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Regime Types and Economic Performance: An Empirical Assessment of Economic Performance Across Political Regimes in Nigeria.1966-2015

E. C. Anabiri[1*]

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ABSTRACT

Economic performance between political regimes in Nigeria has been a controversial debate between two schools of thought. Empirical findings on economic performance between democratic and military regimes for over four decades is limited. This study was designed to empirically investigate the impact of political regimes on economic performance in Nigeria. Data were sourced from the Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics Annual Abstract of Statistics Performances by the two regimes types were averaged for each indicator and compared. Data were analyzed using t-test at $p \leq 0.05$. The average of the indicators under military regime were: economic growth rate ((x)¯= 4.4% ±7.092297), inflation rate ((x)¯= 27.3% ±21.13912), capital formation ((x)¯= 52314.68Nb ± 61977.80), exchange rate ((x)¯=9.5 ±9.303599) N/USD, interest rate ((x)¯= 15.7% ±7.409205), unemployment rate ((x)¯= 3.3% ±1.947), trade balance ((x)¯=72.3Nm ± 127.6335) and life expectancy ((x)¯= 46.6yrs ±1.288293). For democratic regime, they were: economic growth rate ((x)¯= 5.0% ±6.071766), inflation rate ((x)¯=12.3% ±4.719680), capital formation ((x)¯=26841.70Nb ±2.772914), exchange rate ((x)¯= 106.6 N/USD ±64.02058), interest rate ((x)¯= 16.2% ±4.802802) unemployment rate ((x)¯= 13.6% ±7.6336), trade balance ((x)¯= 3780.857Nm ± 4175.521) and life expectancy ((x)¯= 49.4yrs ± 2.556885). The t-test results were: exchange rate ($t = 7.748$), trade balance ($t = 4.313$), inflation rate ($t = 2.701$), life expectancy ($t = 8.263$) and unemployment rate ($t = 6.698$). Military regime did better than the democratic regime in overall economic performance. Regime type does don't matter but, a responsible leadership with good policies that can produce strong economic performance.

INTRODUCTION

The idea that regime types affect economic performance has been an age long debate in political science and specifically comparative politics, and political economy. Many scholars have labored to show that democracies outperform dictatorships and vice versa but their findings have remained inconclusive. Accordingly, recent inquiry into the studies that focused on "democracy" "dictatorship" "economic performance" showed hundreds of results. They argued that, as we continue to see more and more democracies in the globe and an expanding economic divide existing in the midst of the haves and the have-not countries, the interrogation becomes more expedient. Put differently, in political science, the consequences of regime types on economic performance have been a constant area of investigation. In fact, the debate has generated two schools of thought in political science. One of the schools posits that democracy produces faster economic performance while the other school argued that dictatorship produces faster economic performance. An interesting debate in both directions is that; for dictatorship, there are United Arab Emirate and China, high economic performing nations, also, there some notable dictators like Suato of Indonesia, Mao Zedong to mention but a few who committed themselves to achieving viable economic performance instead of exploiting their people. But there are also Cameroon and Afghanistan. Democratic countries have US and UK, and there are equally Estonia and Latvia. Again, statistical analysis has not been much helpful. The consensus in the literature is either that, economic performance is unaffected by regime type, or else democracies actually grow slowly but develop faster. In Nigeria, the impact of regime types on economic performance has been a source of concern in the academia and the decision-making community. Although nobody knows for sure of which regimes whether democracy/military has produced faster economic performance, but most Nigerians have advocated for the return of the military regime in Nigeria in the sense that the living standard of Nigerians fared better during the period of military regime in Nigeria. The confusion created by this debate has provoked investigations into studies on the impact, influence and relationship between regime types and economic performance. In the past few decades, there have been rich theoretical and empirical studies investigating regime types and economic performance, but the conclusions remain inconclusive (Chin-en, 2004:1). Przeworski and Limongi (1993, 60-66) emphatically argued that, among the twenty-one most important empirical studies on the subject matter of regime types and economic performance, eight suggest

[1] Department of Political Science, Imo State University Owerri, P.M.B. 2000, Owerri, Nigeria
[*] Corresponding author's e-mail: emmanuelchijinduanabiri@imsuonline.edu.ng

that democracy causes faster economic performance; another eight of these studies suggest that dictatorship causes faster economic performance. However, five of these studies maintained that there was no discrepancy (Przeworski and Limongi 1993, pp. 60-66). Krieckhaus (2004, pp. 635-636) forcefully stressed that, dictatorial regimes grew faster than democratic regimes and this was contained in 11 out of the eight studies published before 1988. In contrast, none of the nine studies published after 1987 supported this finding. These studies observed that the idea that regime types impact economic performance is still subject to more investigation and inquiry. Dictatorships, on the hand, most often have the capacity of controlling and utilizing wealth, creating conditions for the preservation of national assets and repressing the unnecessary increase of payments, remunerations, salary, emolument and honorarium, in the other hand, democratic institutions also have the capability and capacity of producing sustained, long term economic performance. Consequently, in order to come to a full grasp of how political regime affects economic performance, the United Nations Education, Scientific Council (UNESCO) formed the International Panel on Democracy and Development (IPDD) in 1998, and Mr. Boutros Boutros Ghali became its first chairman. In the members were also some other international actors. The panel explored how political regime affects economic performance and consequently argued that political regime symmetrically affects economic performance. Specifically, the panel observed that the sustainability of equitable and balanced economic performance was closely related to democracy. It opined that, except people live a decent and quality live that comes from a viable economic performance, democracy could not be said to have had a positive impact on economic performance. Ake (2000:76) emphatically maintained that, "problematizing the later will be a tautology because some elements of democracy and also dictatorship are vital parts of what it takes an economy to perform effectively". Ake (2003) further observed that:

