CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Nigeria gained independence in 1960 and subsequently recognized the great need to develop in a world driven by globalization. Globalization has made the world a global village of interdependence where no state can exist in isolation of the other. It could be noted that upon the attainment of independence, Nigeria was faced with many development challenges hence the great need to interact.

This state of affairs gave room for the enactment of policies aimed at regulating her activities across national frontiers. Nigeria designed a focused foreign policy to properly guide her interactions having in mind her core values. In this era of globalization, states are under obligation to interact. This interaction could be cooperative or competitive. The nexus of the relationship is trade. This is on the premise that the interaction is not in a vacuum rather it is based on interest. Indeed, Nigeria embarked upon trade relationship to improve her socio-economic and political status. In other words, the focus of the interaction as witnessed particularly among the civilized countries is development through trade relationship. Indeed, the only means to properly cope with the new trend of development and possibly address vividly domestic economic challenges was to embark on trade across national frontiers where she can export what she has the capacity to produce and import what she do not have to enhance development. This interdependence gave birth to Foreign Direct Investment where states expand business empire to as many countries as possible. In her earnest desire to remedy her development challenges, Nigeria embraced FDI as a panacea to her development problems because most civilized societies are developed due to the contributions of FDI. Prior to this period, Nigeria was faced with socio-economic and political development quagmire where her infrastructure was in a deplorable state.

Indeed, FDI became an avenue to solve the development issues in Nigeria. Nigeria embraced FDI because interaction in the globe is essentially aimed at addressing issues of development particularly among the developing societies. It became compulsory that the only way to remedy the socio-economic and political challenges of Nigeria was through FDI. Therefore, FDI became a major instrument for socio-economic and political development in Nigeria. Nigeria relied heavily on FDI to improve her socio-economic and political status.

This was noticed very significantly during the Structural Adjustment Program (SAP) era of 1986 after years of austerity measures (Okereke and Ekpe, 2002). The economic crisis that led to the adoption of SAP was the consequence of a period of squandering of the oil riches. The condition of the economy was very precarious hence Nigeria stretched her hands outside her shores seeking remedy to her socio-economic and political challenges. This gave birth to SAP as a Western Investment Strategy aimed at ending infrastructural problems of Nigeria. Indeed, FDI was seen as a major strategic means to address domestic problems of Nigeria.

However, Foreign Direct Investment (FDI) is an age long phenomenon. It has been in existence since time immemorial. It is not a recent development. It dates back to the 19th century industrial (monopoly) capitalism in Europe. Foreign Direct Investment (FDI) is a bridge builder because it closes the gap between rich and poor states in the globe (Akpakpan, 1999). It takes the form of capital flow across national frontiers as a business drive for greater profit making (Akpakpan, 1999). Indeed, FDI is an investment behaviour when an individual firm has expanded asset resources from one country to the other in compliance with the legislation of the host country. International resource movements, or flows are not specific or selective (Aja, 2002). Foreign Direct Investment (FDI) represents the flow of capital, technology, managerial labour force to overseas territories for greater resource seeking. Put differently, it could be regarded as a process of increasing business enterprise across national frontiers aimed at making profit. This is on the premise that the focus of FDI which is capitalist driven is to make profit to sustain business.

In another sense, Foreign Direct Investment (FDI) has to do with extending branches of giant business enterprises to subsidiaries. It could be noted and very importantly too that for any foreign investment, there should be an established domestic investment which requires expansion. This transcends into drive to export capital and technology to other territories (Okereke, 2015). Foreign Direct Investment (FDI) extends to foreign economic business activities in agriculture, manufacturing, mining, ship construction and development, electronic and telecommunication industries, biotechnology and construction industries.

It includes mergers and acquisition, building new facilities, reinvesting profits earned from overseas operations and intra company loans. Specifically, it builds new facilities.

This flow substantially affects the production of goods and services, employment opportunities and the distribution of output in the various parts of the world (Akpakpan, 1999). As noted abinitio, Foreign Direct Investment (FDI) is a direct investment into production or business in a country by an individual or company of another country either by buying a company in the target country or by expanding operations of an existing business in that country. It is an investment that is made to acquire a lasting management in an enterprise and operating in a country other than that of investors (World Bank, 1996).

Foreign Direct Investment (FDI) is facilitated fundamentally by Transnational Corporations (TNCs) that command the monopoly of world capital technology and market ideology. TNCs accounts for 95% of total world foreign investment (Aja, 2002). For clarity, workers and elements of technical knowledge also move with the flow investment capital beyond national boundaries. Indeed, these flows affect the production of goods and services, employment opportunities and the distribution of output in the various parts of the world. It could be noted that the essence of investment across national frontiers is basically to make profit.

Since, the 1980s, flow of investment have increased drastically the world over. Total world out flows of capital in that decade grew at an average rate at almost 30% more than three times the rate of world exports at that time with further growth experienced in the 1990s (Koskeletu and Liargovas, 2000). However, in 2017, Nigeria experienced a cut in its FDI inflows, falling 36% to $2.2 billion (UNCTAD).

It is an existing fact that no country can exist in a condition of autarky or self-sufficiency. FDI is perceived to have a positive impact on socio-economic and political development of a host country through various direct and indirect channels. It augments domestic investment, which is crucial to the attainment of sustained socio-economic and political development of most developing economies in the world. FDI from developing countries has risen sharply over the past two decades. Total investment by developing countries began to rise from about 1% of total foreign investment flows in the late 1970s to 4% in the mid-1980s and 6% by 1990 and after a peak in the 1990s before the Asian crisis (Aykut and Ratha, 2003). Continuing, Aykut and Ratha noted that South-South flows are estimated to have risen from 5% in 1994 to 30% in 2000 of the total foreign direct investment inflows to developing countries.

Nigeria is one of the economies with great demand for goods and services and has attracted some FDI over the years. Indeed, over the last four decades, the macro-economic performance of Nigeria can be described as being chequered. Nigeria among other developing economies accepts concerns that the most economic rationale for granting special incentives for attracting Foreign Direct Investment (FDI) is based on the belief that FDI bridges the “idea gap” between rich and poor nations in addition to the generation of technological transfers. Recent studies have shown that foreign direct investment is what is needed to bridge that savings investment gap that exists in Africa in general and Nigeria is particular. Prior to the 1970s, FDI was not seen as an instrument of socio-economic and political development in Nigeria. The underlying factor was the perception of FDI as parasitic and retarding the development of domestic industries for export promotion.

However, the consensus now is that FDI is an engine of socio-economic and political development as it provides the much needed capital for investment, increases competition in the host country industries and aid local firms to become more productive by adopting more efficient technology or by investing in human and/or fiscal capital. FDI contributes to growth in a substantive manner because it is more stable than other forms of capital flow (Ajayi, 2006). Nigeria is one of the economies with great demand for goods and services and has attracted some FDI over the years. The amount of FDI flow into Nigeria reached US$2.23billion in 2003 and it rose to US$9.92billion (an 87% increase) in 2005 (Ogbuji, 2015).

In 2007, FDI in Nigeria rose to US$9.6billion. Out of a total US$36 billion of FDI that went into Africa, Nigeria received 26.66% of the inflow. Vanguard Newspapers of May 19, 2008, reported that a total of US$12.5 billion of foreign investment inflow was recorded in the economy at the end of 2007. This shows that Nigeria is the beautiful bride for foreign investors but nothing to show for it.

For the avoidance of doubt, Macaulay (2012) asserted that Nigeria's foreign investment could be traced to the colonial era when the colonial masters had the intention of exploiting our resources for the development of their economy. Indeed, there was little investments by these colonial masters. As noted above, since the discovery of oil in 1956 at Oloibiri in Bayelsa State, Nigeria's foreign direct investments have not been stable. Also, it could be noted that FDI goes beyond the economy to socio-political. As noted abinitio, the interplay of the socio-economic and political spheres leads to stable and prosperous system. For instance, the hidden influence of foreign governments in the political system of Nigeria remain a thing of concern. Since, Nigeria gained independence in 1960, the country has been under external watch. The influence of most advanced economies into the electoral process in Nigeria is not unintentional. For example, the overthrow of General

Murtala Mohammed in 1976 is not unconnected with the attempt by America to protect her investments in Nigeria which the then regime could not (Nwosu, 2015).

Also, in 2015, the hidden support of the All Progressive Congress (APC) Presidential Candidate, General Mohammad Buhari by President Barack Obama was no doubt to protect her foreign investments in Nigeria. Nwosu (2015) stated thus “in order to protect America’s investments and completely control political leadership in Nigeria, President Obama threw his weight behind the then opposition APC Presidential Candidate against the incumbent”. It could be noted that these influences usually record huge success. Indeed, these interests on the political leadership of the country pose serious threat to the stability of Nigeria’s political system. In 1993, US, Britain and E.U. intervened in the national election of Nigeria.

Similarly, the social lives of Nigerians have been greatly influenced by external forces over years. The perception of Nigerians on foreign goods has remained a thing of worry particularly where any product from outside the shores of Nigeria is perceived to be of higher quality. This social imperialism has threatened the wellbeing of the people of Nigeria. This no doubt determines the economic growth of Nigerians. Indeed, any social investment from outside is more valuable than the ones produced locally. For instance, the dressing code of the average Nigerian is more western than Nigerian. This social influence could be attributed to our inability to think outside the box due to internal factors of corruption, bad leadership, insecurity, poor polices among others. Indeed, Nigerians look down on her products. Recently, Nigerian film producers were seen complaining on the total neglect of Nigerian films by Nigerians (Nwosu, 2015). The influx of foreign products into the country affects local production. This hinders socio-economic and political development because local industries are not encouraged.

However, Nigeria’s successive governments have recognized the importance of FDI in enhancing socio-economic and political development despite these notable flaws, and various strategies involving incentive policies and regulatory measures, have been put in place to promote the inflow of foreign direct investment to the country.

