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Economic Reforms in Africa: A Critical Appraisal

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INTRODUCTION

Africa is very rich in mineral resources, which is expected to translate to national wealth and human capacity development. However, nation-states have been unable to harness the natural resources toward the development of African states and societies. Abundance of oil resources, for instance, have been adjudged a curse (Ross 1999). One of the reasons for this contradiction is the imposition of a liberal economic blueprint by global capitalist powers (Akinola 2018a). Upon the attainment of political independence from Western colonial powers, Africa continues to groan under the weight of globalization. Globalization generates a free market economy, which has become the guise for the spread of Anglo-American capitalism throughout the world (Dunklin 2005; Held and McGrew 2000). Despite the promise of democratization and economic buoyancy, upon the implementation of economic reforms in Africa, socio-economic and political turmoil prevail.

Thus, it becomes imperative to assess the reality of implementing economic reforms and explore the implications of such reforms on the continent. This chapter reconciles the intent of the policy with policy implementation and the implications for sustainable socio-economic and political development, as well as social stability. The chapter interrogates the capacity of African states to manage and explore their abundant natural resources for the interests of the entire population. One of the decisive questions has been the inability of the state, constructed for the protection of the interests of the elites and driven by

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the elites, to come into 'being' or implement policy inclined toward the masses in the midst of external pressures generated by globalization and internal demands engendered by democratization (Akinola 2018a). Across Africa, and particularly in Nigeria, the nature and character of the state has impeded many attempts to facilitate successful economic reforms and good governance (Yagboyaju 2009; Akinola 2018a; Uzodike 1996). Scholars from the South (Ake 1981; Amin 1999; Akinola 2018a) contend with Western scholars (Rostow 1960; Lipset 1959) on the root causes of the weakness of developing states to attain appreciable levels of development. Their arguments are entrenched in the modernization-dependency theories, which locate the incapacity and weakness of the state on either internal contradictions or external manipulations.

Without prejudices to the theoretical understandings, it is important to locate Africa's political and socio-economic struggles in historical perspectives. Indeed, African history is wrought in slavery, imperialism, colonialism and the exploitation of African resources (both human and material) by external powers. However, African sets of leadership, especially at the exit of liberation fighters and immediate post-independence leaders, have demonstrated a lack of capacity and willpower toward driving the African developmental agenda. Aside from the African colonial heritage, a crisis of leadership generated by inept and visionless ruling elites and acute misgovernance imposed on the citizenry, remains the major developmental challenges of contemporary Africa.

In the case of Nigeria, a careful evaluation of the character of the Nigerian state and assessment of the institutions through which legitimate power is exercised within the polity reveals an understanding of failed deregulation policy in the downstream oil sector (Akinola and Wissink 2018). The chapter reinforces the recurrent argument that African states lack the capacity to deal with contemporary complexities of resource governance, while resource abundances continue to engender conflict in the region. Contemporary African states are characterized by armed insurrection, resource conflict, electoral violence, regime elongation and consolidation, socio-economic instability and corruption, as well as poor macroeconomic management. In Nigeria, the recurrent failures of successive regimes to translate the oil wealth into sustainable human and national development exposes the contradictions of economic reform in Africa.

THEORIZING AFRICA'S DEVELOPMENT CHALLENGE

In analyzing African development discourse, it becomes pertinent to delve into theoretical exposition to provide a nuanced understanding of the different perspectives and the appropriate lens through which to grasp Africa's developmental dilemma. One of the earliest theories to explain the state of the economy in Africa was the modernization theory. It provides a liberal approach to development through socio-cultural, industrial and political evolution. Rostow (1960), writing to justify the underdevelopment of Africa, maintains that development occurs at a certain stage, and Africa has yet to attain such a stage. Africa was to

reject native cultural practices and adopt Western cultural, social, economic (capitalism) and political systems (liberal democracy). The Western form of socio-economic and political arrangement is regarded as the dominant path to development. This theory regards internal challenges—corruption, lack of industrialization, undemocratization, weak consumption power—as the lens through which to study and understand the underdevelopment of poor countries.