The conventional wisdom among the west and international donor agencies and the Bretton Woods institutions is to give more economic aid to democratizing countries to ensure that democratization is not defeated by the rigors of poverty and the systemic stress of economic austerity. However, this idea of buying democracy with economic aid is a non-solution. Democracy cannot be purchased, neither can Africa buy democracy with the series of financial assistance that comes from the west, democracy can only be worn through a constant struggle by individual that do not want to leave their authority and individuals who do not joke with their political right (p. 173).

Thus, the way to have both economic performance and democratization simultaneously is to collapse both processes of democratization. Economic performance graces the procedure of democratization by constituting improved productivity and prosperity of ordinary people. It is argued that, when economic performance is misinterpreted or misunderstood and also relegated to an experience of detachment or estrangement instead of an experience of liberation which on its own a democratic project, a difference or gap between regime types and economic performance tends to arise. Economic performance entails the actualization and attainment of the greatest good of the greatest majority, and it is only when people are seen as the means to an end of economic performance that democracy becomes an emancipatory project. Furthermore, empirical studies investigating regime types and economic performance are limited. What basically exist are two broad contradictory trends. One side posits that a correlation exists between regime types and economic performance, and another sees a trade-off. Over five decades of military and democratic regimes in Nigeria have been characterized by political miasma accompanied by prebendal leadership and economic catastrophe, ethnic conflict and administrative quagmire. Data from the National Bureau of Statistics (NBS) and Federal Ministry of Finance (FMF) within the period of 2003 to 2015 suggest that the Nigeria economy maintained 5-7% digit growth rate, although the growth perimeter did not reflect on the living standard of Nigerians as poverty and unemployment level continue to increase. This evidence increased the debate in the academia and the decision-making community as to which political regime in Nigeria fared better in Nigeria economic performance. In another related note, CNN Money, the world largest business website maintained that Nigeria was the 26th largest economy in the world, the third fastest growing economy and largest economy in Africa in 2015 with a tripled GDP and PPP (Purchasing Power Parity) of $170 billion in 2000 to $444.3 billion in 2012, GDP Per Capita of $1400 per person in 2000 and an estimated $2,800 per person in 2012, representing 89% increase in the estimated size of the economy (AEA, 2015). However, regardless of the enticing statistics, data from the National Bureau of Statistics (NBS) suggest that, poverty level rose from 54.4% in 2004 to 71% in 2010, unemployment 24%, with domestic and external debt in excess of $40billion (NBS, 2010). More so, the 2012 Economic Freedom Index scored Nigeria a total of 56.3, making it the 116 freest economies in the world which is 2.4 points lower than the 2011 score suggesting reduction in some of the indicators of economic freedom (Index of Economic Freedom, 2012). This suggests that, regardless of the growth rate witnessed during the democratic regime, it is not certain that democratic regime produced faster economic performance than military regime in Nigeria since poverty and other social indicators of economic performance remained moribund over these periods. Debates on regime types and economic performance have remained mixed and unresolved. Studies like those of Galenson (1959), Schweinitz (1959), Rao (1984), Huntington (1968), Przeworski *et al.* (2000), to mention but few have often centered on measuring and accessing economic performance between regime types. However, while some of these studies empirically supported an association between regime types and economic performance for objective and conceptual explanations

(Lerner 1958; 4 Lipset 1959; Inglehart 1997; Vanhanen 1997), others have demonstrated and posited a trade-off (Przeworski and Limongi 1993; Przeworski, Alvarez, Cheibubaq, and Limongi, 2000; Huntington 1991). Again, such studies have used classical economic and democratic indicators like GNP, GDP, Per capita income, election, participation, etc. as measures to test the linkage of regime types and economic performance. The use of these indicators has often offered little explanation to the dynamics of regime types and economic performance as it relates to Nigeria and third world countries mostly those in Africa. For instance, Przeworski (1990, pp, 142-186) and Przeworski and Gandhi (2007, pp. 1279-1287), used GDP, Per Capita Income and GNI to compare regime types and economic performance. Pel's (1999) study used Human Right Development Index (HRDI), per capita income, and Gross Domestic Product (GDP) as indicators to compare political regime and economic performance among countries. These studies apparently made critical and relevant contributions to debate on regime types and economic performance in these countries, but it is not clear and evident that these studies and other studies not mentioned here have focused or deployed indicators like unemployment, health performance, exchange rate, trade balance, GDP growth rate, interest rate and capital formation, which are more serious indicators to measure economic performance in developing countries like Nigeria. Again, several of these studies are cross national studies, arguably, there has not been attempted to engage a longitudinal study in the series of studies investigating the effect of regime types on economic performance and more importantly, none of the studies has focused on the specific case of Nigeria. This study addresses the limitations of previous studies by incorporating these variables or indicators stated above in its analysis. The study also covers a period of 54 years since independence, arguably, representing one of the longest series deployed in studying the political economy of Nigeria. Indeed, such a deep-rooted study is likely to provide a useful insight on the alternative approach to understand the linkage between regime types and economic performance in Nigeria. Against this backdrop, this study was designed to compare economic performance between democratic and military regimes in Nigeria using data of over four decades from the Central Bank of Nigeria (CBN) National Bureau of Statistics of (NBS).