According to Lall (2002), privatization was also adopted among other measures to encourage foreign investment in Nigeria. In 2002, most state owned enterprises like telecommunication, electricity, water supply among others were transferred by then President Obasanjo to private individuals or companies to manage. Shiro (2009), noted that since the enthronement of democracy in 1999, the government of Nigeria has taken a number of measures necessary to woo foreign investors into Nigeria. These measures which include the repeal of laws that are inimical to foreign investment growth, promulgation of investment laws, various oversea trips for image laundry by the president among others. These generous incentives were offered to attract FDI inflows.

Also Nigerian government embarked upon constitutional amendment to bring sound and stable political system. In addition, the government engaged in privatization of public enterprise, deregulation of downstream oil sector, introducing a more relax tax system, creation of the Nigeria Investment Promotion Commission (NIPC), granting of license to Global System for Mobile Communication (GSM) and constitution of economic teams by successive presidents to create room for socio-economic and political transformation through FDI. Though the country 3 years back, from 2015, witnessed tremendous improvement in socio-economic and political growth, but it failed to increase in FDI inflows. Some foreign firms have taken advantage of the incentives to satisfy their various motives of ensuring stable monopolistic control over source of raw materials for parent companies access to control local markets, utilizing low cost, labour and realizing the possibility of higher returns. It is also worthy of note the fact that Nigeria received relatively low proportions of global FDI inflows compared with other western capitalist countries, in spite of her being blessed with enormous human and natural resources. This is perhaps because the economy was perceived by investors as a high risk market for investment particularly this recent time when the activities of the Niger-Delta avengers and Boko Haram terrorists threatens stability of the economy as it retards investment in the country. Recently, Samsung and Michelin threatened to relocate to Ghana due to insecurity in Nigeria. Indeed, insecurity remains a dominant factor in shaping the role of FDI in socio-economic and political development in Nigeria from 1986 to 2017.

Also, our policies are not effective to attract the needed FDI. These policies of government seem not to create the needed impact by attracting FDI to areas of core need. It is worrisome that the policies of Nigeria even this 21st century are not implementable to regulate the activities of FDI. Recently, the Attorney General of Nigeria, Mr. Malami called on the international community to declare foreign investors who evade tax and disobey Nigerian laws as economic saboteurs.

As noted abinitio, it has been observed over the years particularly from 1986 to 2017, that Nigeria's successive regimes adopted several measures designed to attract FDI to areas of national interest. However, these measures seem to have failed due to poor implementation strategy. As we know that the efficacy of law lies on its enforcement capacity. Indeed, any law which is not enforceable is useless and baseless. FDI seem to work only in countries with prosperous domestic economy. In this case, attraction of FDI is very selective.

Therefore, a study of the role of FDI on socio-economic and political development is necessary if corruption, insecurity and low policy implementation strategy remain dominant factors responsible for the inability of FDI to perform her fundamental function of socio-economic and political transformation in Nigeria from 1986 to 2017. This state of affairs no doubt led to persistent infrastructural decay, unemployment, bad leadership, electoral malpractice, poverty, lack of political will, among others. Finally, we are faced with how FDI could not attract the commensurate socio-economic and political development in Nigeria despite its volume in Nigeria from 1986 to 2017.

From the forgoing, we have observed very significantly how these variables of insecurity, corruption and poor policy implementation structure hinders FDI in performing her basic responsibility of ensuring socio-economic and political development in Nigeria from 1986 to 2017.

1.2 Statement of the Problem

The increasing worldwide complex interdependence among countries otherwise known as globalization has brought in its wake a mixture of hopes and fears. Foreign Direct Investment has been facilitated by the trend of globalization. It is not an over statement to maintain that the world economic system derives its dynamism from the activities of FDI on a global scale. Foreign Direct Investment (FDI) has taken the lead in private sector, led to economic growth and development across national frontiers by means of trade, financial ties, and technology transfer. FDI has global interconnectedness in business activities. Indeed, FDI parades very high power valuency because of its control of the largest stock of world capital, technology, electro-telecommunication among others.

This topic has been harassing because the importance of every research is to find solution to contending issues. Indeed, we choose this topic because we have looked around and from all manifestations that Nigeria has so much relied on FDI agreeing that under normal circumstance, it should address the socio-economic and political challenges of the country. For instance, one cannot examine the success of FDI in developed economies without looking at socio-economic and political environment which differ significantly from Nigeria. Yes, FDI would have provided the needed socio-economic and political development but cannot, due to Nigeria's peculiar environment. This is contrary to the situation among the civilized economies who have improved themselves to economic prosperity through FDI.

Therefore, the major problem facing FDI in its bid to enhance socio-economic and political development in Nigeria includes corruption, insecurity, poor policy implementation strategy among others.

Nigeria as Africa's most populous country has an estimated number of 185 million people (UNPD, 2016). The USA has described Nigeria as one of the four priority countries in the world along with Colombia, Ukraine and Indonesia (Aja, 2002).

In the words of Bill Clinton "We are interested in Nigeria because the stakes are so high. A democratic Nigeria is a key to stable and prosperous West Africa, an invigorated Africa; and to US national and economic security. Nigeria is our good largest trading partner in all Africa" (Aja and Emeribe, 2000). Nigeria realized the importance of FDI and cued into it particularly on her attainment of independence in 1960. Although Nigeria could potentially offer investors a low-cost labour pool, abundant natural resources and the largest domestic market in Sub-Saharan Africa, its economy remains stagnate and its market potentials unrealized. The country despite the activities of FDI suffers from collapsed infrastructure, possesses an inconsistent regulatory environment, and enjoys a well-dressed reputation for endemic crime and corruption. Due to bad leadership, key sectors of Nigeria's economy like transportation, health, power, communication etc are in serious mess. Also, the agricultural sector is not left behind. Indeed, religion and ethnic unrest have contributed to low investment drive in the country. It is a known fact that Nigeria remains over-reliant on oil exports for its revenue and subsequently the growth of our economy is dependent on the price of oil in the market. This has resulted to the current economic crisis in the country owing to the dwindling oil price in the global market. This has perpetually rendered Nigeria a monolithic-cultural economy and has adversely affected her socio-economic and political development. This is on the premise that there is usually an interplay of the super-structural and sub-structural development in the country. For instance, the current activities of the Niger-Delta Avengers in the South-South, Fulani Herdsmen in the North Central and the Boko Haram terrorists in the North-East have remained a threat to the socio-economic and political development in the country. Indeed, no foreign investor will risk his business in a volatile security atmosphere. Investors must carefully research any business opportunity and avoid those opportunities that appear too good to be true".

Critics have described Nigeria as a rich land of lost opportunities (Aja, 2002). Despite the fact that Nigeria is adequately blessed with mineral and natural resources in abundance but harbours a high risk market for investment. Indeed, political instability over years, bad governance, corruption, lack of continuity in policy implementation by successive governments, insecurity among others have almost crippled the national economy which invariably discourages foreign investors as well as threatens socio-economic and political development in Nigeria. It was soon discovered based on substantial evidence that this inward looking development strategy discouraged trade as well as Foreign Direct Investments (FDI) and had negative implications on the socio-economic and political development and living condition in the country (Cleeves, 2005).

This disappointing economic performance of Nigerian economy coupled with the globalization of activities in the world economy, forced her to look outward for development strategies. All were needed to enable Nigeria meet the minimum growth and development rate required for the United Nations Millennium Development Goals (MDGs). Globalization of developing countries is seen by many as the key economic trend of recent time. In a globalizing world economy, a growing number of countries have received significant capital flows, mainly in form of foreign direct investment. A distinctive feature of the world economy in recent times has been the growth of foreign direct investment or investment by multinational firms in foreign countries in other to control asset and manage production activities. Nigeria is not an exception.

As a result, the cross-border mergers and acquisition particularly majority-ownership transactions surged worldwide during 1990s (Ndem, Okonkwo and Nwamuo, 2014). Thus merger and acquisition through privatization which increased significantly in Nigeria has helped her economy to grow tremendously.

In spite of these enormous benefits, host countries stand to gain from FDI the flow of foreign capital in the form of foreign private capital to developing countries, and Nigeria especially over the years has been marginalized. According to UNCTAD (2001) Nigeria's share in FDI flow has steadily declined in recent time. Continuing, UNCTAD identifies the factors responsible to include high level of corruption, poor governance, inadequate infrastructure, insecurity among others. It is important to note that despite the increase of about 30% of FDI in the 1980s and 1990s, Nigeria still lag behind in attracting benefits of foreign direct investment.

Consequently, UN and World Bank initiated a Pro SSA awareness to correct old impression which holds that Nigeria and SSA-Sub-Saharan African states are risky investment location. This has been attributed further to instability in exchange rate, price instability and above all political instability.

In a related development, Nigeria as stated abinitio has recorded serious improvement in economic growth 3 years back 2015 but couldn't relate it to increase in FDI in flows. This is on the premise that fiscal policies embarked upon by the government to ameliorate the situation could not attract any visible and sincere Foreign Direct Investment (FDI) to the country hence the lingering infrastructural decay. Indeed, the question that comes to mind is whether these Foreign Direct Investments (FDI) actually contribute to the socio-economic and political development in Nigeria or not. We are also curious to ascertain if actually corruption, insecurity and weak policy implementation strategy as noted hinders the activities of FDI in socio-economic and political development.

This state of affairs necessitated the choice of this topic which attempts to ascertain the extent FDI in Nigeria over the years from 1986 to 2017 has contributed to socio-economic and political advancement in the country. These issues propelled the ambition of the researcher to look into this gray area aimed at determining the extent Foreign Direct Investments (FDI) has facilitated socio-economic and political development in Nigeria and whether corruption, insecurity and poor policy implementation strategy contributes to non-performance of FDI.

