Military and Democratic Rules In Nigeria (1981-2016): Which Has Greater Impact?

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Abstract

Background: In recent years, many countries of the world turn away from military system of government to embrace democracy. Some studies have argued that good democracy is not a by-product of development but a stepping stone while others assert that the military is seen as a modernizing agent and a vigorous champion of change and development in some countries. This study therefore tried to analyse the contributions of the military and democratic political systems to the growth of the Nigerian economy between 1981 and 2016. Method: Secondary data were collected via CBN statistical bulletin and the World Bank. Dummy variable analysis using Ordinary Least Squares technique was employed. Real Gross Domestic Product (LGDP) was used as the dependent variable with Unemployment rate (UNMP), Investment Rate (LINVEST), Inflation (INFL), Broad Money Supply (LM2) as independent variables with the dummies. Unit root test, Johanson’s cointegration test and the Engle Granger 2-step tests were carried out. Finding: The regression result showed that the military government contributed significantly to the growth of the Nigerian economy more than the democratic government by 35.98% even though the democratic government had more significant investment rate (8.16%). Conclusion: The study concludes that democratic government should be adopted and made more efficient in other to materialise the high investment rate accrued to it through a strategic corruption fight and creation of politically and economically friendly environment.

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Introduction
Nigeria like other African countries had practiced different political systems before the colonial rule. Those political systems provided avenues for development, peace and order and had forms of regulations that guided the leaders against misuse of power and extreme dictatorship (Omoiya, 2012). It was after the amalgamation of Nigeria in 1914 that the tenets of democracy resulted in the formation of political parties (Okunlola, 2018). Democracy refers to a system of government in which rulers are chosen via competitive elections (Siegle, Weinstein, and Halperin, 2005) where majority votes take the lead. Some studies have argued that good democracy is not a by-product of development but a stepping stone (Chalker, 1991, Acemoglu et al, 2005) and that democracy is expected to perform better than other forms of governance (Siegle, Weinstein, and Halperin, 2005). Development can be likened to economic growth, that is, increase in GDP (Sen, 1999; Willis, 2005; Todaro and Smith, 2011) increase in human welfare (Martinsussen, 1997) and lifting the poor out of poverty using the nation’s productive resources (Peet and Hartwick, 1999). In recent years, many countries of the world turn away from military system of government to embrace democracy (Elia & Gregory 2008). Anyiwe and Oziegbe, (2006) in a study opine that democracy and development are intertwined and therefore concluded that democracy performed better economically than the military regime in Nigeria. However, Nigeria in the last One and half decade of democracy failed to make the most use of her available resources to achieve neither significant growth nor poverty alleviation (Ijere, 2015). The seemingly attracted development is only in the imagination and not in reality since human development among others is lacking (Okeke, 2014). The question now is: Does democracy actually lead to economic growth and development?

Some studies assert that the military regime in Nigeria has had a significant effect on the nation’s socio-economic development through their policies (Emine, 2002; Ekele, 2011) but Bamgboye (2014) observed that such policies in the long run did not lead to any significant transformation on the economy and that the military should at best remain in the barracks. However, according to Pye (1976), the military has acted as a catalyst that gave rise to numerous changes that resulted in development in some countries. He also observed that in industrialized western countries, the military assisted in the provision of the needed technical know-how that boosted the performance of their industries. Fichter, (1975) notably pointed out that during the first eight years of military rule in Brazil (1964 -1972), the military regime accomplished a considerable task of enhancing the human and economic welfare of the people which a civilian regime would be incapable of achieving in eight years. Taking a similar stand, Johnson (1963) asserted that the military system of government had the capacity to unite different ethnic groups, equip them with skills that will enhance economic development and bring about a good democratic society. Also, Kagochi (2008) argued that military leadership in Nigeria was well accepted in
the 1960s and 1970s because of high corruption rate amongst the civilians which deprived Nigeria of her supposed standard of living and robust economy. Tonwe & Akpomera (2013) opine that Military rule is a phenomenon found mostly in developing countries in their quest for modernization. All these have made academics, policy makers and even laymen in developing countries like Nigeria ask: Does Military government really lead to economic growth and development? Notably, the two political systems in question have in one period or the other been practiced in different economies of the world which resulted in unequal contributions towards economic growth of those economies with Nigeria inclusive.