LITERATURE REVIEW

Democracy and Economic Development Nexus

Exponents of modernization theory, such as Seymour Lipset through his classical study on democracy and development put forward a proposition that economic development leads to democracy, impliedly, he argued that, for democracy to occur in any nation, there must be first, a robust economy that is capable of absorbing the shocks of the democratic project (Lipset, 1959, p. 69). Conversely, Samuel Huntington, proposed an alternative proposition from the standpoint of the establishment of democracy according to procedure, stressing that robust economic performance tends to create political instability; and the instability in the political system will graduate to democracy when the institutions are deepened (Huntington, 1968, pp. 8-15). In contrast to modernization theory, Bruce Bueno de Mesquita and George Downs found that, in the case of China, strong economic performance did not lead to democracy because dictatorships around the world have shown people that they can enjoy the benefits of strong economic performance in one hand and avoid political liberalization or modernization on the other (Bruno and Downs, 2005, pp. 77-85). Scholars like Hollifield and Jilson (2014), Galenson (1959), Schweinitz (1959), Huntington (1968), Rao (1984) stressed that, in the issue of creating wealth, dictatorship had a better performance when compared with democratic performance within the period and time frame of their investigation. Furthermore, dictatorships possess the capability and capacity to coerce companies to finance and transport goods and services that generate economic prosperity. They achieve this through the refusal of exclusive devotion to particular interest pushing for unfruitful utilization of wealth (Haggard, 1990, p. 53). In another related note, Hewlett (1980) argued that, the suppression foisted by a dictatorial regime, repression imposed by a military regime for instance, stopped uprising in Brazil in the 1960s and improved economic condition which trickled down to a strong economic performance in Brazil (p. 31). Arguably, studies on regime types and economic performance are somehow misleading, in that, economic performance and economic growth are often used as though they mean the same thing. More often than not, economic performance is used where economic growth will be appropriate; hence what is being problematized becomes the interface between dictatorship, democracy and growth. Scholars and studies that support "democracy first, development later," such as Joseph Siegel, Michael Weinstein, and Morton Halperin stressed that, democracies around the world consistently outperform non-democracies in most indicators of economic and social well-being. According to them, promoting democracy should be a policy trust for creating economic performance in developing nations (Siegel *et al.*, 2004:5). Przeworski and Limongi (1993) petulantly argued that, though politics reinforces economic performance, it is not evident that there is any significant impact of democracy on economic performance, and it is not also clear if democracy pro motes or limits economic performance (Przeworski and Limongi, 1993, pp. 51 69; Przeworki *et al.*, 2000, p. 321). Supporting democracy leads to the economic performance thesis, Sen (1999) stressed that, there is a natural association between democracy and economic prosperity that fights hunger, ignorance and disease and this is made possible through strong socioeconomic performance (p. 1). Undoubtedly, a political system that offers its citizens the opportunity to freely pursue their political and economic dreams with unfettered accesses and limitations to political and economic opportunities is guaranteed 50% chance of poverty reduction, political stability, strong economic performance, food security, healthy generation and economic prosperity. In other words, political freedom which comes from democracy is at the heart of strong economic performance. Sen. (2000) strongly argued that, political instability and economic performance cannot be produced or hindered by universal suffrage and division of power. Economic and political freedoms strengthen each other (p. 45). Also, economic freedom fosters economic growth and strong economic performance. Conversely, development-oriented practice or what is referred to as benevolent dictators have been described as 'growth centered' governance. Democratic regimes support the unfavorable level of spending among consumers, which makes room for insufficiency saving, this scenario consequently ignores the necessity of state-dictated investment as a desideratum to achieving viable economic performance (Khan 2007, p. 4). In another sense, dictator's ability to subdue or limit the increase in salary, honorarium to mention but a few and create national wealth promotes economic performance. Thus, it is only dictatorial regimes that have the capacity to navigate easily through the forging process (Przeworski & Limongi, 1993, pp. 54-55). Development studies investigating the democracy and economic development linkage, or economic performance and democracy causation started since the late 1950s. However, the linkage existing between democracy and economic performance has remained an inconclusive scientific finding. Scholars have strongly supported a correlation between democratic regime and economic development for objectives and