Indeed, the enthronement of tagged acceptable policies has not yielded the desired result hence the choice of this topic aimed at ascertaining the factors responsible for the gap in socio-economic and political development which is the fundamental role of FDI. The synergy seems not to have fetched the desired goal since time immemorial.

Therefore, the great need for socio-economic and political advancement in Nigeria through Foreign Direct Investments (FDI) calls for serious inquiry hence the interest of the researcher. The pendulum is dangling between the fact that FDI is either or not an agent of socio-economic and political development. This calls for serious concern to drive the developing economy of Nigeria to an enviable height because the sub-structural and super-structural status of the country is of great essence.

The inability to address these challenges no doubt has been responsible for high degree poverty, unemployment, starvation, infrastructural decay; economic recession, election rigging, political instability, bad leadership, lack of political will, political apathy among others. The choice of this topic is to address these issues by the researcher.

This situation no doubt has threatened socio-economic and political development in the country especially from 1986 to 2017 because a friendlier business climate lowers the cost of doing business. As we have noted that the major rationale behind the inability of FDI to perform her major role was due to corruption, insecurity and poor policy implementation. However, the problem remains, why are these variables persistent in hindering the role of FDI in socio-economic and political development over years particularly from 1986 to 2017. Indeed, these factors seem very dominant in shaping the effect of FDI in socio-economic and political development in Nigeria. Indeed, this state of affairs attracted the attention of the researcher to ascertain the rationale behind this persistency in infrastructural decay, starvation, poverty, insecurity, unemployment among others, despite the volume of FDI in Nigeria. This has remained a reoccurring decimal on the overall development of the country since the inception of Foreign Direct Investment (FDI) as a panacea to socio-economic and political challenges in the country.

However, it could be noted and very importantly too, the assumption that FDI is an instrument of socio-economic and political development in Nigeria has been an object of contest (Fredriksson and Zinny, 2001). From the 1960s onwards, there have been voices in favour of FDI and against it. Some scholars like Bosworty, Collins, Okeke, Findlay, Dees among others argued that FDI leads to economic growth and development while others like Nwosu, Okereke, Nwaoha stress the risks associated with FDI and concluded it is not.

Abinitio, FDI used to be viewed as unhelpful, negative and bringing inappropriate technology to developing countries like Nigeria. But more than four decades on, a radically different view from the beginning of the period has emerged. FDI is now seen as beneficial and nearly all countries try to provide a welcoming climate for investment. The major issue is the opposing views that FDI enhances socio-economic and political development in most developing countries. The two views are opposed to each other. Indeed, even those who viewed that FDI has a relationship with socio-economic and political development of countries insisted that it is not significant.

Therefore, after examining these varied views, where some scholars perceived FDI as an instrument of socio-economic and political development whereas others viewed that it is antithetical, the researcher agreed that FDI is an instrument of socio-economic and political development in Nigeria but impeded by some domestic variables of corruption, insecurity and poor policy implementation strategy.

From the foregoing, the problem of the research is to investigate how key domestic variables such as corruption, insecurity and poor policy implementation strategy hinders the effectiveness of FDI as an instrument of socio-economic and political development in Nigeria from 1986 to 2017. No doubt, these domestic factors are responsible for the low achievement level of FDI in Nigeria.

1.3 Research Questions

In an effort to actually ascertain the extent Foreign Direct Investment (FDI) in Nigeria enhances socio-economic and political development or otherwise, certain pertinent questions should be asked and answered. The questions are:

1. Is corruption a hindrance to the performance of the FDI in socio-economic and political development in Nigeria?
2. Is insecurity a factor responsible for ineffectiveness of FDI as an instrument for socio-economic and political development in Nigeria?
3. Have the implementation of economic, political and social policies put in place by successive regimes affected the performance of FDI in Nigeria?

1.4 Objectives of the Study

The purpose of this study is to investigate the direction of Foreign Direct Investment (FDI) inflow into Nigeria and evaluate the effect on the socio-economic and political development of Nigeria from 1986 to 2017.

Specifically, the objectives are:

1. To examine whether corruption impeded the role of FDI in socio-economic and political development in Nigeria.
2. To ascertain whether insecurity witnessed in the country a threat to the role of FDI in socio-economic and political development.
3. To determine whether socio-economic and political policies of Nigeria affected the performance of FDI.

1.5 Significance of the Study

As noted abinitio, the relevance of FDI in the economy of developing countries cannot be over emphasized. One of the major challenges of Nigeria is low level of savings which invariably leads to low investment. Even when countries attain high saving rate, there are some other factors that inhibit investment which adversely affects socio-economic and political development of such a country.

It has been noted world over that investment is the panacea to socio-economic and political development of most countries particularly in this globalized society of interdependence. Indeed, every state is expected to be strategic enough to realize this objective. This state of affairs ignited the spirit to evaluate the interplay of FDI and socio-economic and political development in Nigeria from 1986 to 2017.

From the fore-going therefore, the practical significance of this work is to unfold the role of FDI in socio-economic and political development in Nigeria from 1986 to 2017 which will assist policy makers in Nigeria to plan ahead in their bid to optimally tap the gains of Foreign Direct Investment (FDI). At the end of this study, we made appropriate recommendations that will enable Nigeria to not only attract FDI but also effectively harness such inflows for socio-economic and political growth. This will also enhance the living standard of the people of Nigeria. Generally, our findings will equally help political economists, foreign policy and financial analysts. It will help Nigerian government in her fiscal policy strategy and choice to avoid a repeat of the current situation where Nigeria accounts for one of the greatest FDI inflow in Africa but nothing to show for it.

On the other hand, even though other researchers have done a lot in this area particularly on the effect of FDI on socio-economic and political development in Nigeria, but no effort was made to ascertain how domestic variables of corruption, insecurity and poor policy implement strategy impeded the effectiveness of FDI on socio-economic and political development in Nigeria. The uniqueness of the problem makes the work very significant and outstanding. At the end, we are hopeful that future scholars in this field will rely on this work as a tool of analysis for further research.

1.6 Scope and Limitations of the Study

This study covers the period from 1986 to 2017. Indeed, this period chosen will enable us understand the flow of FDI after the introduction of Structural Adjustment Programme (SAP) in the Nigerian economy. This is otherwise known as post-SAP period/era. It could be noted that before the introduction of SAP, Nigeria and other developing countries relatively restricted the flow of Foreign Direct Investment (FDI). This means that the level of liberalization of trade then was not as much as they were during SAP era. But SAP as national policy led to a lot of policy reforms that intends to encourage socio-economic and political development. This work basically focused on the aggregate flow of FDI i.e. both the inflow and the outflow in particular to enable us determine the direction of flow into Nigeria and know whether it has contributed to socio-economic and political development in the country. The work was faced with the challenges of information gathering.

Also, it was quite cumbersome to get accurate and reliable data from most institutions in and outside Nigeria particularly the Central Bank (CBN) and World Bank. Indeed, accessing most of them even in the internet was a herculean task. Also, the staff of the E-library, National Bureau of Statistics and CBN Umuahia office, Abia State were not too co-operative. Unfortunately, we sometimes have challenges reconciling figures and statistics offered by these sources. Therefore, occasionally, we are left in the dilemma of which set of figures to consider as the most correct. Indeed, it was a great limitation.

Other challenges encountered includes finance, lack of information, time-lag of this research and inaccessibility of the data centre. In all, these situations hampered the availability of certain information that would have helped to do a very in-depth job. The literature review suffered a major setback in this regard as most materials that would have assisted greatly here could not be accessed due to the above short comings. In order to limit the shortcomings, frantic effort was made to establish personal contacts with officers in charge of resource rooms in some of the institutions/agencies where we find it difficult to penetrate abinitio. Also, to further surmount these challenges and do an in-depth job, we resolved to strictly compare figures and advance further in our investigations.

1.7 Operationalization of Key Concepts/List of Abbreviations

In order to properly comprehend adequately this study, certain terms commonly used shall be explained.

1. **Foreign Direct Investment (FDI):** This is a situation where either a state or non-state actor invests across national frontiers by transfer of capital or technology. It involves having a major stake in the foreign company or real estate. Example, the USA may decide to invest or buy a company in Nigeria.
2. **Policy:** This is a plan of action; in the context of this research, we will take policy to mean Nigeria's government plan of action which can be by legislation i.e. regarding the formulation of laws and programmes which are aimed at the general economic growth and development of the country.
3. **Economic Development:** This is the gradual unfolding growth in the production method, distribution channels and the consumption –pattern of goods and services (wealth) in Nigeria. This leads to the general improvement in the standard of living of the people of Nigeria.
4. **Transnational Corporations:** Put simply, Transnational Corporations are giant companies that have their headquarters of operations in their home countries with subsidiaries in many other countries of the world including Nigeria. They facilitate the role of FDI in Nigeria.
5. **Globalization:** This is a term used to describe the growing worldwide capitalist integration of economies and people. This process has been heightened by the recent development in transport and information technologies which has reduced the world to a "global village".
6. **Dependency:** This is a Marxist critique of orthodox theory which focuses on internal factors as causes of underdevelopment rather than on the external factors. Dependency describes the extent to which Nigeria's economy is subordinated to the other economies in which case the internal dynamics of Nigeria is conditioned by the external stimuli.
7. **Economic Liberalization:** This involves the breaking down of certain national barriers to economic activities especially on trade and investment.
8. **Interdependency:** The international arena is such that there is no state of autarky. For the purposes of this work, the relationship of Nigeria with other countries for one thing or the other and vise versa is referred to as inter-

dependence of states. For instance, Nigeria depends on civilized countries for the growth of her economy through FDI. In actuality, inter-dependence is complex as it includes dependence relationship among citizens of Nigeria, their companies, goods and services, funds, aids and other diplomatic ends on other countries for survival.

