

Is Privatization Related with Macroeconomic Management? Evidence from Some Selected African Countries

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Abstract : Has macroeconomic management succeeded in making privatization promote growth in Africa? What are the probable strategies that should accompany the privatization reform process to promote growth in Africa? To what extent has the privatization process succeeded in attracting foreign direct investment to Africa? The study investigates the relationship between macroeconomic management and privatization. Many African countries have embarked on one form of privatization reform or the other since 1980 as one of the stringent conditions for accessing capital from the IMF and the World Bank. Secondly globalization and the gradually integration of the African economy into the global economy also means that Africa has to strategically develop its domestic market to cushion itself from fluctuations and probable contagion associated with global economic crisis that are always inevitable Stiglitz. The methods of estimation used are the OLS, linear mixed effects (LME), 2SLS and the GMM method of estimation. It was found that macroeconomic management has the capacity to affect the success of the privatization reform process. It was also found that privatization was not promoting growth in Africa; privatization could promote growth if long run growth strategies are implemented together with the privatization reform process. Privatization was also found not to have the capacity to attract foreign investment to many African countries.

Keywords : Africa, political economy, game theory, macroeconomic management and privatization

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