hypothetical rationale (Lerner 1958; Lipset 1959; Huntington 1991; Inglehart 1997 & Vanhanen 1997). Thus, we may arguably conclude that, agreement exists on one basic and one pertinent point; democracy promotes economic development (Elgstrm 2002, p. 191). The first empirical work on the symbiosis between democracy and economic development was carried out by sociologist Sigmund Lipset. Lipset maintained that, nations that enjoy an improved Gross National Product (GNP), Gross Domestic Product (GDP) and Per Capita income are more successful in the democratiza tion process than countries with low economic growth. He derived this argument from North America and Europe democratization process. But subsequent works carried out in Latin American countries by Adam Przeworski and Fernando Limongi argued that regime type is not a strong factor on the state economy. Put differently, they argued that regime types do not matter in economic development. Przeworski *et al.* (2000, pp. 325-334) argued that, politics promotes economic development, but the impact of regime types has no consequential influence on the economic development of a nation, and nobody can argue with certainty if democratic regimes promote or reduce the possibilities of economic development. Samuel Huntington proposed a different paradigm of the development of democracy linkage from the perspective of process; he argued that the result of economic development would lead to political catastrophe which will then make the political system under instability to move towards democracy through and after institutionalization (Huntington 1968, pp. 1-85). In contrast to the thesis, Buno De Mesquita and Downs (2005:781) argued that, in China, the outcome of economic development did not result in democracy because dictatorial regimes and autocracies around the world have shown through their governance pattern and system that people are capable of enjoying the proceeds of economic development and still avoid expansion in freedoms and human rights akin to democracy. Exponents of democracy and economic performance thesis upheld that democracy provides peace which is necessary for strong economic performance. International relations theorists such as Emmanuel Kant famously advanced that democratic countries hardly go to war among themselves. He presented this argument in his "democratic peace theory" which first came to force through his perpetual peace philosophy. In his study of war, Wrights (1942), maintained that the proliferation of nations that subscribed to democratic rules and principles in the world has increased the chance of world peace and security because democratic countries do not wage war among themselves (p. 76). Furthermore, there are other series of studies that investigated the democratic peace theory after Kant such as; Michael Doyle, Bruce Russet, Melvin Small, J. David singer, James Lee Ray and R.J Rummel (Doyle 2005, p. 1159). Economic development most often requires a settlement of prospective losers from reform, for even in dictatorial regimes, losers are also compensated in other to maintain peace which is a desideratum to economic development. Thus, compensation pledges are however systematically bedeviled by monumental inter-temporal liability problems (Fernandez and Rodrik 1989, Dixit and Londregan 1995, Acemoglu and Robinson 2002). Contemporary hypothetical studies have issued that, it is logical even for dictatorial leaders to refuse plundering the economy but concentrate on the agreement. For dictators, it is yet hard to build up a sufficient reputation to respect compensation agreements (North and Weingast 1989, Clague *et al.* 1997, Folch 2007). Democratic regulations for involvement and the checks and balances that are involved may constitute a great policy transformation, as it represents institutional structure to resolve conflicts and improve transparency in leaders so as to stimulate trust in the promises of leaders more importantly in the period of conflict (Rodrik 2000, p. 707). Haan and Sturm (2003) argued that, democratic regime proves favorable for economic reform in a study covering developing nations (p. 547). Pitlik and Wirth (2003) also reveal a productive linkage between economic liberalization and institutional challenges in a sample of developing and developed nations (p. 565). Currently, Acemoglu and Robinson (2006), found a non-linear linkage between democracy and reform, he argued that, both dictatorship and fully advanced democracy are more conducive to economic liberalization than semi-democracies (p. 224). Quinn and Woolley (2001), for example, argued that democracies enjoy better reliable development improvement than dictatorships and any other form of non-democratic regime due to the fact that political leaders are often afraid of voter's protest than engaging in vigorous economic development policies (pp. 634-657). Quinn and Woolley posit that, leaders in democratic as well as dictatorial regimes take risks. Vote seeking and obsession to economic porosity make political leaders in democratic regimes to implement conventional or traditional economic policies that are in tandem with needs of majority of the voters. This model submits that economic policies will be very turbulent in dictatorial regimes because leaders in dictatorial regimes command better institutional dynamics to engage in policies that are in tandem with their perception of risk.