A staunchly opposing thought, dependency theory, emerged as a response to the attempt by the modernization theorists to explicate the socio-economic crisis confronting developing countries through the lens of the West. It explains the continued development of the advanced capitalist powers and the corresponding underdevelopment of the Third World. Advocates of the theory like Claude Ake, Walter Rodney and Ander Gunder Frank criticized modernization theory for substituting Western modernity with development, and also for rejecting the socio-political history of developing states which is directly linked to imperialism and colonialism (Ake 1981). Dependency theory dismisses internal problems and locates the cause of underdevelopment in imperialism, colonialism and neo-imperialism.

Indeed, many of the arguments of the modernization theory are applicable to African countries. Nevertheless, the root cause of the African socio-economic crisis lays in its integration with the economy of the advanced countries through colonialism, and consolidated through neo-imperialist international economic order, globalization. Due to its protracted economic crisis and diversified underdevelopment, there has been a scholarly shift in the debates on the problems facing Africa. This rose out of the need to provide alternate explanations for the failed African economic agenda, despite the optimism of classical economic thinkers, and evident inadequacies of dependency theory to explain some traces of development in East Asia. Dependent development theory, a variant of radical political economy, thus emerged as the most probable prism to understand the route to African development and resource utilization.

The dependent development theory decries the attempt to reduce Africa's struggles to history of colonialism. Advocates agree with the exploitative nature of the integration of African economy with the colonial powers, but affirm that the crucial roles of internal relations of production cannot be easily disregarded. The theory also endeavors to redefine the role of states and the transformation of public institutions into management bodies directed toward sustainable economic development. Accordingly, the state's role is transformed to that of providing rules and regulations for strengthening a dynamic private sector that is effectively regulated by the state to avert the challenges of an unregulated market. In Nigeria, the state's ability to participate, not just as an investor but as a regulator of the market, is greatly constrained by global economic ideology, wrought within the orbit of liberalization of the resource sector. As argued by radical political economists (Amin 1999; Ake 1981), the market and states' institutions in Africa are manipulated by global powers, and imposing a limited government on the state creates an avenue for the unfettered exploration and

exploitation of African resources by the global powers and their multinational corporations (MNCs).

The need for institutional transformation by developing countries to advance out of their impoverished status and improve the economic livelihoods of their populations necessitates the exploration of New Public Management (NPM) theory as the most appropriate lens to understand resource mismanagement by African state institutions (Akinola 2018a). The theory addresses the quest for a policy shift in the oil sector in the bid to transfer the oil wealth to national and individual posterity under a management-oriented civil service. NPM explains most of the structural, organizational and managerial changes taking place in the Nigerian public service. In specific terms, it argues for a managerial approach to public administration in the oil sector. The civil services inherited from the colonial powers are so weak, not result driven and failed to evolve into strong management institutions; thus, they have no capacity to implement effective subsidy reform nor drive the developmental agenda of African states.

AFRICA AND THE ECONOMIC REFORM REGIMES

Economic reform is drawn from 'certain national adjustment processes in relation to broader economic, social and political changes' (Gibbon 1993, 11). The goal of reform is to increase productivity with a lesser price to the taxpayers. Economic reform is usually implemented in countries with economic crisis and directed at stabilizing developing countries' internal and external balances, promoting their growth through the adoption of a liberal economic framework (trade liberation, commercialization, privatization and deregulation). Generally, economic reform is targeted at removing the structural and other impediments caused by state intervention in the workings of these markets (Stein 1994). The programs and process of reform in Africa are always insinuated, directed and monitored by international financial institutions (World Bank and International Monetary Fund) and, in many instances, with inputs from other donor organizations. Most of the reform schemes operate under promises or threats from these organizations.

By the 1970s and through to the 1980s, the failure of many developing countries to reach appreciable levels of development, and evidences of socio-economic turmoil and weaknesses of states' institutions, motivated global financial institutions to export the liberalist-driven reform regime into Africa. Implementation of foreign-imposed reform became a ticket to obtaining aids from the Bretton Woods financial powers. Liberalism is founded on the belief that a capitalist economy would be enhanced in the region by curtailing the power of the state and removing all the distortions that have impeded the operation of Adam Smith's law of price determinism, or equalization of supply and demand. Some economists maintain that the state might engage in price fixing or distortion in pursuit of socio-economic benefit. But in the case of fuel prices, decisions on price and reforms are based on political or economic

considerations (increasing state's income and oil corruption), thereby disregarding social considerations.

