

The Politics of Foreign Direct Investment for Socio-Economic Development in Nigeria: An Assessment of the Fourth Republic Strategies (1999 - 2014)

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Abstract : In the contemporary global political economy, foreign direct investment (FDI) is gaining currency on daily basis. Notably, the end of the Cold War has brought about the dominance of neoliberal ideology with its mantra of private-sector-led economy. As such, nation-states now see FDI attraction as an important element in their approach to national development. Governments and policy makers are preoccupying themselves with unraveling the best strategies to not only attract more FDI but also to attain the desired socio-economic development status. In Nigeria, the perceived development potentials of FDI have brought about aggressive hunt for foreign investors, most especially since transition to civilian rule in May 1999. Series of liberal and market oriented strategies are being adopted not only to attract foreign investors but largely to stimulate private sector participation in the economy. It is on this premise that this study interrogates the politics of FDI attraction for domestic development in Nigeria between 1999 and 2014, with the ultimate aim of examining the nexus between regime type and the ability of a state to attract and benefit from FDI. Building its analysis within the framework of institutional utilitarianism, the study posits that the essential FDI strategies for achieving the greatest happiness for the greatest number of Nigerians are political not economic. Both content analysis and descriptive survey methodology were employed in carrying out the study. Content analysis involves desk review of literatures that culminated in the development of the study's conceptual and theoretical framework of analysis. The study finds no significant relationship between transition to democracy and FDI inflows in Nigeria, as most of the attracted investments during the period of the study were market and resource seeking as was the case during the military regime, thereby contributing minimally to the socio-economic development of the country. It is also found that the country placed much emphasis on liberalization and incentives for FDI attraction at the neglect of improving the domestic investment environment. Consequently, poor state of infrastructure, weak institutional capability and insecurity were identified as the major factors seriously hindering the success of Nigeria in exploiting FDI for domestic development. Given the reality of the currency of FDI as a vector of economic globalization and that Nigeria is trailing the line of private-sector-led approach to development, it is recommended that emphasis should be placed on those measures aimed at improving the infrastructural facilities, building solid institutional framework, enhancing skill and technological transfer and coordinating FDI promotion activities by different agencies and at different levels of government.

Keywords : foreign capital, politics, socio-economic development, FDI attraction strategies

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