Dictatorship and Economic Performance Linkage

The school of thought opposing democracy and economic performance linkage contends that a strong dictatorial state is a desideratum to a successful process of strong economic development. It is argued that, only strong dictatorial state has the capacity to make groups who bent on making too much request and thereby subverting and sabotaging economic development plans to work in tandem with the regulations of the country on the procedures of achieving viable economic development. Conversely, democracy unlocks the political climate in the shape of tribal and religious militarization, thereby sabotage the creation of a government or public agreement. This presupposes that, in many parts of the world such as Latin America, the reinforcement for democratic regime is waning down because of the idea that democracy has not succeeded in bringing people's lives to an acceptable standard and has also subverted prosperity and economic development. Bardhan (2002) eloquently stressed that, democracy and economic development does not enjoy remarkable interface (p. 185). To him, execution of rule of law might be better in advanced democracies, and corruption and autocracy might be limited in those nations, more than in less developed nations. The procedure of making the rules is hospitable to high level of lobbying, bribery and donations to political parties for election matters and financial influence on the law makers. Consequently, this problem has become more problematic in many democratic and semi democratic nations like Nigeria where elections have become fantastically expensive. Again, most often, government policies and decisions are sold to the highest bidder in these nations; economic development expectations might not be successful because national budget might be tailored towards satisfying democratic elites than meeting up with the needs of the people. For instance, the policy decision in the budget may go in favour of buying one more military aircraft rather than 100 rural clinics (Jamo, 2013, pp. 1-10). Against this backdrop, the linkage between democracy and economic development becomes problematic in terms of providing welfare services to the people. This is also to say that democratic regimes do not often meet the needs, aspiration, whims and caprices of the electorates, and as such democracy does not favour economic development. Similarly, it can be argued that democratic regime is not likely to be effective in executing economic development. According to Adam Przeworski, economic development concerns transformation and this transformation is likely to impact the citizens in an unproductive way and might also be beneficial to other people. In the light of this, he concludes that, democratic leaders who are out to be re-elected in election might not be willing to make sound economic decisions because of the panic of losing the backing of some constituencies. Because of this, economic development is likely to decline or be obstructed. These challenges are not likely to be present in dictatorial regimes. Thus, Przeworski argued that, there is minor proof that democracy and economic development are correlated (Galenson 1959, DeSchweinitz 1959 and Huntington 1968). Ake (2003) posited that nations that are economically viable, especially in developing countries, cannot afford to postpone expenditure (p. 85). To the point that democracy allows the poor privileged to determine government decisions, it will rely on instant expenditure instead of business and saving, it is also capable of making the impact biased to prosperity. It is argued that it is advisable for governments to be protected from unproductive consumption and even sometimes necessary to compel investment. Huntington and Nelson (1976, p. 23), Haggard (1990, p. 236) and Ake (2003, p. 96) further suggest that, dictatorial regimes are advisable for strong economic development, and also political involvement has to be limited if only temporary in order to facilitate accommodation. Tan (2015) reinforced the argument as he maintained that;

Democracy do not necessarily result to economic development. Every country just needs discipline and prudence more than democracy. The excitement of democracy results to and disordered conduct which are inimical to economic development.

Ake (2003:96) observed that, the 'East Asian Miracle' has apparently made a powerful impression on the West, even on institutions like the "Economist of London" which are not so easily impressed. For instance, the Economist of London and the Government of Britain were very partial to the Nigerian military leader, General Babangida partly because he had embraced a Structural Adjustment Program (SAP) irrespective of the fact that his regime was reputably corrupt, repressive and openly contemptuous of democracy. Furthermore, on June 29, 1991, the economist carried an article proclaiming that Asia produced one of the fastest economies in the past 25 years without commanding one of the best democracies, suggesting that dictatorial governments reduce poverty level than democratic government. The philosophy that favors dictatorial regimes mostly involves the defense of policy formulators from exceptional interest. The obvious philosophy includes; because of little areas and prolonged period of the regime, most dictatorships that are thought to possess the capacity to confront exceptional interest and execute unfavorable economic strategies that consequently prevent resources from consumption to safekeeping and business. Democracy, in other words prevents economic performance by offering the poor and exceptional interest the power to vote and to arrange protest, and hence unchains the constraints for immediate utilization and decreasing of business. Again, because there are limited veto actors in dictatorial regimes than in democracies, policy formulation in dictatorial regimes is likely to be faster and faster, while democratic process of decision formulation is likely to be limited by due process and time wastage because of the numerous and multifaceted interests that possess veto power. Barro (1996a:) averred that, the interface between democracy and economic development might be unknown instead of linear (p. 3). The increase in democracy could put disaffection on political process, but an improvement in political rights might distort economic development due to the pressure of income redistribution. Dick (1974) also suggests that, between 1959-68, countries with semi-contested forms of regime performed better in terms of economic development rates than either dictatorial regimes or advanced democracies (p. 817). In another note, Sloan and Tedin (1987) found that, in the periods of 1960-1980, bureaucratic dictatorial regimes produced a higher Gross (pp. 98-124) Domestic Product, Per Capita better than democratic regime and traditional dictatorial regimes, and with this he proved that dictatorship is more productive in economic development. In another line of argument, Fukuyama (1993:99) strongly argued that some of the laudable economic development in the past one hundred and fifty years were not assembled by democratic regimes but by dictatorial states with more or less capital economic systems. This situation has been exemplified in Meji Japan, Great Leap China, Doi Moi in southern Vietnam and German Second Reich in the latter half of the nineteen centuries, as well as any number of more current dictatorial regimes such as Franco's Spain, post -1953 south Korean, Taiwan, Brazil, Singapore and Thailand to mention but a few. Sah (1991) maintained that, some dictatorial regimes might do much worse than even poorly performing democracies (p. 67). Some other dictatorial regimes might do better than even strongly performing democracies, benevolent and powerful dictators produce strong economic development which leads to the conclusion that democracy is inferior to dictatorship in the area of economic performance. Aghion *et al.* (2004) ventured into exploring the trade-off and thus argued that, electorates contract the whole authority to formulate policies that may promote the fastness of policy formulation in the latter but might be in danger of establishing an uncontrolled supposed dictator. In contrast, unilateral policy formulation methods can help to make sure that policy formulators are scrutinized, but it could also limit the viability of the regime. The foregoing leads to the question of; at what point can the electorates grant freedom to the policy formulators? The trade-off is more than making sure that policy formulators are scrutinized and delay and their possibility of being taken by exceptional interests. The trade-off also clearly suggests that both democracy and dictatorship have their own advantages and disadvantages in the area of advancing economic development. Hence, if both democracy and dictatorship have their own advantages and disadvantages in terms of producing viable economic performance and development, it will be difficult for one to contrast economic performance under the regime types. So, it might be necessary to explore some conditions or circumstances that increase or reduce the advantages and disadvantages of political regimes. If the foregoing factors exist, one might be able to expect that one type of regime will produce better economic performance than the other only under those conditions. This is where institutional conditions are very vital as determinants of economic development under regime types. Glaeser *et al.* (2004) opined that dictatorship is known for her strong pursuit of good economic strategies and penchant for achieving economic development (p. 271). This hypothesis maintains that dictatorships that are mature produce speedy economic development because they facilitate ethics of sacrifice, respect and prolonged period of organization rather than swift and non-continuing utilization. Studies investigating the impact of regime types on economic performance are replete with confusion that sometimes, economic development is used as the same thing with economic growth and economic performance. Also, series of studies investigating regime types and economic performance are all cross-national studies using classical economic indicators to test the impact of regime types on economic performance, in Nigeria, nobody knows which of the regime types, democracy or military regime have had better economic performance in the over five decades. This study arguably resolved these puzzles by adopting modern economic performance indicators to test the impact of regime types on economic performance and through it resolved the gap as to the regime type that had a better economic performance in the past five decades in Nigeria. It also provided the time series account using Nigeria example.

