Can Institutional Reforms Liberate Africa from the Globalization Ghetto? Lessons from Economic Reforms in Nigeria's Fourth Republic

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In recent years as part of development economics discourse renewed emphasis has emerged on institutional reforms and how these can help developing countries to benefit from globalization. This renewed emphasis is underlined by the new-institutional turn in academic literature which argues that institutions matter and that they structure incentives in human exchange, whether political or economic (North, 1990).

Nigeria represented a country with dire need of reforms as at 1999 when civilian rule was established after years of ruinous military rule. As it has been noted by many, the characteristics of the Nigerian economy pre-1999 depicted a classic case of an economy in fundamental crisis. Specifically, during this period, the economy was characterized by reckless financial management and rapid increase in the inflation rate, macro-economic instability, low levels of external reserves, and corruption (Adebayo, 1999). In addition, public utilities and infrastructures were collapsing, inefficient and hence noted for poor service delivery. Meanwhile during this same period, two-thirds of the country's populations remain in poverty, a third was illiterate and 40 percent have no safe drinking water. By 1999 also, life expectancy at birth hardly reaches 52 years, while 44 percent of the young men aged between 20 and 24 were unemployed (cf. Guichaoua, 2005).

The transition from military rule to civilian rule in 1999 therefore brought renewed hopes that the elected government will usher in changes that will restructure the country’s collapsing economy and enable it to play a dominant role in the global economy.

Utilizing archival and documentary materials, this paper examines the economic reforms since Nigeria’s return to democratic rule in 1999 till date and evaluates whether, and in what ways, these reforms have helped to liberate Nigeria from the margins of globalization. Specifically, the paper examines three key reforms - privatization, telecommunication deregulation, and electricity reforms- and their political, social, and economic outcomes. The paper argues that in spite of some progress made, economic reforms has been untidy and has not engendered the development dividends many Nigerians desperately yearn for in terms of improved quality of life and quality of institutions. In explaining this outcome, the paper highlights the problems posed for reforms by the material legacies, constraints, habits and cognitive frameworks inherited from the past; the opportunistic and self-interested attitude of political and economic elites; the weak democratic infrastructure and institutional framework for regulation.