9. **NEPAD:** New Partnership for Africa's Development is an initiative by African leaders based on a common vision and a new hope for the continent. NEPAD is borne out of a conviction that the leadership of the continent has a pressing duty and responsibility to eradicate poverty from the face of Africa and promote a stable socio-economic and political development.
10. **S.S.A.:** Sub-Sahara Africa.
11. **SAP:** Structural Adjustment Programme is a development strategy among the third world countries. It is an economic policy package that is usually foisted on third world countries confronted with economic challenges by two international institutions – the International Monetary Fund (IMF) and the World Bank. These two institutions inspired SAP in Nigeria in 1986.
12. **UNCTAD:** United Nations Conference on Trade and Development was proposed by the Soviet Union and endorsed by the United Nations General Assembly in 1962. It was designed to promote the interest of Less Developed Countries (LDCs) against the provisions of imperialist GATT.
13. **IMF:** International Monetary Fund is a typical international financial institution with the capacity to solve the technical problem of liquidity, adjustment and confidence in Nigeria. It has the responsibility of the establishment of a sound monetary system for a prosperous economy and effective participation in international trade and exchange relations aimed at bringing Nigeria at par with the developed economies. It is designed to promote economic growth, development and international trade in Nigeria.
14. **NIPC:** Nigerian Investment Promotion Commission is an agency of government that regulates foreign investments in Nigeria. By provisions of the Company and Allied Matters Decree, every foreign investor registers with the

NIPC. The Commission should regulate and direct investors on the areas of interest of the country.

15. **AERC:** African Economic Research Consortium.
16. **O.E.C.D.:** Organization of Economic Co-operation and Development
17. **O.D.A.:** Official Development Assistance
18. **M.A.I.:** Multilateral Agreement on Investment
19. **UNPD:** United Nations Population Division
20. **GDP:** Gross Domestic Product.
21. **GNP:** Gross National Product.

CHAPTER TWO: LITERATURE REVIEW

2.1 Review of Related Literature

This chapter is devoted to the review of relevant literatures on Foreign Direct Investment (FDI) and ascertain whether it enhanced socio-economic and political development in Nigeria. The purpose is to find out what has been said about Foreign Direct Investment (FDI) as a global economic concept driven by liberalization. The review shall delve into the internal and external market forces which to a large extent determines the level of Foreign Direct Investment (FDI) within the period under review and ascertain whether it enhanced socio-economic and political development in Nigeria particularly in this era of global economic game. We shall review the views of scholars on other key variables in the work.

Aside these internal and external environmental determinants, the review shall encapsulate the views of many authors on the extent FDI has acted upon socio-economic and political development in Nigeria. It could be noted that it is to what extent the country is able to develop in the above areas that determines its position in the current global economic configuration and by extension what it stands to gain or lose in the on-going global inter-change.

Many authors and commentators such as Walter Rodney, Akpakpan, Meier Tadaro among others have advanced reasons for the ever-reasoning global relationship driven by FDI. Whereas some complain about its lopsided and asymmetrical nature and its impact on developing countries and economies; others express optimism on the globalizing process as the sure route to socio-economic and political development.

Development: Liberal Perspective

Development is inextricably tied to the economic domain. Most liberal theorists saw it as economic development which could be gauged in terms of the growth of the Gross National Product (GNP).

Accordingly, development is defined as the maximization of the growth of the GNP through capital accumulation and industrialization (Meier, 1989). In this context, development implies change which often, follows a well-ordered and organized sequence and exhibits common characteristics across countries (Thirlwall, 1983). Thus, for most liberal scholars, development means the capacity of a national economy which initial economic condition has been more or less static to generate and sustain an annual increase in its Gross National product (GNP) at rates of perhaps 5 to 7 percent or more. (Todaro, 1979).

The above conception of development represents the dominant bourgeois thinking of the 1950s and 1960s. The failure of most developing countries to overcome the perennial problem of poverty regardless of bold attempts at industrialization brought to a sharper focus the futility of forging ahead through the pursuance of economic growth.

Mahbubul (1971) of Pakistan seems to speak for all developing countries when he lamented that, we were taught to take care of our Gross National Product (GNP) as this will take care of our poverty. Continuing, he opined “let us reverse this and take care of our poverty as this will take care of the Gross National Product (GNP) given the fact that the increased rate of industrialization in most of the hitherto primitive areas has woefully failed to usher in the much desired eldorado. It has been maintained in some quarters that economic growth through industrialization is not development. This shows that development is affected by the degree of poverty.

Meier (1989) seems to have struck the right cord when he observed that development is more than just the acquisition of industries, but includes such ideas of modernization as, rise in productivity, social and economic equalization, modern technical know-how, improved institutions and attitudes as well as rationally coordinated policy apparatus. The conceptionalization of development in terms of Gross National Product (GNP) and other variables of growth has not only been attacked for being dubious and unreliable, but it has also been jettisoned because it is static and restricted.

As noted by Todaro (1979), while economic progress is an essential component of development, it is not the only one. Indeed, development encompasses more than the financial and material side of people's lives.

In search of a more fruitful conceptionalization of development, some development economists defines it as an instrumental process of overcoming persistent poverty, absorbing the surplus labour and diminishing inequality (see, Meier, 1989). This means that development is an agent of equality as well as bridge builder.

Development: The Marxist Perceptive

The radical scholars' perspective of development is quite different from that of their liberal counterparts. In their view, development rather than being an abstract economic category is a multi-dimensional process. Also when viewed from the dialectical materialist-binocular, development rather than being restricted to macro economic variables, focuses on man and his well-being. As a result of this, human beings constitute the fulcrum on which it revolves. It is thus contended by these theorists that, a thorough and comprehensive understanding of the meaning of development provides the most functional path towards overcoming the endemic problem of backwardness. Thus, radical scholars reject various liberal definitions of development. This is primarily because they correspondingly lead to faulty policy options, which in most cases worsen and deepen the problems of development.

To Rodney (1972), development in human society is a many-sided process. At the level of individuals, it implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. At the level of social groups, it implies an increasing capacity to regulate both internal and external relations. In the past, development has always meant the increase in the ability to guard the independence of the social group.

The above assertions from Rodney's work sets the tone and provided the basis for our understanding of development in the Marxist perspective. The Marxist views development from three broad levels. These are the individual level, social groups level and mode of production level. At the individual level, human beings are seen as the epicenter of development. Therefore, human development is seen as a prerequisite for real development. In line with this reasoning, development at the individual level implies mental and academic sophistication, moral rectitude as well as material well-being. It is contented that the acquisition of this aspect of development will inevitably catapult the society to the frontiers of genuine development. For instance, the development of man will lead to increase in productivity, ability to harness the forces of nature and the capacity for man to make a living in the face of harsh natural forces.

At the social group level, Rodney (1972) opined that development implies an increasing capacity to regulate both internal and external relationship. It also involves the ability to safeguard the independence of the social group. In addition, it implies the ability of members of the society to concertedly deal with their environment.

The third conception of development by the Marxist scholars organically ties development to socialist mode of production. The thinking here is that capitalists mode of production is an impediment to development and people's well-being. It breeds inequality, exploitation and crisis. Therefore, socialization is seen as the only method of bringing about development.

In order to grasp the fundamentals of development, it is perhaps instructive to follow the footsteps of Dennis Goulet whose basic components or core values of development, serve as a conceptual basis and practical guideline for understanding the inner meaning of development.Goulet (1971), observed that the basic components of development are life-sustenance, self-esteem and freedom. Using Goulet's concept of development, therefore, development implies a situation where there has been an improvement in the basic needs, when economic progress has contributed to a greater sense of self-esteem for the country and individuals within and when material advancement has expanded the range of choice for individuals.

Lenis (1963), noted that there is a significant relationship between economic growth and development when he observed that the advantage of economic growth is not that wealth increases happiness, but that it increases the range of human choice.

A more fruitful approach to the definition of development ought to follow the Marxist tradition as well as Goulet's conception and thus take into account not only economic and political factors alone, but also social indicators as well. Strengthening the above views of Goulet, Maho (1991), opined that such social approach sees development as people inspired, human centred and citizen anchored. In other words, people should be seen as the agent of change and development, and development should directly affect the quality of life and well-being of mankind.

From this stand point, development implies the qualitative and quantitative change, not only in the standard of living of members of the society but also the transformation of the society, in all its ramifications.

The Concept of Foreign Direct Investment (FDI)

Root (1978), Foreign Direct Investment (FDI) is investment behaviour when an individual or industrial firm has expanded asset resources from one country to the other in compliance with the legislation of the host country. FDI is not basically an international transfer of capital, but rather the extension of enterprise from its home country into a foreign host country. Foreign Direct Investment (FDI) is a distinctive feature of transnational enterprise. Aja (1998), FDI is basically facilitated by Transnational Corporations (TNCs), that command the monopoly of world capital technology and market ideology. By this, FDI increases financial ties among and between states through TNCs. Akpakpan (1999) opined that FDI takes the form of capital flow across national boundaries as a business drive for greater profit making through industrial organizations or firms.

In the words of Aja (2002), the establishment of FDI creates more room for multiple sources of revenue; increases financial ties; integration of trade and the market system. There is the drive to export capital and technology as well as management to other territories or countries. FDI is not only transfer of ownership from domestic to foreign residents, but also a mechanism that makes it possible for foreign investors to exercise management and control over host country's firm. To Nwosu (2010), FDI extends to foreign economic and business activities in agriculture, manufacturing, mining, ship construction and development, electric and telecommunication industries, biotechnology and construction industries. To Ajayi (2006), foreign direct investment contributes to growth in a substantial manner because it is more stable than other forms of capital flows. This means that FDI is an engine of growth as it provides the much needed capital for investment; increases competition in the host country industries and aids local firms to become productive by adopting more efficient technologies or investing in human and /or physical capital.

Adeleke, Olowe and Fasesin (2014) opined that FDI is a direct investment into production or business in a country by an individual or company of another country either by buying a company in the target county or by expanding operations of an existing business in that country. This means that FDI is an expanse as it involves either personal or company investment from home across national frontiers.