MATERIALS AND METHODS

The study made use of comparative research design by comparing economic performance between regime types in Nigeria for a period of over five decades. A data set such as unemployment rate, capital formation, life expectancy, inflation rate, trade balance, economic growth rate, interest rate & exchange rate was used as indicators for both regime and was sourced from Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics Abstract of statistics.

- Period A= Democratic Rule: 1979-1984 and 2000-2015.

• Period B= Military Rule: 1966-1979, 1984-1999.

The data collected for this study were analyzed with the use of inferential statistics and descriptive analysis. The descriptive analysis was used to organize and characterize the data and the inferential analysis was used to validate the study research questions. Thus, to achieve the objectives of the study, the mean/average for all the selected indicators was ascertained for each of the regimes & the t-test was applied to compare the mean & ascertain the statistical difference of each of the indicators in the different regimes.

RESULT AND DISCUSSIONS

Table1: Economic Performance Under Democratic Regime

	CF	EXCHR	GDP	INFL	INTR	LFEXP	TRADEBAL	UNEM
Mean	2684170.	106.6400	5.020476	12.28429	16.19048	49.43714	3780.857	13.57619
Median	1316957.	128.6516	6.670000	11.58000	16.80000	49.02000	2754.000	13.10000
Maximum	7250371.	192.4400	14.60000	23.21000	24.80000	54.50000	16819.00	27.70000
Minimum	4161.800	0.546358	-13.10000	5.380000	7.800000	44.96000	-2.000000	2.100000
Std. Dev.	2772914.	64.02058	6.071766	4.719680	4.802802	2.556885	4175.521	7.633669
Skewness	0.463554	-0.872739	-1.596183	0.770394	-0.325058	0.248891	1.594419	0.187303
Kurtosis	1.477019	2.275537	5.621159	2.851304	2.402341	2.019084	5.537055	2.269310
Jarque-Bera	2.781626	3.125095	14.92896	2.096621	0.682366	1.058734	14.52967	0.589957
Probability	0.248873	0.209601	0.000573	0.350529	0.710929	0.588978	0.000700	0.744548
Sum	56367580	2239.439	105.4300	257.9700	340.0000	1038.180	79398.00	285.1000
Sum Sq. Dev.	1.54E+14	81972.70	737.3269	445.5075	461.3381	130.7532	3.49E+08	1165.458
Observations	21	21	21	21	21	21	21	21

Source: Authors' Computation

Table2: Economic Performance Under Military Regime

	EXCHR	CF	GDP	INFL	INTR	LFE	TRADEBAL	UNEM
Mean	9.480713	52314.68	4.439000	27.25750	15.65000	46.55150	72.25000	3.301500
Median	5.964146	23525.15	2.345000	16.91000	17.20000	47.07000	11.00000	3.400000
Maximum	22.05106	200065.1	25.00000	72.84000	31.70000	47.40000	427.0000	7.000000
Minimum	0.605950	411.7740	-5.800000	5.720000	6.300000	42.75000	2.000000	0.330000
Std. Dev.	9.303599	61977.80	7.092297	21.13912	7.409205	1.288293	127.6335	1.947815
Skewness	0.440052	1.175612	1.202331	0.764887	0.299078	-1.895323	1.915734	0.139658
Kurtosis	1.429498	3.133344	4.697959	2.159929	2.174024	5.390986	5.098923	2.144786
Jarque-Bera	2.700883	4.621696	7.221222	2.538275	0.866688	16.73817	15.90469	0.674507
Probability	0.259126	0.099177	0.027035	0.281074	0.648337	0.000232	0.000352	0.713728
Sum	189.6143	1046294.	88.78000	545.1500	313.0000	931.0300	1445.000	66.03000
Sum Sq. Dev.	1644.582	7.30E+10	955.7130	8490.383	1043.030	31.53425	309515.8	72.08565
Observations	20	20	20	20	20	20	20	20