The nexus between political systems and economic growth is a legendary controversial question that still bugs the minds of policy makers, politicians and even laymen in the society. The relationship between these two concepts has been widely researched on, debated over, written on and talked about, yet different results still surface from different approaches adopted by the parties involved. Researchers are yet to arrive at an exact answer to the question at hand – democracy and military rule which engenders economic growth more in a developing economy? In the midst of these disagreements, one general agreement is that the political system operational in an economy is a very important and strong determinant of economic situation prevalent in that economy. The dilemma of whether to call on the men in boots (military men) or beckon on the beings with biros (civilians/democracy) to control the political institution of an economy is yet to be clearly defined.

Table 1.1: Military and Civilian Regimes in Nigeria from 1960 till date (2018)

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>SYSTEM OF GOVERNMENT</th>
<th>HEAD OF STATE /PRESIDENTS AND VICE PRESIDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960 - 1963</td>
<td>Democratic System</td>
<td>Chief Benjamin Nnamdi Azikiwe (ceremonial head of state) and Sir Abubakar Tafawa Balewa (Prime Minister)</td>
</tr>
<tr>
<td>1963 - 1966</td>
<td>Democratic System</td>
<td>Chief Benjamin Nnamdi Azikiwe (president) and Sir Abubakar Tafawa Balewa (head of State)</td>
</tr>
<tr>
<td>15th January 1966 – 29th July 1966</td>
<td>Military rule</td>
<td>Johnson Thomas Umunnakwe Aguiyi-Irons</td>
</tr>
<tr>
<td>1966-1975</td>
<td>Military system</td>
<td>General Yakubu ‘Jack’ Dan-Yumma Gowon</td>
</tr>
<tr>
<td>1975 - 1976</td>
<td>Military system</td>
<td>Murtala Rufai Ramat Muhammad</td>
</tr>
<tr>
<td>1976 – 1979</td>
<td>Military system</td>
<td>Olusegun Mathew Okikiola Aremu Obasanjo</td>
</tr>
<tr>
<td>1979 – 1983</td>
<td>Democratic System</td>
<td>Shehu Usman Aliyu Shagari and Alex Ekwueme (vice President)</td>
</tr>
<tr>
<td>1983 - 1985</td>
<td>Military system</td>
<td>Muhammadu Buhari</td>
</tr>
<tr>
<td>1985 - 1993</td>
<td>Military system</td>
<td>Ibrahim Badamasi Babangida</td>
</tr>
<tr>
<td>1993 (26th August – November 17)</td>
<td>Democratic System</td>
<td>Chief Ernest Adegunle Olademinde Shonekan</td>
</tr>
<tr>
<td>1993 – 1998</td>
<td>Military system</td>
<td>Sani Abacha</td>
</tr>
<tr>
<td>1998 – May 29 1999</td>
<td>Military system</td>
<td>Abdulsalain Abubakar</td>
</tr>
<tr>
<td>1999 - 2007</td>
<td>Democratic System</td>
<td>Chief Olusegun Mathew Okikiola Aremu Obasanjo and AtikuAbubakar (Vice President)</td>
</tr>
<tr>
<td>2007 – 2009</td>
<td>Democratic System</td>
<td>Umaru Musa Yar’Adua and Goodluck Ebele Azikiwe Jonathan (Vice President)</td>
</tr>
<tr>
<td>2009 - 2015</td>
<td>Democratic System</td>
<td>Goodluck Ebele Azikiwe Jonathan and Mohammed Namadi Sambo</td>
</tr>
<tr>
<td>2015 – Present</td>
<td>Democratic System</td>
<td>Muhammadu Buhari and Oluyemi Oluleke Osinbajo</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation

Table 1 above shows the military and civilian heads of state in Nigeria and the period they managed the administrative affairs of the nation from 1960 to date. The civilian government has been in power for about 29 years while the military also has taken the seat of power for about 29 years between 1960 and 2018.

2.0 Review of Related Literature

The relationship between political system and economic growth has remained controversial in the literature concerning political economy and comparative politics. Empirical studies have used different sample data, applied different methodologies and therefore arrived at different conclusions. Umuru, Adeyemi & Kehinde (2014) investigated the relationship between economic performance and democratic dispensation in Nigeria. They employed Ordinary Least Squares analysis (OLS) as well as Johansen co integration test. The results showed the absence of long run equilibrium and no causality existing between Nigerian democracy and economic growth. On the other hand, one-way causality exists between poverty and democracy (from poverty to democracy), and between democracy and corruption (from corruption to democracy). The results of OLS also found democracy, corruption and unemployment to be statistically significant. The study found that GDP is
lower during the military era than during the democratic era. However, unemployment level, corruption level and poverty rate were discovered to be, on the average, lower during the military rule than during democracy. Inflation was also, found to be lower in democracy than in the era of military rule. The study in addition to other perceived advantages ranging from reduction in unemployment, corruption, poverty and income inequality, concluded that military rule is better for the economy of Nigeria unless politicians can put aside their personal interests and embrace real democracy for Nigeria.

