

## Reimagining Nigeria's Political Economy: An Overview of President Tinubu's Reformist Strategies

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### **Abstract**

*This research examined the economic reforms launched by President Bola Ahmed Tinubu since the inauguration in May 2023, which focuses on the goals, implementation and impact on Nigeria's political economy. Literature review focused on major reforms including the removal of fuel subsidy, integration of exchange rates, infrastructure development and fiscal adjustment. Also, the researchers adopted development economic theory as the theoretical framework. The methodology adopted is descriptive research design based on secondary data and utilizing case studies and available records. The findings revealed that the purpose of these reforms is aimed at stabilizing and developing the Nigerian economy. Again, the reforms have also led to significant short-term challenges, including inflation and public dissatisfaction. The study recommends the strengthening of Social Safety Nets through expansion of conditional cash transfers and food assistance programs to cushion vulnerable populations during the transition period to maintain the speed of improvement thereby reduces the side effects on the population.*

**Keywords:** Reform, Political Economy, Fuel Subsidy, Infrastructure, Development.

### **Introduction**

In the grand arc of nation-building, moments arise when decisive leadership confronts entrenched dysfunction to recalibrate a nation's course. Nigeria's economy, characterized by its reliance on oil revenues and susceptibility to global market fluctuations, has faced persistent challenges such as inflation, unemployment, and infrastructural deficits. Upon assuming office, President Tinubu embarked on a series of reforms under the "Renewed Hope Agenda" to address these issues and reposition Nigeria's economy for sustainable growth. The reason for government introduction reforms in the public sector (in this case Nigeria), is as a result of the need for government to enhance socio-economic, regulate and control economic activities and provide a better life for the citizens. Despite these policy reforms, foreign direct investment declined by 26.8% from May 2023 to May 2024, indicating investor caution (The Plenary, 2024). However, the economy grew by 4.6% year-on-year in Q4 2024, the strongest in a decade, suggesting potential for recovery if reforms are effectively managed (Reuters, 2025).

It is within the context of the above and in an attempt to provide answers to these questions that this study examined the reforms under the "Renewed Hope Agenda" of the current administration of President Bola Ahmed Tinubu in the quest to reposition Nigeria's economy for sustainable growth.

## **Review of Related Literature**

### **Conceptual Framework**

#### **Reform**

The word reform could mean to make changes in something, especially an institution or practice in order to improve it. Reform is one of the most widely used terms in the present day, and it is widely believed that for society to develop, reforms need to take place (Harris, 1979). Reform in Nigeria dates back to the early sixties, when the first development plan was adapted to by making the development of the agricultural sector the main hub of the Nigerian economy, and infrastructural (such as education, health, transportation etc.) reforms were needed to provide the goods and services.

A study of the Nigerian economy poses several challenges to scholars, because of its peculiar structure, characteristics and outcomes and the contradictions inherent therein. After witnessing a shift from agriculture to crude oil and gas, as the central driver of growth by the late 1960s, all efforts to diversify the economy and provide a better basis for broad, stable and productive growth have met with very limited success. Huge oil revenues since the late 1960s, have not translated into prosperity and development, and the country still ranks among the poorest in the world in terms of major indicators of development. In spite of the numerous plans, policy frameworks and reforms, economic growth remains epileptic, lacking sustained or consistent growth and subjected to the vagaries of crude oil and gas prices. Each plan, programme, vision and reforms generate much hopes but actually produces little impact while mismanagement, corruption and poor performance continue to underline economic management (Augustine Ikelegbe and Edo, 2013).

Reform is one of the most widely used terms in the present day, and it is widely believed that for society to develop, reforms need to take place (Harris, 1979, Uchenna et al, 2021 &Uchenna et al, 2022). Reform can be seen to be the change that is introduced into a process to bring about improvement in the socio-economic life of the citizens.