In terms of policy performance or due to the crisis of economic reform in Africa, there is a subsisting debate which implies that economic liberalization in Africa was misconceived from the outset. Furthermore, its validity remains intact since there has been no political will to implement it, or that political democratization is a precondition for its thoroughgoing implementation and success. As noted by Olaopa:

It is no longer news that most reform initiatives on the continent are bedeviled by complex issues, ranging from lack of strong political will, lukewarm bureaucratic leadership, inefficient bureaucratic institutions, reform-phobia among those concerned, inadequate financial and technical resources, corruption...these complex factors consistently ensure that reforms do not achieve their objectives. (Olaopa 2011, ix)

Also, what is at least clear is that many of the initial assumptions about the determinants of both key variables and players have proved erroneous (Gibbon 1993, 12). Generally, 'privatization or even reform of parastatals has proved one of the most difficult aspects of adjustment to implement' (Gibbon 1993, 17). More than twenty years after this statement, it was more apparent that reform has not actually driven African states out of underdevelopment, neither has it significantly improved the lot of the underprivileged. Evidence of this abound in South Africa, which has faced gridlock in its land reform initiatives, and Ghana that is still grappling with oil subsidy reform. In the case of Nigeria, the country represents the failure of liberal ideology in many sectors of the economy, in which the downstream oil is of particular concern.

According to Nabudere (2000), the liberal economic framework promotes the restructuring and downsizing of the state and prescribes a universal approach to the practice of democracy in developing countries. There is a strong proposition, at least supported vehemently by liberal thought, that 'democracy and economic liberalization are mutually interdependent' (Bienen and Herbst 1996, 23); thus, how can economic reform become successful in most African countries that continue to score very low in democratization? A decisive paradox of implementation of Structural Adjustment Programmes in Africa was the undemocratic system of government under which such reform operated. Olaopa (2011, 189) maintains that 'the most important consideration in the management of successful reform derives from the analysis of the nature of the political environment in which reform takes place'. He maintains further:

In managing the political dimension of reforms, therefore, there are three forms of politics that must be successfully confronted if reform will succeed. The first is the politics that arises from the reaction of the political elites in the country; the second has to do with the way the public servants perceive, receive, or react to the

reform; while the third is about citizens' perception of the reform. (Olaopa 2011, 52)

There is the urgency to change the perceptions and behaviors of public servant and organization culture for effective reform initiatives. This has been the position of the NPM. The masses in Africa are so resistant to any form of reform due to the economic hardship that trailed the Structural Adjustment Policy (SAP). Many African countries were unable to immediately embark on democratization in such an economically hostile environment.

Apparently, liberal democracy has been erroneously conceived as a path toward equity and equality in the distribution of resources and values. Liberalism promotes individualism, competition, property rights and a reward system based on performance, which is antithetical to the equal distribution of wealth in developing countries. The experience of Nigeria generally and specifically in the oil sector has shown that liberal democracy, in a globalized world, furthers the socio-economic gap between the capitalist elites and the masses. Formal processes of democratization have insignificant value 'unless they are accompanied by measures to redistribute social, economic and political power' (Grugel 2003, 260). In Nigeria, despite the rhetoric of government officials and ruling elites to celebrate democracy and downplay mass poverty, there are still wide gaps between the owners of capital and the masses. Also, crude oil wealth has been 'privatized' by the ruling elites, while the masses continue to pay rising fuel prices.

Ake (1981) further argues that market-driven democracy highlights a different mode of political participation, and one that is inferior to the African idea of participation. In Nigeria, just like in other African states, participation by the local population is linked to communality. Africans do not generally see themselves as self-regarding atomized beings engaged in competitive and potentially hostile interactions with other members of the community. Instead, they are focused on belonging to an organic whole (Murithi 2006). What liberal democracy offers is the celebration of individualism and distortion of the communal nature of African society.