World Bank (1996:13) conceptualized Foreign Direct Investment (FDI) as

> *…investment that is made to acquire a lasting management interest (usually 10% of voting stock) in an enterprise and operating in a country other than that of the investors (define according to residency) the investors purpose being an effective voice in the management of earning either long term capital or short term capital as shown in the nation's balance of payments account statement.*

To this end, the investor's interest is a major factor that determines the volume of investment. Therefore, Foreign Direct Investment (FDI) is foreign based as there must be an established domestic investment to expand the market. Macaulay (2012), averred that Foreign Direct Investment (FDI) includes mergers and acquisitions, building new facilities, reinvesting profit earned from overseas operations and intra company loans. Simply put, Foreign Direct Investment (FDI) refers just to building new facilities. Todaro (1979), believed that FDI encourages the inflow of technology and skills and fills the gap between domestically available supplies of savings, foreign exchange and government revenue. This implies that FDI facilitates the transfer of technology and strengthens exchange rate. Foreign Direct Investment (FDI) is skills and technology driven. The Foreign Direct Investment (FDI) represents a veritable source of foreign exchange and technological transfer, especially to most developing economies of the world.

Nwankwo, (2013) observed that FDI can be analyzed in terms of inflow of new equity capital, re-invested earning (unremitted profit), trade and suppliers' credit, net inflow of borrowing and other obligations from the parent company or its affiliates. This shows that FDI revolves around the flow of capital from home country to host country. Also, Olopoenia (1985) held that Foreign Direct Investment (FDI) could be seen as an additional factor of production and as a supplement to the national savings effort of the capital importing country. This is designed to relax with the foreign exchange and savings constraint on the rate of growth of output in the recipient country. Agada and Okpe (2012) saw Foreign Direct Investment (FDI) as an attempt by individuals, groups, companies and government of a nation to move resources of productive purpose across its country to another country with the anticipation of earning some surplus. This means that FDI is profit oriented. The investor must have a fundamental aim of maximizing profit through investment across national frontiers.

Similarly, Otepola (2012) opined that FDI has emerged as the most important source of external resource flows to developing countries over the years and has become a significant part of capital formation in these countries, though their share in the global distribution of FDI continue to remain small or even declining. The above assertion indicates that FDI is a sure way of transferring capital to developing countries particularly in this era of globalization. Complementing this assertion, Caves (1996) observed that the rationale for increased efforts to attract more FDI sterms from the belief that FDI has several positive effects which includes productivity gains, technology transfers and the introduction of new processes, managerial skills and know how in the domestic market, employee training, international production networks and access to market. By this, FDI affects developing countries positively. Indeed, FDI is an effective strategy that is used by developing countries of the world to achieve economic growth and development. Odozi (1995) stated that FDI is a form of lending or finance in the area of equity participation which generally involves transfer of resources including capital, technology, management and marketing expertise. This shows that such resources as stated extends the production capabilities of the recipient country. Similarly, Ekpo (1997) outlined the factors that influence Foreign Direct Investment (FDI) to include inflation, exchange rate, uncertainty, credibility, government expenditure as well as institutional and political factors, domestic interest rates, debt service, credit rating and political stability. This means that FDI is a bridge builder. These factors affects the flow of FDI in most countries of the globe.

World Bank (2007) described FDI as investment made so as to acquire a lasting management interest (for instance 10% of voting stocks) and at least 10% of equity shares in an enterprise operating in another country other than that of investor's country. Anyanwu (2014), averred that Foreign Direct Investment (FDI) is not only a transfer of ownership from domestic to foreign residents, but also a mechanism that makes it possible for foreign investors to exercise management and control over host country firms. This means that FDI is a facilitator of control.

FDI and Socio-Economic and Political Development in Nigeria

There is yet no consensus on the relationship between Foreign Direct Investment (FDI) and socio-economic and political development. But it is important to note that it is a growing phenomenon in recent years that FDI is positively correlated with socio-economic and political development. In this regard, FDI's contribution to socio-economic and political development comes through its role as a condition for transferring advanced technology from industrialized to the developing countries.

For instance, Findlay (1988) stated that FDI increased the rate of technical progress in the host country through a "contagion" effect from the more advanced technological and management practices used by foreign firms. By this, the contagion can lead to improvement in productivity and efficiency in local firms in several ways. Put simply, contagion can occur when a local firm improves its productivity by copying some technology used by Transnational Corporations (TNCs) in the local market. Contagion otherwise known as spillovers can as well occur when an affiliate demonstrates new techniques to train local workers who later accept employment in local firms or start their own firms. Insisting that there is a positive correlation between FDI and development, Dees (1998) stated that FDI has been important in explaining the drama of China's economic growth and development. This shows that FDI enhanced the present breakthrough in the world market by China. In the words of Blomstrom (1986), FDI has a significant positive influence on growth and development rates but the influences seems to be confined to higher income developing countries. The author interprets this result as signifying that the host economy must be capable of absorbing the new technology manifested in the FDI. Borenzstein, Gregorio and Lee (1998) asserted that while FDI is an important vehicle for the transfer of technology and a positive contributor to socio-economic and political growth, its impact is greater. Okon, Jacobs & Chuku (2012) insisted that FDI is an engine of growth and development because it provides the much needed capital for investment, increase competition in the host country industries and aids local firms to become more productive by adopting more efficient technologies or by investing in human and /or physical capital. Affirming this, Ajayi (2006) stated that FDI contributes to growth in a substantial manner because it is more stable than other forms of capital flow. This shows that the synergy between FDI and socio-economic and political development is concrete.

The preposition made above is that FDI facilitates socio-economic and political growth on one hand and on the other hand, socio-economic growth attracts Foreign

Direct Investment (FDI) in Nigeria. Both are endogenously determined into Nigeria. There is a symbiotic relationship.

Ruxanda and Muraru (2010) supporting the motion that there is an endogenous relationship between FDI and socio-economic and political development affirmed that FDI stimulates development and in its turn, a higher GDP attracts FDI. To Bosworty and Collins (1999), FDI inflows tend to raise a country's growth and development rate through their positive impact on total factor productivity. To this end, FDI is a facilitator to socio-economic and political development in most host countries particularly the developing nations.

Li and Liu (2005) found that FDI not only affects development directly but also indirectly through its interaction with human capital. They discovered a negative coefficient for FDI when it is regressed with the technology gap between the source and the host country using a large sample. Borensztein, Gregorio and Lee (1998) complementing the above view found similar results i.e. that inward FDI has positive effects on growth and development with the strongest impact, coming through the interaction between FDI and human capital. De Mello (1997) discovered positive effects of FDI in socio-economic and political development in both developing and developed countries, but concludes that the long run development in host countries is highly determined by the spillovers of knowledge and technology from investing countries to host countries. Supporting the assertion, Balasbramanyam, Salisu and Sapsford (1996) stated that the growth effect of FDI is positive for export promoting countries and potentially negative for import substitution ones. Supporting the above latter view, Rodrik (1999) argued that the effect of FDI on socio-economic and political growth tends to be weak and suggests again that much if not most of the correlation between FDI and support economic performance is driven by reverse causality. This implies that FDI is not a charitable organization that brings only benefit.

Olokoyo (2013) opined that Nigeria as a country, given her national resources based and large market size, qualifies to be a major recipient of FDI in Africa and indeed is one of the top three leading African countries that consistently receives FDI in the past decade. Continuing, Nweke (2014) posited that the success of Nigeria's policies of stimulating, the productive base of the economy depends largely on her ability to control adequate amount of FDI comprising of managerial, capital and technological resources to boost the existing production capabilities. Eze (2013) stated that Nigeria upon attainment of independence in 1960 strove to overcome the challenges of scarcity of resources such as capital, entrepreneurship, access to foreign investment, technology transfer to enhance socio-economic and political development in the country. This resulted to the assertion of Olokoyo (2013) that Nigeria upon recognizing theoretical role FDI can play in its growth and development process, competes aggressively with other countries such as Angola, South-Africa and Egypt in attracting FDI. In his own, Okeke (2012) stated that an increase in political stability in one Africa country will diminish the probability of FDI flows to that country as well as to other countries in Africa. This situation affects Nigeria as the degree of FDI determines the superstructure.

Oseghale and Amonkhienan (1987) stated that FDI is positively associated with GDP, concluding that great inflow of FDI will spell a better economic performance for Nigeria. This shows that FDI is economic growth driven.

Ayanwale and Bamire (2007) supporting this view that FDI has a positive link with economic growth and development, cautioned that the overall effect of FDI on economic and political development may not be significant. Herzer, Klasen and Nowak (2006) affirmed that FDI drives Nigeria socio-economic and political development. Also Okodua (2009) posited that there is evidence of long run equilibrium relationship between economic growth and FDI inflows in Nigeria. Contributing, Akinlo (2004) averred that both private capital and lagged foreign capital have small and insignificant impact on economic growth in Nigeria. Continuing, Degaregorio (2003) stated that FDI may allow a country to bring in technology and knowledge that are not really available to domestic investors and in this way increase productivity growth and development throughout the economy.

Also, Dolan and Tomlin (1980) opined that FDI flows were positively associated with growth of per capita income but that the stock of FDI had a negative effect on overall development. Similarly, Saltz (1992) confirmed a negative effect of FDI on many countries in the world as he stated that FDI negatively affects over 75 countries socio-economic and political development in the world between 1970-80. However, Balasybranyam, Salisu and Sapsford (1996) averred that FDI has a positive effect on economic growth and socio-political development of host countries with an export promoting strategy but not in countries using an import substitution strategy. This is the rationale behind the need for a country's export to exceed her import. To Oyejide (2005), the degree of effect of FDI on socio-economic and political environment is dependent wholly on the condition of the developing economy concerned. Otepola (2002) stated that FDI contributes significantly to growth and development especially through exports when government polices attract FDI to the priority sectors of the economy. In the case of Nigeria, Otepola concluded that there is low level of existing human capital, suggesting that the human capital (Labour) available in Nigeria is not FDI inducing. On the contrary, Akinlo (2004) noted that export, labour and human capital are positively related to economic growth in Nigeria. Supporting this, Ayanwale and Bamire (2007) assessing the influence of FDI on firm level productivity in Nigeria reported a positive spillover of foreign firms on domestic firm's productivity. This signifies a relationship between FDI and domestic production. FDI cannot stand in isolation.