Though the reform objectives are seen to increase coverage ratio to greater percentage of the population and labour force, reduce poverty level amongst the elderly and informal sector workers, enhance social protection, increase the risk-adjusted return on investment of pension funds over the long-term, reduce the duration mismatch in pension assets and liabilities, improve operational efficiency and reduce government interference, critics are quick to point at over reliance on oil. General resistance to reforms, lack of implementation of good policies, over blotted recurrent expenditure, high level of corruption in the country, policy summersault, leakage of Public Funds through Ministries, Departments and Agencies, Economic instability etc. are some of the internal factors that hinder reforms (Haruna, 2023).

#### **Political Economy**

The term political economy was introduced about the beginning of the 17<sup>th</sup> century, to describe the study of the problems of the princely states, which at the close of the Middle Ages in Europe, replaced the Feudal-ecclesiastical political order. Adams Smith, the first Chief exponent to present a comprehensive systematic study, equated political economy with treatment of “the nature and causes of the wealth of Nations”.

According to Thomas (2013), “Political economy approach views politics in the perspective of interplay of economic and political forces in shaping the nature and realities of the political system. This approach presents in two perspectives-the liberal, and the Marxists perspectives. The liberal perspective of the approach views the political system in terms of the process of the production and distribution of wealth, the exchange system in terms of goods and services; it examines the structure of the state, the state involvement regulating the production and distribution of goods and services.

Similarly, Agba (2014), views political economy as an inter-disciplinary approach that draws from economics, law and political science in order to understand how political institutions, political environment and capitalism influence each other. Hence, political economy approach is often considered as the study of the ways in which economics and government policies interact.

## **Theoretical framework**

### **Development Economics Theory**

Development Economics is a field that focuses on improving the economic conditions of low-income countries, emphasizing the multifaceted aspects of development including poverty, inequality, and sustainable economic growth. The key proponent of this theory is Arthur Lewis (Lewis, 1954) and Sen (1999). The central theme of Development Economics revolves around understanding the dynamics of economic growth (which include poverty, inequality, role of institutions and governance, sustainable human development, globalization and trade), and how to improve the living standards of people in developing countries. Similarly, Sen (1999) opines that, emphasis should shift from economic growth to enhancing individual capabilities and freedoms, stressing that development should lead to improvements (that encompasses health, education, and empowerment in human welfare and quality of life).

**Critiques:** Development economics theory has faced several critiques, including over-reliance on economic models, neglect of political and social dynamics, that development strategies that rely on global market integration can deepen inequalities and dependency rather than foster real development.

**Relevance of the theory:** Development economics theory is relevant to President Tinubu's reform agenda because it is focused on addressing Nigeria's developmental challenges, such as infrastructural deficits, unemployment, and education, fuel subsidy regime, outdated fiscal and tax policy reforms, poverty alleviation, human development etc. Frameworks within development economics provide insights into effective policy measures that support equitable development, social justice and better life for the citizens of Nigeria.

### **Key Economic Reforms from 2023 to date**

President Bola Ahmed Tinubu's economic reforms, launched in 2023, represent one such inflection point in Nigeria's political economy. These reforms are not merely administrative adjustments; they are a deliberate and strategic intervention in the structures, incentives, and institutions that have long constrained Nigeria's development. Viewed through the lens of political economy, Tinubu's reformist agenda reveals a bold attempt to shift the foundational logic of the Nigerian state-from a

rentier-based, consumption-driven model to one anchored in production, investment, and institutional renewal (North, 1990; Acemoglu & Robinson, 2012).

### **Dismantling the Rentier State: Ending the Fuel Subsidy Regime**

For decades, Nigeria exemplified the rentier state model, where government revenue depended heavily on oil rents rather than productive economic activity (Beblawi & Luciani, 1987). The fuel subsidy was both a symbol and a symptom of this model costing trillions of naira annually, distorting the budget, and enabling vast rent-seeking networks (Sala-i-Martin & Subramanian, 2003). In removing this subsidy within weeks of assuming office, President Tinubu confronted a sacred cow of Nigeria's political economy.

From a structural perspective, this move is revolutionary. It liberates fiscal space previously held hostage by unsustainable consumption (IMF, 2023), allowing the reallocation of resources to infrastructure, education, health, and security. Tinubu's decision embodies rare political courage—breaking with populist orthodoxy to create long-term national value. It signals a shift from a redistributional to a developmental state one that invests in its people rather than placating them with short-term consumption subsidies (Evans, 1995).