Over the decades, there has been a consistent debate on the feasibility of liberalism ideology in developing oil-producing states. Based on an empirical study of countries and regime types, Ross found that oil hinders democracy, highlighting three major factors that informed these findings (de Kock and Sturman 2012; Ross 2001). Ross delves into the rentier effect, which explains how oil generates high revenues that give governments the financial capacity to purchase the citizens' will and consent through patronage and other forms of illicit benefits. The second is the repression outcome. Governments with large oil revenues are more likely to increase their spending on the military to subjugate all opposing voices and political opponents. Furthermore, the oil communities that suffer environmental degradation due to oil exploration are also under the siege of government and multinational corporations.

Lastly, Ross (2001) analyzed the modernization effect. States under this category experienced economic growth based on the restricted sector of oil exports, which 'expectedly' fails to enhance socio-cultural exchanges of holistic forms of development. This constitutes a threat to democracy and societal development. One of the attributes of this is the 'Dutch Disease', whereby growth in other sectors of the economy was halted due to the boom and development of the oil sector. Thus, oil becomes the center of gravity of the government, and elite competition in the sector becomes fiercer. Under this arrangement, 'oil rents ... provide the incumbent with a means of buying 'social peace' via the corruption of politicians, the media and the intellectual community' (de Kock and Sturman 2012, 134), while oil wealth directly capacitates candidates of the ruling party in these states to buy votes during elections. This clearly describes the Nigerian experience, characterized by strong allegation of 'vote buying' and electoral corruption during successive general elections (Akinola 2009, 270).

When the people react to increases in fuel prices, the anger is not just directed at the government for the increase, but rather at their unwillingness and incapacity to address the fundamental problems that explain the rise in fuel prices. Corruption, inept political leadership, weak state's institution and unskilled civil service are part of the main reason for the mismanagement of oil resources and flawed subsidy administration. This was well captured thus:

The bigger problem is the need to change the institutional structure that caused the price problem in the first place. For instance, in Nigeria successive governments agonized for years over raising the price of petroleum and acted only after substantial damage had been done to the economy, only to find that the problem reappeared a few years later. Similarly, while cuts in government spending may be important, African countries will correct their public finances only by addressing the drain on revenue caused by parastatals. (Bienen and Herbst 1996, 31)

Furthermore, the author explains that 'reforming these basic economic institutions is more difficult than changing prices, which, however controversial, can usually be done by administrative fiat. Rebuilding or creating institutions takes years and places enormous strains on the administrative capacities of African states' (Bienen and Herbst 1996, 31). Either by commission or omission, the Nigerian government has been guilty of calling 'price' increase 'oil sector reform'. The first attempt to reform the sector was in 2012.

Based on a study conducted by the World Bank, it was discovered that reforms in the energy sector actually improved the efficiency and productivity in many of the African countries under review (Jamasb et al. 2014). However, the report notes that 'efficiency gains have not always reached the end consumers due to the inability of sector regulators and inadequate regulatory frameworks' (Jamasb et al. 2014, 3). The imperativeness of complementing policy that would act as the foundation on which oil sector reform would stand is very germane to the successful implementation of oil reform. In the case of Nigeria,

the Directorate of Petroleum Resources (DPR), which is the regulatory body, is very politicized and ineffective in its oversight and regulatory functions. Many of the high officials of the corporations lack the required skills and will-power to drive the reform initiative of the government.

Oil industry is the nerve-centre of oil-producing countries in the Global South. Thus, policy change in the sector is regarded as high level. As presented by Jamasb:

High level reforms focused on introducing competition in the wholesale and retail segments of energy supply, the horizontal unbundling of the incumbents to create viable competitors, the creation of an independent regulatory body and often (but not necessarily always) privatization. (Jamasb et al. 2014, 3)

African leaders and other stakeholders in the reform schemes are not mindful of the levels of reforms and conscious of those sensitive sectors, like oil exploration and distribution, that should remain under governments' oversight.