In a similar vein, Lall (2002) opined that FDI inflow affects many factors in the economy and these factors in turn affects socio-economic growth. Solomon and Eka (2013) assessing the degree of impact opines that FDI has a positive but insignificant impact on Nigeria's economic growth particularly between 1981 and 2009.

Contributing, Alejandro (2010) explained that FDI plays an extra ordinary and growing role in global business and economies by providing firms with new markets and marketing channels, cheaper production facilities, access to new technology products, skills and financing for a host country or the foreign firm. This shows that FDI can provide source of new technologies, capital, processes products, organizes technologies and management skills and other positive externalities and spillover that can provide a strong impetus to regional economic growth and development.

Noting significantly the relationship between FDI and economic and political development, Obwona (2001) averred that political stability and policy consistency are important parameters determining the inflow of Foreign Direct Investment (FDI) and that the Foreign Direct Investment (FDI) affects growth positively but insignificantly. By this, Foreign Direct Investment (FDI) contributes to economic growth via technology transfer. Zhang (2001) argued that Foreign Direct Investment (FDI) has positive growth impact that is similar to domestic investment along with partly alleviating balance of payment deficit in the current account. Continuing, Zhang stated that technology transfer and spillover efficiency, and the inflow of Foreign Direct Investment (FDI) might be able to stimulate a country's economic performance. In his own, Ewe-Ghee (2001) argued and discovered that while substantial supports exist for positive spillovers from FDI, there is no consensus on rationale behind it.

Otepola (2002) while examining the importance of Foreign Direct Investment (FDI) in Nigeria's economic growth and development concluded that FDI contributes significantly to growth especially through exports. This is on the basis that no state can be an island. Supporting Otepola; Ricardo, Hwang and Rodrick (2005) argued that Foreign Direct Investment (FDI) provides a path for emerging nations to export the products developed which in effect increases their export sophistication. Indeed, many developing countries including Nigeria pursue FDI as a tool for export promotion, rather than production for the domestic economy. In most cases, foreign investors build plants in nations where they can produce goods for export and lower costs. In a unique view, Bende-Nabende, Ford, Sen and Slater (2002) found that direct long term impact of Foreign Direct Investment (FDI) on output is significant and positive for comparatively economically less advanced states but negative in the more economically advanced countries. The deduction is that FDI creates impact in less developed economics like Nigeria because of interest on raw materials with less competition. Aniyo (1998) while assessing the degree of FDI impact on Nigeria's economic growth, found that only private domestic investment consistently contributes to raising GDP growth rates. This implies that FDI is private economy driven.

Alfaro, Chanda and Kalemi (2003) affirmed that the contribution of FDI to economic growth and development depends on the sector of the economy where the FDI operates. Continuing, for instance FDI inflow of the primary sectors, tends to have a negative effect on growth. Contributing, Durham (2004) stated that there is positive relationship between Foreign Direct Investment (FDI) and growth but suggests that the effects of Foreign Direct Investment (FDI) are contingent on absortive capability of host countries. Looking at the activities of FDI in Nigeria in the present global configuration, Nwankwo, Ademola and Kehinde (2013) concluded that Foreign Direct Investment (FDI) has been of increase benefit to Nigeria in the area of employment, transfer of technology, encouragment of local enterprises etc. This does not go without impediments. While examining the impact of FDI on Nigeria's economy, Adelegan (2000) concluded that FDI is pro-consumption and pro-import and negatively related to Gross Domestic Investment. Olufemi and Keke (2014) supporting that FDI has no impact on Nigeria's economy affirmed thus "Foreign Direct Investment (FDI) has no significant impact on economic growth in Nigeria". Continuing, they concluded that the presence of foreign direct investment in the LDC, particularly in Nigeria is not totally useful. This means that FDI is related to economic growth and development.

Indeed, the role of FDI towards enhancing socio-economic and political development in Nigeria cannot be overemphasized. Previous studies on foreign direct investment (FDI) and economic growth/development in Nigeria provides inconclusive evidence.

Solomon and Eka (2013) posited that FDI has an overwhelming impact on economic growth/development in Nigeria. In his own, Okereke (2014) asserted that FDI is a tool designed to determine macro-economic and political policies of Nigeria, but surprisingly have not achieved this goal. Continuing, he maintains that FDI plays to the gallery.

He further stated that, FDI plays insignificant role in ensuring political stability in Nigeria. In all, what affects the substructure equally affects the superstructure. Aja (2002) opined that sustainable democracy is not only good for the Nigerian people but for the world community. Continuing, he stated that FDI theoretically is a function of democratization and sustainable socio-economic polices. In the words of M. Albright, US Secretary of State “we are interested in Nigeria because the stakes are so high in a relatively stable political system”. This implies that FDI is designed to facilitate stability in every domestic system which invariably enhances development. To Zhang (2001), FDI has positive growth impact that is similar to domestic payment deficit in Nigeria. This could be achieved through technology transfer which stimulates the socio-economic and political development in Nigeria through export. This means that FDI provides a path for emerging nations to export the products which developed economies usually sell thereby increasing their export sophistication. This shows that FDI is a tool for export promotion.

Supporting Zhang, Borenzstein, Gregorio and Lee (1998) opined that FDI is an important instrument for the transfer of technology and a positive contribution to economic growth and development in Nigeria. Romer (1993) stated that FDI through transfer of technology and business understanding can have a spillover on all firms thereby boosting the productivity of the entire economy of Nigeria. Amonkhienam (1987) opined that the stability of the GDP most cases hinges on the degree of FDI inflow in Nigeria. This implies that the greater the FDI inflow the greater the growth of GDP. Contributing, Okodua (2009) argued that FDI retards political and socio-economic growth in Nigeria. Indeed, the growth of the economy does not have any effect on the political and social development of Nigeria. This is on the premise that despite an interplay of politics and economics for the growth and development of the society, FDI has not achieved its designed target of socio-economic advancement. In another perspective, Balasurbrananyam, Salisu and Sapsford (1996) opined that FDI has a positive impact on economic growth and social development of host countries with an export promoting strategy but not in countries using an import substitution strategy. This goes to buttress the point that FDI enhances socio-economic and political development in countries with high export rate because of the regular openness to borders while countries with low export rate like Nigeria are at risk.

According to Okon, Jacob and Chuku (2012), FDI is an engine of under-development in Nigeria as it does not provide the much needed capital for investment, increase competition in the host country industries and aid local firms to become more productive by adopting more efficient technologies or by investing in human and/or physical capital. This means that FDI inhibits socio-economic development in Nigeria. Complementing this, Ajayi (2006) stated that foreign direct investment does not facilitate growth and social development in a substantial manner in Nigeria because it is less stable than other forms of capital flows. This implies that despite the fact that FDI is more to every sector of Nigeria’s economy, it has not been translated visibly into the economy. However, it should be a determinant factor. Continuing, Ajayi maintains that FDI by augmenting domestic savings; remains a channel through which technology spillovers lead to an increase in factor productivity and efficiency and also leads to increase in exports as a result of increase capacity and competitions in domestic production in Nigeria. By all standards, FDI has not enhanced socio-economic and political development in Nigeria. Ojukwu (2015), FDI should facilitate economic and political growth on one hand and on the other hand, economic growth should attract foreign direct investment into Nigeria. This implies that FDI and economic growth are designated to be both endogenously determined in Nigeria. This signifies a symbiotic relationship.

On the contrary, supporting the role of FDI in ensuring socio-economic growth and development and its endogeneity, Ruxanda and Muraru (2010) opined that in its own, stable GPD attracts FDI to most developing economies of Africa, Latin America and Asia. Aluko (1961) averred that the bond holding FDI and economic development is tight. To him, FDI facilitates socio-economic growth in Nigeria. There is positive linkage between FDI and economic growth in Nigeria. On the other hand, Brown (1962) held thus “FDI do not promote economic growth among most developing countries including Nigeria”. In the same vein, Obinna (1983) opined that there is positive linkages between FDI and economic growth whereby FDI acts upon the economy through capital inflow. Ekpo (1995) emphasizing on the link, reports that political regime, real income per capita, inflation rate, world interest rate, credit rating and debt service were the key factors explaining the variability of FDI inflows into Nigeria. Ayanwale and Bamire (2007) investigated the empirical relationship between non-extractive FDI and economic growth in Nigeria and also examined the determinants of FDI inflows into the Nigeria economy discovers a positive link between FDI and growth in Nigeria. Continuing, Ayanwale and Bamire insisted that FDI facilitates socio-economic growth and development through direct impact on productivity of both domestic labour and domestic capital by transmitting superior technology. Olokoyo (2013) stated that Nigeria strove to attract FDI because of its acknowledged advantages as a tool of economic development. To her, Nigeria joined the rest of the African countries in seeking FDI noting its fundamental role in socio-economic and political development as evidenced by the formation of the New Partnership for Africa Development (NEPAD), which has the attraction of foreign investment to Africa as a major component. This implies that the quest for African development via NEPAD cannot be achieved without foreign direct investment. On the contrary, Nwaoha (2015) insisted thus “FDI in Nigeria do not contribute to economic growth and development despite its volume’. Continuing, he stated although the overall effect of foreign direct investment on economic growth in Nigeria may seem significant, the components of FDI do not have a positive impact. In the words of Bassey (2012), FDI retards socio-economic and political development in Nigeria through the adoption of foreign technology. In a similar development, Alfro (2006) asserted that foreign direct investment should be beneficial to the recipient economy of Nigeria which invariably affects all other segments of the country. He stated that FDI helps in bridging the capital shortage gap and complement domestic investment particularly where domestic resources are highly inadequate. But he concluded that the gap is still very wide as FDI has not truly bridged the gap.