Again, one of the administration's initial actions was the elimination of fuel subsidies, which previously cost the government approximately \$10 billion annually (The Times, 2024). The rationale was to redirect funds towards critical sectors like healthcare, education, and infrastructure. However, this led to a sharp increase in fuel prices, tripling within months, and exacerbated the cost-of-living crisis (Africa Practice, 2024).

### **Currency Reforms and the Rationalization of the Market**

Another cornerstone of Tinubu's reform agenda is the harmonization of Nigeria's multiple exchange rates. Under previous regimes, divergent official and parallel exchange rates institutionalized economic distortions, discouraged investment, and facilitated arbitrage that enriched a few at the expense of the many (Rodrik, 2007). Tinubu's policy of exchange rate unification, though initially disruptive, aims to restore coherence and transparency to Nigeria's monetary system (World Bank, 2023). The government foreign exchange rate unification, further unified the multiple foreign exchange rates to reflect market realities, aiming to attract foreign investment and eliminate arbitrage opportunities. This policy led to the naira's devaluation, with the currency reaching nearly N2,000 to the dollar before stabilizing (Punch, 2024). While the Central Bank of Nigeria settled a \$7 billion foreign exchange backlog, the policy's success in attracting sustained foreign investment remains mixed (Premium Times, 2024).

From a political economy standpoint, this reform dismantles a key mechanism of elite rent extraction (Khan, 2000). It sends a powerful message to both domestic and foreign investors: that Nigeria is now committed to rules-based economic governance. This shift weakens the traditional logic of patronage and opacity that long characterized Nigeria's interaction with global capital.

### **Fiscal Policy and Tax Reforms**

The administration established the Presidential Fiscal Policy and Tax Reform Committee to streamline the tax system and improve revenue generation. Proposed legislation includes the Nigeria

Tax Bill and the Nigeria Revenue Service Establishment Bill (The Cable, 2024). While these reforms aim to broaden the tax base and reduce leakages, they have faced opposition from regional stakeholders concerned about equitable implementation. On the other hand, more revenue is being generated and monthly disbursement to the three arms of government is on the increase.

### **Institutional Reengineering and Bureaucratic Reforms**

A critical insight from new institutional economics is that long-term economic growth is unlikely without capable, rules-based institutions (North, 1990). Recognizing this, Tinubu's reforms have gone beyond macroeconomic adjustments to include bureaucratic renewal. His appointment of seasoned technocrats in key institutions including the Central Bank and the Federal Inland Revenue Service signals a re-professionalization of the state.

These changes mark a turn away from personalized governance toward meritocratic public administration (Grindle, 1997). With an emphasis on data, digitalization, and performance in public finance management (OECD, 2022), the administration is building the architecture for a modern state one better equipped to collect revenue, enforce the rule of law, and deliver public goods. This transformation addresses one of the enduring challenges in Nigeria's political economy: weak institutional capacity undermining development outcomes (Fukuyama, 2013).

### **Re-crafting the Social Contract through Targeted Interventions**

While market-oriented, Tinubu's reforms are not socially tone-deaf. Acknowledging the immediate hardship imposed by subsidy removal and inflationary pressures, the government has rolled out a suite of targeted interventions—cash transfers for vulnerable populations, a national student loan scheme, and efforts to boost food security and public transportation (Federal Government of Nigeria, 2024). These initiatives signal a pivot toward conditional welfare-support aimed not at consumption but at empowerment (Devereux & Sabates-Wheeler, 2004). In political economy terms, this represents a redefinition of the Nigerian social contract. Citizens are being repositioned as active partners in development, not passive recipients of largesse (Hickey, 2011). This shift is vital for democratic consolidation, state legitimacy, and long-term social cohesion.

### **Repositioning Nigeria in the Global and Regional Political Economy**

Tinubu's reforms carry implications beyond Nigeria's borders. By embracing transparency, market discipline, and institutional integrity, the country is re-establishing itself as a credible economic actor in Africa and globally. These reforms align with the objectives of the African Continental Free Trade Area (AfCFTA), boost investor confidence, and strengthen relationships with development partners (UNECA, 2023).

