sectors such as telecommunications and banking, but the country remained heavily dependent on crude oil exports, exposing it to fluctuations in global oil prices and limiting industrial diversification (Ake, 1996; Rodrik, 2011).

These reforms also heightened economic dependency through reliance on foreign capital and international financial institutions, whose policy conditions constrained domestic policy autonomy and weakened local industries (Mkandawire & Soludo, 1999; Stiglitz, 2002). At the same time, neoliberal policies contributed to rising inequality and poverty, as privatization, subsidy removal, and reduced public spending increased the cost of living and limited access to essential services, particularly for low-income and rural populations (Ake, 1996; Harvey, 2005).

In addition, labor market reforms created some employment opportunities but were largely characterized by job insecurity, low wages, and expansion of the informal sector. Neoliberalism also reduced state capacity through privatization and deregulation, limiting the government's ability to provide public goods and implement long-term development strategies (Harvey, 2005; Hirst et al., 2009). Furthermore, the growing presence of multinational corporations, especially in the oil sector, brought investment and technology but also led to challenges such as environmental degradation, capital flight, and weak linkages with local industries, particularly evident in the Niger Delta. Overall, Nigeria's experience reflects both the opportunities and contradictions of neoliberal globalization.

Levels of Conflict in the Global Economy

Conflict in the global economy stems from the unequal distribution of wealth, power, and resources, and occurs at international, regional, and domestic levels, often intensified by globalization and neoliberal reforms. A central dimension of this conflict is core-periphery tensions, where advanced (core) countries dominate global trade, finance, and technology, while developing (peripheral) countries remain dependent on them for markets, capital, and policy direction

(Wallerstein, 1974; Harvey, 2005). Neoliberal policies such as trade liberalization and Structural Adjustment Programmes have deepened this dependency, often benefitted core economies and multinational corporations while increased vulnerability, inequality, and limited policy autonomy in peripheral states (Stiglitz, 2002; Rodrik, 2011). These tensions also extend into political influence, as core countries shape global economic rules in ways that sustain their dominance.

In addition, trade and financial conflicts arise from unequal participation in global markets. Core countries control major financial systems and trade mechanisms, while peripheral countries face volatile capital flows, debt dependency, and unfair competition from subsidized imports. Neoliberal reforms have heightened these challenges by exposing developing economies to financial instability, as seen in global crises that disproportionately affect them (Arrighi, 1994; Stiglitz, 2002). Such conflicts are often linked to geopolitical interests, with powerful nations and corporations influencing trade agreements and economic policies to their advantage.

Furthermore, these dynamics produce serious socioeconomic consequences in developing countries, including rising inequality, unemployment, poverty, and social unrest. Neoliberal reforms tend to favor elites and foreign investors, while austerity measures and privatization reduce public services and job security (Ake, 1996; Mkandawire & Soludo, 1999). Dependence on unstable global markets further exposes these countries to economic shocks, worsening living conditions and limiting development prospects. Consequently, many developing countries experience not only economic hardship but also political instability and social resistance, highlighting the broader human impact of structural inequalities in the global economy.

Criticism of Neoliberalism

Neoliberalism has been widely criticized for producing uneven development outcomes and deepening global inequalities despite its promotion of free markets, privatization, and limited state intervention (Harvey, 2005; Stiglitz, 2002). Critics argue that while it has stimulated growth in some contexts, it has also widened income disparities by favoring multinational corporations, wealthy elites, and developed economies, thereby marginalizing vulnerable populations and undermining inclusive development (Rodrik, 2011; Harvey, 2005).

Another major concern is the erosion of state capacity and policy autonomy, as neoliberal policies reduce government involvement and encourage privatization of essential services. This often weakens the ability of governments especially in developing countries to regulate markets and provide social welfare (Stiglitz, 2002; Ake, 1996). In addition, financial deregulation and capital mobility have increased economic instability, exposing developing economies to crises and external shocks they are less equipped to manage (Arrighi, 1994; Stiglitz, 2002).

Neoliberalism has also been criticized for promoting labor exploitation and job insecurity through flexible labor markets, which often result in low wages, poor working conditions, and expansion of informal employment (Rodrik, 2011; Harvey, 2005). Furthermore, austerity measures

and reduced public spending have weakened social welfare systems, limiting access to healthcare, education, and other essential services, particularly for low-income groups (Mkandawire & Soludo, 1999; Stiglitz, 2002).

Finally, critics contend that neoliberalism reinforces global dependency and unequal power relations, as developing countries remain reliant on foreign capital and are often subject to policy conditions imposed by international financial institutions, thereby constraining their development choices and perpetuating structural inequalities in the global economy (Wallerstein, 1974; Harvey, 2005).

Discussion of Findings

The findings of the study reveal that neoliberalism has significantly transformed the global economy through market-oriented reforms such as privatization, deregulation, trade liberalization, and financial openness, leading to increased globalization and economic interdependence among nations. The study shows that multinational corporations and global production networks have become dominant forces in international trade and investment, shaping domestic economic policies and weakening state regulatory capacity, especially in developing countries. The findings further indicate that neoliberal globalization has reinforced structural inequalities between developed and developing countries, with advanced economies maintaining control over finance, technology, and high-value production while peripheral economies remain dependent on raw material exports and vulnerable to external economic shocks.

Additionally, the study finds that neoliberal reforms have produced mixed socioeconomic outcomes in developing countries. Although some countries experienced foreign investment, export growth, and market expansion, these benefits were often accompanied by rising inequality, unemployment, poverty, and weakened social welfare systems. Structural Adjustment Programmes and austerity measures reduced public spending on essential services such as healthcare and education, thereby worsening living conditions for vulnerable populations. The study also reveals that neoliberalism reduced state capacity and policy autonomy, as governments increasingly adopted market-driven policies under the influence of institutions such as the International Monetary Fund and World Bank. Furthermore, neoliberal globalization contributed to economic conflicts, including core-periphery tensions, trade disputes, financial instability, job insecurity, and the expansion of informal employment, which have generated social dissatisfaction and resistance in many developing countries.