Source: Authors' Computation

Table 1 and 2 provide information about different economic indicators in the military and democratic regimes from 1966 -2015. The result shows that the average of Real Gross Product (RGP) representing proxy for economic growth rate in the analysis has a drastic improvement in the economic growth and performance of the Nigerian economy during the democratic regime than during the military regime with mean average of ($\bar{x}$ = 5.0%±6.071766) in democratic regime against ($\bar{x}$ = 4.4%±7.092297) in military regime. This growth may be due to the consequences of the diverse institutional reforms, positive economic policies & the desire to attract the greatest good of the greatest majority associated with democratic regime during this period. Also, the average inflation rate in the democratic regime is an improvement over inflation rate during the military regime as indicated in the above table. The mean average of inflation in democratic regime is ($\bar{x}$ = 12.3%±4.719680) in democratic regime and ($\bar{x}$ = 27.3%±21.13912) in military regime. Arguably, suggesting an improvement in some micro and macroeconomic policies of the Central Bank of Nigeria and the economic team assembled by democratic regimes in Nigeria since early 2000 to pursue a single digit inflation rate. More than that, the mean average of capital formation during the military regime showed a better improvement when compared to its value in the democratic regime. Thus, the average mean value of capital formation during the democratic regime is (x¯ = 2684170Nb±2.772914) and (x¯ =52314.68N b±61977.80) during the military regime. Individuals and firms during the military regime realized that capital accumulation for investment purposes can majorly be achieved through capital formation and as such it became one of the major drivers of economic performance and development during the military regime. The average exchange rate showed that the exchange from the naira to the worlds' convertible currency; the dollar, became terrible during the democratic regime as the table above suggests. Thus, the average mean for exchange rate during the democratic regime is (x¯= 106.6N /USD±64.02058) against (x¯= 9.5N/USD±9.303599) during the military regime. This situation may be due to the fact that in the democratic regime, the Nigerian economy floated her exchange rate, increased demand for the dollar because of her increased dependence on foreign made goods or import dependent. Also, average interest rate is seen to be worse off in the democratic regime, although the difference between the interest rate value in the military regime and democratic regime is infinitesimal as the table suggests. The interest rate is known as the banks' lending rate as this can be increased or decreased depending on the targeted economic policy the government wants to promote or achieve at a given time. Lower interest rate is said to encourage lending as this was very favorable during the military regime compared to the democratic regime which was tagged with enormous and bogus lending rates thereby making businesses difficult to thrive as businessmen and women find it difficult to afford the burgeoning interest rates during the democratic regime. From the table above, the average mean of interest rate during the military regime is (x¯= 15.7%±7.409205) against the (x¯= 16.2%±4.802802) in democratic regime. Lower interest rate is said to encourage lending as this was evident during the military era while the democratic regime was tagged with enormous lending rates and that might be the reason businesses were slow or couldn't thrive as businessmen couldn't afford bank rates during the democratic regime. Unemployment was worse during the democratic regime as indicated in the table above. The average mean of unemployment during the democratic regimes is (x¯13.6%±7.6336) against (x¯= = 3.3%±1.947) in military regimes. This circumstance could be due to increase in population growth and number of people searching for jobs during the democratic regimes, lack of viable economic policies that can address the population malady during the democratic regimes & political corruption which has remained a national embarrassment. The trade balance which is the difference between export and import can be seen to be better in the military regime. The military regime period was the period that the Nigerian economy was said to be agrarian in nature but with the discovery of oil towards the late 70's, it grew into a monolithic economy (largely dependent on oil). This development arguably resulted in worsening the trade balance as overtime; the Nigerian import grew more than its export. Thus, before the discovery of oil, the Nigerian trade balance was good and that was during the military regime as indicated in the table with a mean average of (x¯72.3N m±127.6335) (Military Regime) against (x¯=3,780.857N = m±4175.521) (Democrat ic regime). Life expectancy witnessed a little improvement during the democratic regime compared to the average value of life expectancy during the military regime as indicated in the table. This arguably couldn't have been due to better medical facilities but largely due to improvement in capacity building of medical personnel, & increased awareness and education on health-related issues to members of the public. The mean average values are represented with (x¯=49.4yrs±2.556885) (Democratic Regime) and (x= 46.6yrs±1.288293) (Military Regime). x¯In conclusion, the results and the analysis of the study show that democratic regimes outperformed military regimes in three of the indicators or variables used and those areas of democratic regime advantage include; economic growth rate, life expectancy and, inflation rate. While military regime outperformed democratic regime on indicators like interest rate, capital formation, unemployment, trade balance and exchange rate. Thus, economic performance between regime types (democratic and military regimes) is mixed across indicators suggesting that, it is not certain if democratic regime or military regime outperformed each other in economic performance from 1966-2015. The t-test was further deployed in this study to validate the study research problem of if there is any statistical difference on economic performance between regime types in Nigeria within the given periods under investigation. The t-test was used to conduct a paired sample correlation & results obtained are contained in table 3, 4, &5.