Rather than asserting regional leadership through rhetoric, Nigeria is pursuing it through the hard work of internal transformation. This is a return to fundamental statecraft where domestic reform forms the basis of geopolitical influence (Mkandawire, 2001).

### **Translating Growth into Development: Ensuring Democratic Dividends for All Nigerians**

While President Tinubu's reforms signal a departure from the distortions of Nigeria's rentier past, their long-term legitimacy will rest on whether economic growth is meaningfully translated into

broad-based economic development. This transformation demands deliberate policies that extend opportunity beyond elite enclaves and urban centers.

To ensure that growth becomes development, Tinubu must prioritize the following:

- Inclusive Infrastructure Investment: Focused expansion of rural roads, power, and digital infrastructure will unlock productivity in agriculture and non-oil sectors, enabling millions to participate in the formal economy (World Bank, 2023).
- Human Capital Deepening: Investments in universal basic education, technical training, and primary healthcare will create a more competitive and employable workforce. A reformed education system aligned with market needs will bridge Nigeria's skills gap and drive innovation (Fukuyama, 2013).
- Sub national Economic Empowerment: Fiscal and administrative decentralization should be pursued to empower state and local governments with the capacity and resources to drive grassroots development. This will reduce over-centralization and increase accountability through localized service delivery (Grindle, 1997).
- SME and Youth Entrepreneurship Support: Catalyzing job creation through credit access, regulatory simplification, and incubation hubs will ensure that Nigeria's demographic dividend does not become a liability. Supporting young entrepreneurs is crucial for equitable wealth creation and social stability. By embedding these priorities within his broader reformist agenda, Tinubu can anchor Nigeria's political economy in a development logic where growth generates jobs, reduces poverty, and enhances human capabilities. This shift will strengthen democratic legitimacy by making citizens not just subjects of reform, but beneficiaries of national transformation.
- Infrastructure Development: Significant investments have been made in infrastructure, including the commencement of the 700 km Lagos-Calabar Coastal Highway and the rehabilitation of the Port Harcourt refinery (Wikipedia, 2025; Blueprint, 2024). These projects aim to enhance connectivity, boost trade, and increase local refining capacity, reducing dependence on imported petroleum products.

In this way, economic development becomes the foundation for democratic dividends measurable improvements in living standards, dignity, and civic trust that give Nigerians a tangible stake in their democracy.

## **Summary and Conclusion**

President Tinubu's reformist agenda represents a bold attempt by the leadership to reset Nigeria's political economy. While the reforms have the potential to drive long-term growth and stability, their success hinges on effective implementation, stakeholder engagement, and the government's ability to mitigate short-term hardships faced by the populace.

President Tinubu's economic reforms merit recognition not only for their boldness but for their coherence and historical urgency. In the tradition of structural political economy, these reforms confront entrenched interests, dismantle distortionary frameworks, and lay the foundation for inclusive, long-term growth. Though painful, such transitions are often necessary for genuine national renewal.

In conclusion therefore, in a global environment increasingly shaped by short-term populism, Tinubu's reformist posture stands out as an act of visionary leadership that is walking the talk by

engaging structural reforms head on, where other leaders could not dare. He is reimagining Nigeria not as a passive vessel for oil rents but as a diversified, rules-based, and productive economy. This moment may well be remembered as the dawn of a new chapter in Nigeria's political economy.

## Recommendations

Typical of reforms generally, which takes time to yield fruit, the efficiency, effectiveness and productivity lies on the following recommends:

1. Strengthen Social Safety Nets: Expand conditional cash transfers and food assistance programs to cushion vulnerable populations during the transition period.
2. Enhance Transparency: Ensure open and transparent processes in infrastructure projects to build public trust and prevent corruption.
3. Engage Stakeholders: Foster inclusive dialogue with regional leaders and civil society to address concerns and ensure equitable policy implementation.
4. Monitor and Adjust Policies: Continuously assess the impact of reforms and be willing to make necessary adjustments to mitigate unintended consequences.

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