Olokoyo (2013), FDI has been proved to be an important promoter of growth and development in its own right. In effect, FDI is argued to increase the level of domestic capital formation. This implies producing on large scale which in turn results in benefit of economies of scale and specialization and also increasing export and employment opportunities. Okoronkwo (2014) stated that FDI is seen as an important source of non-debt inflows and is increasing being sought as a vehicle flows and as a means of attaining competitive efficiency by creating a meaningful network of global interconnections. Continuing, he concluded that at the level of GDP, the success of Nigeria's government policies of stimulating the productive base of the economy depends largely on her ability to control adequate amount of FDI. This implies that FDI is responsible for the inability of Nigeria to enjoy a robust and prosperous economy. Continuing Agosin and Mayer (2000) opined that FDI has been argued to act as a catalyst for inward investment in Nigeria by complementing local resources and providing a signal of confidence in investment opportunities. According to Okeke (2015), FDI is an effective theoretical strategy that is used, by Nigeria to achieve economic growth and development. Nigeria with its large reserves of human and natural resources presents foreign investors with a unique market in which to invest their money. Ekpo (1995) insisted that FDI determines government expenditures, exchange rate, inflation level as well as institutional and political factors. To him, other factors which FDI enhances are domestic interest rate, debt service and political stability. This state of affairs led to the fear of African leaders to embrace FDI as an agent of development. In the words of Nwokocha, Mbonu and Esowe (2013), until recently, FDI was not fully embraced by African leaders as an essential feature of economic development; reflecting largely fears that it could lead to the loss of political sovereignty, push domestic firms into bankruptcy due to increased competition and if, entry is predominantly in the natural resources sector, accelerate the pace of environmental degradation. Indeed, this is the true picture of condition of most African states, hence the fear of FDI as a sincere tool of socio-economic development. Invariably, FDI affects politics in place because the kind of policies of government are greatly determined by the degree of foreign investments particularly after independence. Moss (2004) argued that much of African skepticism towards foreign investment is rooted in history, ideology and the politics of the post-independence period. The initial argument which has been defeated recently is that the potential benefit of FDI in Africa could not be fully realized. Olokoyo (2013) insisted that FDI plays a significant role in socio-economic and political development in Nigeria. “In her attempt to attract FDI, Nigeria design and implement policies; build institutions and sign investment agreements”. Continuing, Nigeria recognizing the critical role that FDI can play in its economic growth and political development process, competes aggressively with other countries in attracting FDI. Olufemi and Keke (2014) stated that in real sense, foreign direct investment and trade do not contribute towards advancing socio-economic and political development in Nigeria despite the fact that foreign direct investment is often the main channel through which advanced technology is transferred to the country. However, it is factual that FDI acts upon macroeconomic policies and institutional stability which invariably stimulates domestic growth and development. These factors also act upon FDI as well.

Also, Morisset (2000) opined that FDI through Transnational Corporations (TNCs) is one of the major channels in providing developing countries with access to advanced technologies. This implies that technological change plays a private role in economic growth and development. According to Dunning (2002), foreign direct investment can boast domestic investment if sincerely applied as a dollar of foreign direct investment results in an almost one-dollar increase in investment.

In the words of Nkemokolam (2014) “there is a growing evidence in the relationship between FDI and economic growth”. To him, FDI retards economic growth and socio-political development in Nigeria. This is evident in the insincerity of the foreign investors. Similarly, Bisong (2015) argued that FDI negatively creates room for socio-economic and political growth in Nigeria. This affirms the position of DeMello (1997) who posited that FDI is responsible for socio-economic challenges of Nigeria through insincere technology transfer from investing countries. Similarly, VU and Noy (2009) argued that since no meaningful socio-economic development takes place in isolation of FDI among most developing countries, there is need to further bridge the gap. Continuing, he maintains that FDI only enhances growth among developed countries than developing countries. This implies that FDI is more beneficial to developed countries than developing countries like Nigeria.

Corruption and Insecurity and Role of FDI in Socio-Economic and Political Development in Nigeria.

A friendlier business/investment climate lowers the additional costs of doing business in a foreign country, thus benefiting the flow of FDI. These costs have to do with factors like regulatory, bureaucratic and judicial hurdles; domestic content requirements and political and macroeconomic stability. Indeed, a friendlier business climate in Nigeria will definitely increase the flow of FDI to the country. In the words of Noorzoy (1979), FDI helps in bridging the capital shortage gap and complement domestic investment especially when it flows to a high risk areas of new firms where domestic resources are limited. This means that favourable economic environment has made some countries more attractive than others as destinations for private capital inflows. Okon, Jacob and Chuku (2012) asserted that foreign direct investment (FDI) is what is needed to bridge that savings investment gap that exists in Africa in general and Nigeria in particular. Continuing, he opined that the perception of FDI as parasitic and retarding the development of domestic industries for export promotion had engendered hostility to Transnational Companies and their direct investment in many countries. This implies that hostile domestic environment retards the inflow of FDI in Nigeria, which invariably affects socio-economic and political development. Alfaro, Chanda, Kalemi and Sayek (2001) affirmed that the way in which FDI affects depends on the strength of the domestic financial markets of the country.

In a similar vein, Durham (2004) argued that only countries with strong institutional and investment friendly legal environment are likely to benefit from FDI inflows. They both found that only countries with well-developed and above all risk aversive environment can attract FDI which invariably is designed to enhance socio-economic and political development. Indeed, business should be risk aversive.

Also, Globerman (1989) opined that “available evidence for developed countries seems to support the idea that the productivity of domestic firms positively determines the rate of the presence of foreign firms. Obwona (2004) stated that FDI spillover depends on the host country’s capacity to absorb the foreign technology and the type of domestic investment climate. Indeed, the role of FDI seems be country specific and can be positive, negative or insignificant, depending on the economic, institutional, climatic and technological conditions in the recipient countries including Nigeria. Zhang (2001) insisted that “the extent to which FDI contributes to growth depends on the economic and social condition or in short, the quality of the environment of the recipient country in terms of security.

In his own, Anyanwu (1998) paid particular emphasis on the determinants of FDI inflows in Nigeria when he identified change in domestic investment, change in domestic output, or market sizes, indigenization policy and change in openness of the economy as major determinants of FDI inflows into Nigeria. To him, the friendlier the economic growth in Nigeria is, the greater FDI it attracts which is designed to enhance socio-economic and political development.

Olokoyo (2013) asserted that the friendship of the domestic environment of Nigeria through the creation of generous incentives increases FDI inflow in the country. Some foreign firms have taken advantage of the incentives to satisfy their parent companies, access to control of local markets, utilizing low cost labour and realizing the possibility of higher returns. However, Nigeria received very low proportions of global FDI inflows, in spite of being blessed with enormous human and natural resources. This is perhaps because the economy was perceived by investors as a high risk market for investment. Nzeakor (2015) opined thus "when FDI is undertaken in high risk areas or new industries, economic rents are created accruing to old technologies and traditional management styles". In all, FDI helps in bridging the capital shortage gap and complement domestic investment especially when it flows to a high risk areas of new firms where domestic resources are limited.

According to Asiedu (2003), Nigeria as a country given her natural resources base and large market size, qualifies to be a major recipient of FDI in Africa and indeed is one of the top three leading African countries that consistently received FDI in the past decade. However, the level of FDI attracted by Nigeria is relatively meager due to high risk climatic environment occasion by corruption and insecurity. In the words of Nzeakor (2015), the Nigerian government had in the past endeavoured to provide foreign investors, but the result has not been sufficiently encouraging due to insecurity, corruption and bad leadership. In the words of Ekpo (1997), the domestic factors which if not put in proper perspective retards FDI inflows are inflation, security, government expenditure, credit rating, political stability, domestic interest rates, sincere leadership, taxation etc. Due to the fact that some of these factors are lacking in Nigeria, FDI inflows has reduced drastically. In the words of Adebayo (2014), the poor state of infrastructure, epileptic power supply, insecurity, corruption, chaotic road network and long queues at petrol station retards FDI inflow in Nigeria and invariably affects socio-economic development. The existence of these factors in Nigeria makes it unfriendly to business investment in a world driven presently by globalization. Indeed, these factors are obstacles to socio-economic and political development through FDI.

Osakwe (2010) FDI requires a long-term commitment to the host country, involves very high costs and in the short run, it is difficult for foreign investors to recoup their initial investments if there is sudden change in the degree of risk associated with their location. The implication of this short-run irreversibility of FDI is that decisions on entry into host country are highly sensitive to uncertainty about the investment environment. Osakwe maintains that "foreign investors regard Nigeria as a high risk investment region as economic and political risks are highly contagious due in part to the interdependence of African economies and the globalization of the world economy". These political risks could spread to neighbouring African country. It is very contagious. To Osakwe, the Nigerian environment is a threat to socio-economic and political advancement through FDI.

Saibu and Keke (2014) suggested that macroeconomic instability, investment restrictions, corruption, insecurity, political instability, bad leadership among others reduces the rate of FDI inflow in Nigeria. No investor would wish to invest in a country with high risk rate because the essence of investment is to make profit. In the words of Obwona (2001) "political instability, policy inconsistency, insecurity and corruption threatens the rate of FDI inflow in Africa. This implies that countries in Africa with high level corruption and insecurity are perceived as high risk business environment. Nigeria seems not to be left out.