Kagochi (2008), examined the relationship between leadership style (military rule or civilian rule) and economic performance of Nigeria. He made use of time series data and applied dummy analysis using ordinary least squares (OLS) technique. The study found no evidence to suggest that military or civilian rules, ceteris paribus, have positively influenced Nigeria’s economic growth. Bestoyin (2015) in a comparative analysis between Malaysia and Nigeria, applied descriptive and historical approach involving the use of text books, newspapers, magazines, journal articles and monographs. It was found that Malaysia has resolved its religious and cultural differences and other economic challenges to a great extent. It has practiced democracy and achieved a significant level of economic growth over the past three decades. This was done through good political leadership and stable economic planning which has made Malaysia one of the emerging economies in the world. This study postulates that the Malaysian position and experience are indications that development and democracy can be realised in multi-ethnic societies like Nigeria, only when collective interests are put as public policies and driven by a strong political will. Yunana, Yunana & Muhammad (2016) analysed the contributions of democratic governance on economic growth and development in Nigeria (fourth republic). The result of OLS technique applied showed Democracy to have a positive impact on Economic Development. Investment and trade openness were insignificant in explaining what happens to Economic Development while the rest of the variables were statistically significant.

Babalola, Salako, Yusuf & Egbekunle (2015) compared democracy and military rule in Nigeria based on the contributions of government expenditures on critical sectors of the economy during the era. They employed ARDL model to estimate the long run and the short run contributions of Government expenditures on different sectors on economic growth. The study showed that in the long run government expenditure on Agriculture, Education and Defence in the military era, contributed significantly and positively on economic growth in Nigeria while, in the short run, government expenditures on Defence and Agriculture retards growth. On the other hand, Government expenditures on Transportation/Communication sector and on the Agricultural sector, promoted economic growth in Nigeria both in the long run and in the short run during democracy. However, government expenditures on defence and on education contributed significantly but negatively to the Nigerian economy in the long run. The research revealed that public expenditures do not achieve fiscal objectives because of very high corruption level.

Ehigiamusoe (2012) examined and compared the output of the agricultural sector between the Military and Democracy in Nigeria. He further compared government allocation to other sectors with the allocation to the agricultural sector. He adopted descriptive statistics as method of analysis. His results showed that there exists a positive relationship between government expenditure on agriculture and agricultural output. This study showed that the democratic government of Nigeria allocated more to the Agricultural Sector than the military government and therefore, the agriculture sector contributed more to Gross Domestic Product during democracy than Military rule. Anyiwe & Aigbokhaevbolo (2006) investigated the impact of democracy and military rule on Nigerian economy employing time series analysis on some key economic variables. The result revealed that during the democratic era the performance of seven out of the eleven variables employed improved more than during the military regime, while both regimes performed incredibly in the remaining four variables. The study concluded that for greater economic growth in the Nigerian economy, democracy should be embraced and backed with well-articulated macroeconomic policies.

In the foreign scene, a study by Ray & Ray (2011) examined the relationship between democracy and economic growth in the long run in India at both national and regional levels. The study used Vector Error Correction Model to determine the causality between democracy and economic growth; and cointegration analysis to envisage the relationship that exists between democracy and GDP growth. The findings suggest positive bidirectional causality between democracy and GDP growth at both national and regional levels. However, Zouhaier & Karim (2012) tried investigating the nexus among investment, democracy and GDP growth from 2000-2009, for a sample of 11 countries drawn from the Middle East and North Africa (MENA). The study used a dynamic panel data model and the empirical tests discovered a significant link between democracy and investment.

Heshmati & Kim (2017) in a study investigated the nexus between democracy and economic growth. The study estimated a nation’s production function using static and dynamic models. Empirical results based on the observed period (1980-2014) and a panel data of 144 countries showed that democracy had a significant positive effect on economic growth. Ali (2013) studied the impact of democracy on economic growth in transition economies. The study used panel data from 1992 to 2010 to examine 12 transitional economies belonging to
independent states of Commonwealth. The results of this research work showed that economic democracy impacts positively on economic growth of transition economies. However, the study also showed that there is no significant relation between growth and political democracy. It concluded that political democracy affects growth in transitional economies indirectly through its impact on economic democracy.