Conclusion

Neoliberalism has fundamentally transformed the global economy since the 1970s by promoting market liberalization, privatization, deregulation, and reduced state intervention as key drivers of growth and efficiency. These reforms expanded global trade, financial integration, and the influence of multinational corporations, deepening globalization and interdependence among

nations. While this transformation created opportunities such as increased foreign investment, technological advancement, and access to international markets, it also reinforced structural inequalities, dependency, and economic vulnerability, particularly in developing countries that remain reliant on primary exports and external capital.

At the same time, neoliberal policies reshaped labor markets, weakened state capacity, and reduced social welfare provisions, contributing to unemployment, job insecurity, and limited access to essential services. Critics argue that neoliberalism prioritizes economic efficiency over social equity, thereby widening global inequalities and undermining inclusive development, while also raising concerns about the growing power of multinational corporations and international financial institutions over national sovereignty. Overall, although neoliberalism has driven global economic integration, its uneven outcomes highlight the need for balanced development strategies that promote equity, strengthen state institutions, and ensure sustainable and inclusive growth.

Recommendations

To address the challenges associated with neoliberalism and the transformation of the global economy, the following practical recommendations are proposed, with clearly assigned responsibilities to relevant stakeholders.

- i. Developing countries should strengthen state institutions to effectively regulate markets, manage foreign investments, and protect domestic industries.
- ii. Developing countries should prioritize economic diversification by investing in manufacturing, technology, and value-added industries. This strategy will reduce dependence on primary commodities and enhance competitiveness in the global economy.
- iii. Governments should implement policies that protect vulnerable populations from the adverse effects of neoliberal reforms such as investment in education, healthcare, and social welfare programs which will promote inclusive development and reduce inequality.
- iv. Regional integration can help developing countries improve bargaining power in global trade negotiations and reduce dependency on developed economies by promoting intra-regional trade, infrastructure development, and economic stability. Strengthening regional economic blocs will support collective development and reduce economic vulnerability.
- v. Global economic governance institutions such as IMF and World Bank should reform policies to promote fair trade, reduce conditionalities, and support sustainable development in developing countries. These reforms should focus on debt relief, fair trade policies, and inclusive global financial systems that accommodate the needs of developing economies.

References

- Ake, C. (1996). *Democracy and Development in Africa*. Washington, DC: Brookings Institution.
- Arrighi, G. (1994). *The Long Twentieth Century: Money, Power, and the Origins of Our Times*. London: Verso.
- Castells, M. (2010). *The Rise of the Network Society* (2nd ed.). Oxford: Wiley-Blackwell.
- Chase-Dunn, C., & Hall, T. D. (1997). *Rise and Demise: Comparing World-Systems*. Boulder, CO: Westview Press.
- Frank, A. G. (1967). *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil*. New York: Monthly Review Press.
- Friedman, M. (1962). *Capitalism and Freedom*. Chicago: University of Chicago Press.
- Gamble, A. (2001). *The Free Economy and the Strong State: The Politics of Thatcherism*. London: Palgrave.
- Harvey, D. (2007). *A Brief History of Neoliberalism*. Oxford: Oxford University Press.
- Hayek, F. (1944). *The Road to Serfdom*. Chicago: University of Chicago Press.
- Hirst, P., Thompson, G., & Bromley, S. (2009). *Globalization in Question*. Cambridge: Polity Press.
- Hirst, P., Thompson, G., & Bromley, S. (2015). *Globalization in Question* (3rd ed.). Cambridge: Polity Press.
- Hobsbawm, E. (1994). *The Age of Extremes: The Short Twentieth Century, 1914-1991*. London: Michael Joseph.
- Mirowski, P., & Plehwe, D. (2015). *The Road from Mont Pelerin: The Making of the Neoliberal Thought Collective*. Cambridge, MA: Harvard University Press.
- Mkandawire, T., & Soludo, C. (1999). *Our Continent, Our Future: African Perspectives on Structural Adjustment*. Dakar: CODESRIA.
- Peck, J. (2010). *Constructions of Neoliberal Reason*. Oxford: Oxford University Press.
- Piketty, T. (2020). *Capital and Ideology*. Cambridge, MA: Harvard University Press.

- Rodrik, D. (2011). *The Globalization Paradox: Democracy and the Future of the World Economy*. Oxford: Oxford University Press.
- Rodrik, D. (2018). *Straight Talk on Trade: Ideas for a Sane World Economy*. Princeton: Princeton University Press.
- Saad-Filho, A., & Johnston, D. (2005). *Neoliberalism: A Critical Reader*. London: Pluto Press.
- Sassen, S. (2018). *Expulsions: Brutality and Complexity in the Global Economy*. Cambridge, MA: Harvard University Press.
- Standing, G. (2011). *The Precariat: The New Dangerous Class*. London: Bloomsbury Academic.
- Steger, M. B., & Roy, R. K. (2020). *Neoliberalism: A Very Short Introduction* (2nd ed.). Oxford: Oxford University Press.
- Stiglitz, J. (2002). *Globalization and Its Discontents*. New York: W.W. Norton.
- Stiglitz, J. E. (2019). *People, Power, and Profits: Progressive Capitalism for an Age of Discontent*. New York: W.W. Norton.
- Wallerstein, I. (1974). *The Modern World-System, Volume I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York: Academic Press.
- Wallerstein, I. (2004). *World-Systems Analysis: An Introduction*. Durham: Duke University Press