While African leaders and other antagonists continue to castigate global financial institutions, especially the Bretton Woods institutions, as agents of neo-imperialism that manipulate African economies for the benefit of the advanced capitalist countries, their interventions in Africa were at the requests of African leaders who were at the brink of experiencing national economic collapses in their respective countries (Akinola 2018a, b; Uzodike 1996). However, their intervention through liberalization policies were hurriedly and badly implemented. At the time that SAP was exported to Africa, it was so ill-equipped to promote the development of market institutions in the region. Similarly, the implementation of a modernized version of SAP, deregulation policy, is not only ill-equipped to instigate development but incapable of efficiently managing the oil sector in the interest of oil-producing countries. The interests being protected are that of the elite and foreign capital (directly or indirectly), which are the major investors in the sector.

REFORM OF THE NIGERIAN OIL SECTOR

This section provides an overview of the oil sector reform in Nigeria. Due to the gross crisis of economic reforms in Africa, the concept is associated with failures. This justifies the diversification of its manifestation under different names like deregulation or economic transformation. The Nigerian government yielded to pressures from the International Monetary Fund and attempted to completely disengage the government from the business of fuel distribution and marketing. Therefore, the government announced the complete deregulation of the downstream oil sector in January 2012. This corresponds with the waves of liberalism cutting through Africa since the SAP dispensation and its associated limited government. Despite the liberals' advocacy of limited government, developed nations favor state interventionism in the economy,

particularly in the industrial sector, following the 2008 global financial crisis (Gebreyesus 2016).

The primary responsibilities of the state in the democratic train in Africa, as prescribed by the new global economic order, have been reduced to the provision of rules and regulations, protection of individuals and investments, regulation of economic transactions and enacting policy frameworks that would guarantee the smooth running of the economic spheres. Advocates of limited government in Africa have completely missed the point. Limited government is only practicable where the market is so developed to the extent of being regulated by market forces and where deliberate manipulations of the market are reduced to the minimum. In Africa, the market is underdeveloped and controlled by global capital and actors with the connivance of local petty bourgeoisie.

After the launch of National Economic Empowerment and Development Strategy (NEEDS) in the country, the intention of the President Obasanjo-led administration to implement deregulation policy in the downstream oil industry was first presented to the public in 2003 (Kupolokun 2004). It was in 2012 that the government succeeded in embarking on pseudo-deregulation and its associated rising prices of fuel. As expected, the thought of another price hike and withdrawal of state's price mechanism in the sector caused excitements and apprehensions across Nigeria. Despite government-sponsored strong points for its urgency, deregulation was conceived by the masses as avenues to increase the economic burdens on the majority of Nigerians and make more funds available for the ruling elites through corruption. The intellectual class sees it as resurgence of extreme liberalism and exploitation by MNCs and foreign interests involved in the distribution and marketing of oil in the country.

On average, crude oil earnings constitute about 80% of government revenue; hence, the continued existence of Nigeria as a corporate entity and her democratic consolidation depends on the management of the country's crude oil (Akinola 2018a). The flawed Nigerian federal arrangements have had a negative influence on resource management in general, and on the downstream oil sector in particular. As reflected in other African countries, the political elites have become the problem to be solved. Policy is not dictated by economic indicators but motivated by political considerations and implemented to satisfy the appetites of the ruling elites. Certainly, the oil industry in Nigeria is a thriving and attractive business (Alex et al. 2011); individuals, state agencies, government officials, companies (local and multinational) and even members of civil society organizations (CSOs) scramble for active participation in the upstream and downstream oil industry. The pressures generated by these actors led to the efforts to fully deregulate the sector and remove subsidies on all petroleum products in 2012. However, the resistance from Nigerian masses, supported by labor unions and civil society organizations, forced the government to rescind its decision and embraced pseudo-deregulation of the downstream oil sector.