Jian-Guang (2002) studied the nexus between growth and democracy. This study employed the method of comparing the economic growth of 40 countries before and after they became semi-democracies or democracies rather than the commonly used cross-country regression method. The empirical evidence indicates that the transformation to democracy brings forth an improvement in growth performance. Moreover, under authoritarian regimes, growth appears to be less stable than under democratic era. Interestingly, very poor countries typically experience accelerations in growth while very rich countries often experience declines in growth after adopting democracy. Djezou (2014) studied the nexus between democracy and economic growth for Côte d’Ivoire between 1960 and 2012. He employed ARDL model to analyse the direction of causality and long-run relationship between democracy and economic growth. The findings showed that when regime durability is taken into account cointegration in the long run exists. According to him, for democracy and economic growth to move together in the long run, they need to be associated with regime durability. Granger causality test shows a unidirectional causality running from GDP per capita to regime durability to democracy. However, in the short run, causality runs from regime durability to democracy. These findings show that economic growth coupled with strong institutions is a precondition for democratization.

The studies examined shows evidence of divergent views on the relationship between political systems and economic growth across countries and in Nigeria in particular, hence this study.

3.0 Methodology

The neo-Keynesian growth model also known as the Harrod-Domar model, developed by independent works of Evsey Domar and Roy Harrod in 1950s was adopted as the theoretical base for this research work because it captures the impact of increased savings which lead to increased investment and begets increased capital stock and higher economic growth of nations. Data was sourced from different editions of the World Bank publications and various issues of CBN statistical bulletins.

Model Specification

To minimize the problem of endogeneity in the model and to make the model robust for better results, other variables like broad money supply and inflation rate were added. The model is thus specified:

\[ \text{LGDP}_t = \beta_0 + \beta_1 \text{LM2}_t + \beta_2 \text{LINVST}_t + \beta_3 \text{UNMP}_t + \beta_4 \text{INFL}_t + \beta_5 (\text{D}.\text{LINVST}_t) + \beta_6 \text{D} + \mu_t \]

Where:

- D = Dummy
- \( \beta_0 \) = The Intercept Term
- \( \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6 \) = the parameters of their respective variables.
- \( \mu_t \) = the random or stochastic variable.
- \( t \) = Time trend
- \( \text{LM2}_t \) = Log of Broad Money Supply
- \( \text{LINVST}_t \) = Log of Investment
- \( \text{UNMP}_t \) = Unemployment rate
- \( \text{INFL}_t \) = Inflation Rate
- \( \text{LGDP}_t \) = Log of Real Gross Domestic Product

4.0 Results and Discussion

This study began the empirical analysis by carrying out a unit root test to know if the means and variances of the variables are constant over time. This was done using Augmented Dickey-Fuller test for unit root. The Augmented Dickey-Fuller unit root test results was interpreted using the t-statistic and all the variables were found to be stationary at first difference (order one).

Co-integration test was also carried out using Johansen cointegration technique to determine whether the variables have a long run relationship as presented in table 4.1.

### Table 4.1: Johansen Cointegration test result

<table>
<thead>
<tr>
<th>No of cointegrating equations</th>
<th>Trace statistic</th>
<th>0.05 critical value</th>
</tr>
</thead>
<tbody>
<tr>
<td>None *</td>
<td>111.0750</td>
<td>88.80380</td>
</tr>
<tr>
<td>At most 1 *</td>
<td>63.99027</td>
<td>63.87610</td>
</tr>
<tr>
<td>At most 2</td>
<td>38.18728</td>
<td>42.91525</td>
</tr>
<tr>
<td>At most 3</td>
<td>18.60347</td>
<td>25.87211</td>
</tr>
<tr>
<td>At most 4</td>
<td>5.891514</td>
<td>12.51798</td>
</tr>
</tbody>
</table>

Source: Authors' computation from Eviews9

Table 4.1 shows that long run relationship exists amongst the variables since some of the trace statistics are
greater than the 5% critical value. The result, using the trace test reveals two significant co-integrating equations confirming the existence of long-run relationship among the variables. The existence of co-integration amongst the variables makes it possible for the estimation of a long-run model. The existence of long-run equilibrium was also examined using the Engle-Granger’s two step method as presented in table 4.2.