Table 3: Paired Samples Statistics of the Democratic and Military Regimes Economic Performance 1966-2015.

Indicators	Regime Types	Mean	No of Paire Observations	Std. Deviation	Std.Error Mean
Economic Growth (RGDP	Mili. (R)	4.9114	21	6.96404	1.51968
	Dem.(R)	5.0205	21	6.07177	1.32497

Capital Formation	Mili. (R)	1.2822E2	21	214.29074	46.76207
	Dem. (R)	1.3776E2	21	256.22879	55.91370
Exchange Rate	Mili. (R)	6.0260	21	7.88790	1.72128
	Dem. (R)	1.0664E2	21	64.02058	13.97044
Inflation	Mili. (R)	25.9810	21	21.21843	4.63024
	Demo.(R)	12.2843	21	4.71968	1.02992
Interest Rate	Mili. (R)	13.5095	21	12.912	2.887
	Dem. (R)	16.1905	21	14.532	3.249
Life Expectancy	Mili. (R)	46.0576	21	1.57730	.34420
	Dem.(R)	49.4371	21	2.55689	.55796
Trade Balance	Mili (R)	33.5556	18	73.16237	17.24454
	Dem.(R)	4.3494E3	18	4250.56369	1001.86747
Unemployment	Mili.(R)	3.0179	19	1.506	.454
	Dem.(R)	14.1053	19	7.66887	1.75936

Source: Authors' Computation.

Table 4: Pared Sample Correlation of the Democratic and Military Regimes Economic Performance 1966-2015.

		N	**Correlation**	**Sig**
Pair 1	RGDP (M)& RGDP (D)	21	-.073	.753
Pair 1	CF (M) & CF (D)	21	-.313	.167
Pair 1	EXCHR (M) & EXCHR (D)	21	.614	.003
Pair 1	INFL (M) & INFL(D)	21	-.337	.135
Pair 1	INTR(M) & INTR(D)	21	.114	.624
Pair 1	LFE (M) & LFE (D)	21	.683	.001
Pair 1	TRB (M) & TRB (D)	18	.080	.753
Pair 1	UNEM (M) & UNEM (D)	19	.344	.149

Source: Authors' Computation.

Table 5: Paired Sample Test of the Democratic and Military Regimes Economic Performance 1970-2015.

		Paired Differences					**t**	**Df**	**Sig (2 taild)**
		Mean	**Std Deviation**	**Std.Error Mean**	**95% ConfidenceInterval of the Difference**				
					Lower	**Upper**			
Pair 1	RGDP(M) &RGDP(D)	-.10905	9.56811	2.08793	-4.46440	4.24631	-.052	20	.959
Pair 1	CF (M) &CF(D)	-9.53810	382.07370	83.37532	-183.45596	164.37977	-114	20	.910
Pair 1	EXCHR(M) &EXCHR(D	-1.00614E2	59.50803	12.98572	-127.70174	-73.52627	-7.748	20	.000
Pair 1	INFL(M) &INFL(D)	1.36967E1	23.23993	5.07137	3.11798	24.27535	2.701	20	.014
Pair 1	INTR(M) &INTR(D)	-2.68095	8.75817	1.91119	-6.66763	1.30572	-1.403	20	.176
Pair 1	LFE(M) &LFE (D)	-3.37952	1.87426	.40900	-4.23268	-2.52637	-8.263	20	.000
Pair 1	TRB(M) & TRB(D	-4.31583E3	4245.35769	1000.6 4040	-6427.00 004	-2204.6 6662	-4.313	17	.000
Pair 1	UNEM(M) & NEM(D)	-1.10874E1	7.21492	1.65522	-14.56485	-7.60989	-6.698	18	.000

Source: Authors' Computation.

The Table 5 above shows the T-test result of paired samples and indicators of the military and democratic regimes. The result shows that, the military regime did better in economic performance with high statistical difference in exchange rate (t = 7.748), inflation rate (t = 2.701) and trade balance (t = 4.313) and unemployment (t = 6.698). Also, the democratic regime did better in economic performance with high statistical significance in life expectancy (t = 8.263) Although economic performance was mixed across indicators as we have argued hitherto, but overall, the military regime produced faster economic performance than the democratic regime from 1966-2015.

CONCLUSION

The study concludes that economic performance across indicators is mixed but overall, the military regimes had a better economic performance than the democratic regimes from 1966-2015. Thus, deepening democratic values and ethos, strengthening the structural factors that affect rulers' policy choices should not only be a declarative national policy in Nigeria, but should constitute the actual policy in other to accelerate strong economic performance on those indicators that the military regimes outperformed the democratic regimes such as in the areas of interest rate, exchange rate, trade balance and unemployment.

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