About seven years after the subsidy crisis in the country, no significant changes have been made in the subsidy administration, and the incessant

increment of fuel prices continue. As of December 2011, fuel price was N65 per liter, and by December 2018, it has risen to N145 per liter. Aside from the weight of corruption impeding the effectiveness of the Nigerian oil giant, Nigerian National Petroleum Corporation (NNPC), findings revealed that public institutions and state agencies in the oil sector were over-bloated, redundant, weak and operating unprofessionally (Akinola and Wissink 2018). Many of the decisions in the sector are driven by political and personal considerations, while top officials of public institutions lack the required knowledge on the management of the sector. Evidently, while there is an overlap of roles and responsibilities among these government institutions and agencies which are costly, wasteful and confusing, it also explains the inefficiency and under-performance of the sector in terms of ensuring effective distribution, price stabilization and marketing of fuel in the country.

Indeed, adoption of national price controls (price subsidies) has largely been abandoned in advanced capitalist countries, but such is still prevalent in developing countries due to the prevailing political economy of the Third World (Cooke et al. 2015). Oil subsidies are demanded for, and become a necessity, in oil-producing countries in the developing world, where cheap oil remains one of the few 'social security' or 'welfare packages' from the state. Subsidy payments or price controls are implemented to 'protect the national economy and domestic consumers from unpredictable rises in the cost of living' (Cooke et al. 2015, 2). The government succeeded in imposing such exorbitant prices on the already impoverished population because of weak opposition from civil society organizations.

Civil society organizations (CSOs) in Africa, and notably in Nigeria, including the democratizing elites, are usually very weak. This is primarily due to the profound economic malaise experienced by these countries (Bienen and Herbst 1996). The negative effects from SAP of the 1980s succeeded to leave in its trail a distorted and dysfunctional civil society. However, the hardship experience also gradually became a mobilizing instrument for the rebuilding of an active civil society that demanded for democratization in the 1990s. At the dawn of the deregulation debate in Nigeria, although the civil society was not able to completely stop the government, they were able to force the government to rethink corruption and transparency in the downstream oil sector. This drastically led to the reduction of fuel prices in the country. The CSO staunchly opposed the government framework for complete deregulation of the sector. A major point was the lack of palliatives to cushion the effect of rising prices on the vulnerable group. The government eventually opted for the pseudo-deregulation—partial deregulation—of the sector.

The pseudo-deregulation of the oil sector exposed the high levels of oil theft, corruption and institutional inefficiency in the sector; however, it expanded private participation in the oil business and curtailed the excesses of investors and state officials engaged in illicit oil deals. The policy, which manifests in subsidy cuts, has worsened the economic condition of the masses. Increases in the price of fuel have led to inflation and excessive increases in the

cost of household expenditure, which has affected the population, particularly the poor. The expectation of a reduction in the prices of fuel once deregulated was a ruse for acceptance of the deregulation policy in the oil sector. Diesel was deregulated in Nigeria years ago, but the price continues to rise, thereby aggravating the already volatile conditions of the Nigerian economy. Thus, the dependency theory's proposition that the liberalization of African society would not translate into tangible development, especially in improving the livelihoods of the citizens, is valid in the case of Nigeria. Other African countries like Ghana, South Africa and Zimbabwe have also been rocked with fluctuating fuel prices which have become a source of concern to their respective citizenry.

Although Zimbabwe was infamous for failed land reform, the need to reform the oil sector and stabilize fuel prices have become another crisis haunting post-Mugabe Zimbabwe. Since the exit of President Mugabe and President Mnangagwa's disputed electoral victory in July 2018, Zimbabwe has been rocked by renewed shortages of fuel due to rising fuel prices (Njanji 2019). This led to mass protests and dissent. The nationwide protests were triggered by the government's announcement of an impending increase in the prices of fuel in 2019. While the country is presently battling with violent public protest due to rising fuel price, there is no concerted effort to engage in oil sector reform in the country. The case of Ghana is different. Ghana, rich in petroleum resources, has experienced steady economic growth and political stability, which raised high optimism for economic prosperity. Since 2013, Ghana, like Nigeria, continues to rely on oil and gas production, affecting the competitiveness of its other industries and thereby stunting economic development. Due to diverse economic pressures, fiscal imbalance and fluctuating prices of oil at the international market, the International Monetary Fund pressurized the country to adopt a fuel subsidy regime under a partially regulated downstream oil sector (Lindebjerg et al. 2015). This was managed by the National Petroleum Authority.