Table 4.2: Engle-Granger Two Step Analysis Result

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>ADF T-STATISTIC AT LEVELS</th>
<th>ADF 5% CRITICAL VALUE</th>
<th>P-VALUE</th>
<th>ORDER OF INTEGRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>U_t</td>
<td>-4.086137</td>
<td>-3.548490</td>
<td>0.0149</td>
<td>1 (0)</td>
</tr>
</tbody>
</table>

Source: Authors’ computation from Eviews9

The residual is stationary at level implying that the variables have long run relationship. This substantiates the Johansen co-integration result obtained earlier showing existence of a long run relationship amongst the variables. The coefficients of the OLS estimates obtained explain the nature of the relationship among the variables applied in the model as presented in table 4.3.

Table 4.3: Model Regression Result

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>COEFFICIENT</th>
<th>STD. ERROR</th>
<th>T-STATISTIC</th>
<th>P-VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>12.91665</td>
<td>0.066142</td>
<td>195.2853</td>
<td>0.0000</td>
</tr>
<tr>
<td>LINVI</td>
<td>0.081624</td>
<td>0.039727</td>
<td>2.054632</td>
<td>0.0490</td>
</tr>
<tr>
<td>DLINVI</td>
<td>0.227013</td>
<td>0.066293</td>
<td>3.424396</td>
<td>0.0019</td>
</tr>
<tr>
<td>D01</td>
<td>-0.359777</td>
<td>0.113520</td>
<td>-3.169284</td>
<td>0.0036</td>
</tr>
<tr>
<td>LM2</td>
<td>0.111743</td>
<td>0.012340</td>
<td>9.055023</td>
<td>0.0000</td>
</tr>
<tr>
<td>INFL</td>
<td>-0.000609</td>
<td>0.000411</td>
<td>-1.481379</td>
<td>0.1493</td>
</tr>
<tr>
<td>UNMP</td>
<td>0.006150</td>
<td>0.001556</td>
<td>3.951697</td>
<td>0.0005</td>
</tr>
</tbody>
</table>

R² = 0.967854
Adjusted R² = 0.961203

D-W stat = 1.279212
F-stat = 145.5201
Prob(F-stat) = 0.0000

Source: Author’s computation using Eviews9

The coefficient of LM2 (0.111743) indicates that all other variables held constant a percentage change in money supply, on the average, causes 11.17% increase in economic growth while a percentage increase in investment rate would, on the average, leads to an increase in economic growth by 8.16%. The coefficient of the dummy variable (D01) -0.359777, shows that the average contribution to the growth of the Nigerian economy during the military government is greater than the average contributions during the democratic government by 35.98%. This implies that the economy of Nigeria seem to have grown more during the military regimes than during democratic governance over the years as also found by Umaru, Adeyemi & Kehinde (2014). However, the coefficient of DINVST (0.227013), implies that the average investment made during the democratic governments is higher than the investment made during the military government by 22.70%. This implies that democratic dispensation lacks the ability to create the enabling environment that will turn real investments into visible growth and development (Agagu, 2004; Yunana, Yunana & Muhammad, 2016). These findings align with the findings of Ijere (2015) that Nigeria in the last One and half decade of democracy failed to make the most use of her available resources to achieve significant growth and poverty alleviation in the economy. It also corroborates the idea that democracy in Nigeria attracted development only in the imagination and not in reality since human development among others is lacking (lawal and Olukayode, 2012 Okeke, 2014).

Conclusion

The quest for democracy in Nigeria and in other African countries is the belief that it will bring about improvement economically in the country and in the continent generally in the same way democracy has brought about development in Europe and the United States. The findings in this research work indicate that there ought to be a strong relationship between democracy and development as is evident by the democratic regime having more level of investment than the military government. Since investment is one of the major determinants of economic growth, the democratic government should have contributed more to the growth of the Nigerian economy than the military government. However the linkage is not very clear because most of the investment made did not translate to visible development as a result of high level of corruption (Kagochi, 2008; Unumen and Emordi, 2012). The democratic government should launch a more strategic and efficient anti-corruption measures in all ramifications since it has become a big cog on the wheel of economic development. This lack of visible national development has made Nigeria to be rated as one of the 60 poorest countries in the whole world (Gregson, 2017) even with the country’s abundant human and natural resources.

References

Cambridge University Press.