The first attempt to deregulate the Ghanaian oil sector was in 2001. The government established an automatic price-setting mechanism, which reconciled domestic fuel prices with international prices. By 2008, there was public protest due to the hardship generated by the persistent rise of fuel prices, prompting the government to reintroduce oil subsidies. By 2013, the government intensified their efforts on oil subsidy reform, which was met by public fury. Although Ghana implemented some safety nets to cushion the effect of oil subsidy reform, the poor remain vulnerable. Cooke et al. (2015) reports that the effect of the removal of the fuel subsidies has a negative impact on household welfare. This is also the case in Nigeria.

Despite compelling evidence from developed and a few developing countries that deregulation is an effective means of injecting dynamism into previously disarticulated economies, the underlying political economy of Africa and the weakness of state institutions continue to pose a great challenge to implementation of any variant, form or mode of economic reform, particularly that of the resource sector. Umezurike (2012) notes the unresolved gap in literature

on the political economy of Africa, especially that of Nigeria. He reiterates the dearth of studies on how global capital and agencies of globalization, through economic reform, have greatly undermined resource management, effective governance and devolution of power. The advocates of deregulation of the downstream oil sector are not mindful of the institutional weaknesses that pervade the Nigerian economic and political terrain. Stein (1994, 1837) had earlier warned, 'markets require more than simply the absence of any hindrances to individual maximization decisions; markets require an institutional structure that supports the exchange process'. African states are noted for institutional weaknesses, thus, incapable of supervising effective oil sector reform.

CONCLUSION

This chapter presented the reality of economic reform in Africa and revealed the challenges of the African state to attain economic independence from the web of globalization, which have constrained state's active participation in the economy. Oil resources have not translated to national wealth and improvement in the standard of living of the masses. Just like SAP, oil reform is another neo-imperialist mechanism directed at subjecting the energy sector to the whims and caprices of global investors through liberalization policy. Notwithstanding, with serious public management, institutional efficiency, microeconomic discipline, well thought-out economic policy that recognizes social realities and under a very strong and economically active state, oil-producing African states could appropriate appreciable levels of economic development in spite of the weight of globalization and the pressures of democratization. Contrary to liberal orientations, Africa requires very strong states, with functional institutional frameworks, which can, as much as it could, wade off Western powers' overtures and curtail its local accomplice in the exploitation of African resources like oil. Adherence to the dictates of Western powers, without addressing local and national concerns, cannot attract both human and societal development. Therefore, there is a need to reform the local 'reformers' who continue to capture African development questions through the lens of extreme liberalism.

In spite of the coercive economic strength of global forces, the state, African states inclusive, remains an influential institution with extensive public resources and powers to sustain social stability and act as an instrument of development. It is instructive for African countries to jettison 'public administration for public management' and embark on the transformation of their respective civil services against gross inefficiency, redundancy, ineffectiveness and mismanagement that characterized public institutions. Without the attainment of these goals, any reform or policy shift in a targeted sector would struggle to deliver on expectations. I claim that failed economic reform constitutes a threat to the socio-political fabric upon which African society is founded.

Despite the flawed reform processes in Africa, reforms actually improve the performance of government and governance in the resource sector. In the

Nigerian oil sector, the reform reduced corruption and maladministration in the sector. Government also has not shown a renewed commitment to genuinely implement deregulation of the sector due to divergent 'corrupt' interests in the inflated subsidy claims. The Nigerian government seems only interested in an increase of fuel price, and not keen on the implementation of reform. The state has 'relaxed' its commitment toward the deregulation of the downstream oil industry, while the implementation of the pseudo-deregulation policy has been very erratic. Indeed, the intent and implementation of the pseudo-deregulation policy by the government was greatly flawed and based on false data and assumptions. However, the nature of the Nigerian state, composition and character of the ruling elites, reality in the oil sector, fluctuation of international crude oil prices and the reluctance of the Nigerian government to transform the bureaucracy into effective management and result-driven public institutions make deregulation a viable option.

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