According to UNCTAD (2001), factors contributing to the decline of FDI inflow in Nigeria includes high level of corruption, poor governance, inadequate infrastructure, insecurity, insincere leadership among others. Based on this, Nigeria is behind in attracting FDI. The volume of FDI attracted by Nigeria has not reflected in her development strategy due to unfriendliness of her environment. Supporting the above assertion, Cleeve (2005), stated that the choice of location of FDI and Transnational Enterprise (MNE) activities, different types of incentives are needed to attract the different modes of FDI which are natural resources seeking, market-seeking, efficiency seeking and strategic asses seeking. This implies that environment plays a role in FDI. This state of affairs affects socio-economic and political development.

In the words of Aja (2002), the investment interest of the highly industrialized economies in Nigeria has declined. The risks are higher than the opportunities due largely to the lack of investment climate. Aja maintains that Nigeria is crisis – ridden in politics, economics, social life, market ideology and technological development. This state of affairs resulted to the perception of Nigeria as a rich land of lost opportunities. This implies that we possess the ingredients to turn around our economy, but are obstructed by these domestic factors.

In the words of Nwokoro (2014), “the recent US warning of her investors in Nigeria of the state of insecurity affected the rate of development and Foreign Direct Investment inflow particularly in the Niger-Delta region”. This reduced the level of foreign investment which could have increased socio-economic and political development in the country. Supporting this view, Olusanya (2015) opined thus “hostile business investment climate as witnessed in Nigeria increases the additional cost of doing business in a foreign country, thus hampering the flow of foreign direct investment”. In all, Nigeria has not achieved the necessary improvements in her investment climate needed to encourage higher foreign direct investment flows. Ogbuaku (2004) stated, despite improved law enforcement efforts in Nigeria, the scope of financial fraud continues to bring international notoriety to the country and constitutes a serious disincentive to commerce and foreign investment. It has been observed that criminal fraud committed against unwary investors is a problem in Nigeria where the scheme targets are foreigners through the mails, the internet and fictitious companies. Indeed, insecurity and corruption are domestic variables that threatens the performance of FDI in Nigeria.

Socio-Economic and Political Policies of Nigeria and the Performance of FDI.

Globally, economist such as Adams Smith, David Ricardo, Eli Heckscher, Bertil Ohlin, tends to favour the free flow of capital across national borders because it allows capital to seek out the highest rate of return. Although Nigeria potentially could offer investors a low-cost labour pool, abundant natural resources and the largest domestic market in Sub-Saharan Africa, its economy remains stagnant, its market potentiality unrealized.

Ndem, Okoronkwo and Nwamuo (2014) stated that the Nigerian government and leaders implement some policies to attract FDI like constitutional amendment to bring sound and stable political system; privatization of public enterprises, de-regularization of downstream oil sector, introducing a more relax tax system, creation of Nigerian Investment Promotion Commission (NIPC), granting of license to Global System for Mobile Communication (GSM) and recent constitution of economic summit. These policies are tools to help in giving FDI a human face in Nigeria.

Olokoyo (2013) while outlining the consequences of non-performance of FDI in socio-economic advancement despite government policies in Nigeria averred thus "as a result of persistent global panic, unemployment has been on the rise, jobs are being lost, there is shortage of liquidity and acute scarcity of credit". This has remained visible in the financial institutions. Continuing, she stated that for Nigeria to generate more foreign direct investment, efforts should be made at solving problems of government involvement in business; relative closed economy; corruption; weak public institutions and poor external image. Supporting this, Asiedu (2003) opined that the level of FDI attracted by Nigeria is mediocre compared with the resource base and potential need despite good policies of successive regimes. Indeed, efforts are probably motivated by temporary macroeconomic problems such as low growth rates and rising unemployment, there are also more fundamental explanations for the increasing emphasis on investment promotion in recent years. Ekpo (1977), affirmed that FDI in Nigeria is responsible for high debt rate in the mist of improved government policies. To him, for years, it has been unclear whether Nigeria benefits from devoting substantial resources to attracting FDI. This implies that we invest much and receive less. Olokoyo (2013) insisted that FDI is not an essential element of economic development as it could push domestic firms into bankruptcy due to competition and accelerate the pace of environmental degradation. He concluded thus “Nigeria’s infrastructure is down, power supply is epileptic, the roads are chaotic and cues at petrol stations are long-winding, though the country is among the largest producers of crude oil in the world” This situation calls for proper strategy to sustain and further attract more FDI in order to facilitate sustainable economic growth and development. To Bora (2002), fiscal incentives are the most popular form of incentives which invariably increases FDI inflow in most developing countries. Bora maintained that most fiscal incentives are based on tax holdings and other instruments designed to reduce the effective rate of corporation tax. As a result, tax incentives increases investment flow only if, projects are sensitive to differential taxation. Also, Halversen (1995) opined that in many cases, it is the most profitable tax incentive investments that are most likely to receive incentives, even though these projects could have been undertaken in the absence of incentives. But these incentives has not attracted greater FDI in Nigeria. Indeed, it could be noted that most investors seek for such incentives before delving into agreement with host countries. Dunning (2002) affirmed the need for improved and sustaining locational advantages through government policies, to complement traditional factors. Continuing, Dunning insisted that government policies, infrastructural development, exchange rate, market size, openness and political stability determines the degree of inflow of FDI in most developing countries. To him, these ingredients are lacking in Nigeria, hence the birth of socio-economic and political stagnation

Contributing, Nwaoha (2015), opined that Transnational Corporations (TNCs) are highly adaptive social agents and therefore, the degree to which they can help in improving economic activities through FDI will be heavily influenced by the policy choice of the host country. This means that the kind of policy adopted by any host country determines the volume of FDI it attracts into the country. He maintains that Nigeria’s case is different because the economic policies of the country has failed to address this nagging issue. He further stated thus “the inability of Nigerian government to make appropriate policy choice adversely affected the performance of FDI in socio-economic and political advancement in the country. Also, Otepola (2012), insisting that government policies negatively affects the inflow of FDI stated thus “FDI has not contributed significantly to growth especially high exports as government policies attracts FDI to only the priority sectors of the economy”. This state of affairs has led to increase in unemployment. Adeyemi (2014) stated that Nigeria’s foreign investment policy should go towards attracting and encouraging inflows of foreign capital investment through stable economic programmes because it has failed significantly in this direction. This means that the kind of government policies in place encourages or otherwise FDI. Adeyemi concluded that recent policies of Nigeria government aimed at improving infrastructure since 1999 could not achieve the desired target rather has been responsible for poverty, ethnic unrest, religious intolerance, starvation and other social vices despite that these policies borders on stable infrastructural facilities like electricity, road, water etc. Olokoyo (2013) stated that the sure way to the attainment of economic growth and development in Nigeria is through offering generous incentives to attract FDI inflows and in addition, undertaken macroeconomic return, often under viable foreign policy objective. What actually determines the flow of FDI is the kind of domestic policies in place. In all, no doubt every successive government in Nigeria throve to improve on her policies to attract FDI. However, this has not added much value to socio-economic and political advancement of Nigeria. Indeed, the inability of FDI to ameliorate the economic challenges of Nigeria through focused policies is responsible for the degree of unemployment in the country. This adversely affects socio-economic and political development of Nigeria. Continuing Olokoyo states that Nigerian Investment Promotion Commission (NIPC) rather than give FDI sound footing in Nigeria remains a tool for socio-economic stagnation. According to her, the investment code that created the Nigerian Investment Promotion Commission (NIPC) (Decree No. 16 of 1995) and the foreign exchange (monitoring and miscellaneous provision) Decree, also enacted in 1995 were designed to give full backing for FDI in Nigeria. Through this, Nigeria has a high potential to attract significant foreign private investment inflow but the reverse is the case. Further still, by extension, NEPAD as African initiative propelled by Nigeria was designed to attract FDI as its fundamental aim is to enhance development among African countries. Osakwe (2005), insisted that Africa has never been a major recipient of FDI inflow and so lacks behind other regions of the world. In his own, Oyinlola (1995) opined that FDI has a negative effect on economic development in Nigeria despite her recent improved policies. He maintains that FDI nonperformance is responsible for high unemployment rate, inflation and the challenges of taxation as witnessed in Nigeria. This adversely affects the country's GDP.

Throwing much light on the rationale for the enactment of certain policies designed to enhance or improve FDI inflow in Nigeria, Okike (2013) asserted in order to bring Nigeria into more competitive position for FDI, the government legislated two major laws to guarantee investments against nationalization by any tier of government and to ensure the free transfer and repatriation of funds from Nigeria. Continuing, he stated that NIPC was established to address the problems of multiplicity of government policies which investors confront when they come to Nigeria. However the absence of these streamlined government policies till date retards socio-economic and political development in the country. He maintained that the situation has not been salvaged by these policy reforms. Okike averred that NIPC lack focus and as such has contributed to the current economic crises in the country.

In the words of Lall (2002), privatization was also adopted among other measures, to encourage foreign investment in Nigeria. This involved transfer of state-owned enterprises (manufacturing, agricultural production, public utility services, such as telecommunication, transportation, electricity and water supply) to companies that are completely or partly owned by or managed by private individuals or companies. Lall states that privatization is a policy of the capitalists, hence its failure to address the basic needs of the people through FDI.

Also, Shiro (2009) noted that since the enthronement of democracy in 1999, all attempts by the government of Nigeria to undertake a number of measures necessary to woo foreign investors into Nigeria could not yield the desired goal. To him these measures includes the repeal of laws that are inimical to foreign investment growth, promulgation of investment laws, various oversea trips for image laundry by the president among others. Shiro concluded that the government is playing to the gallery rather than sincerely advancing socio-economic and political development. Nigeria remains a product of infrastructural decay.

Ogbuji (2014) opined that in 1999, Nigerian government abolished the long standing dual exchange rate mechanism that had favoured government cronies. By this, the Central Bank utilizes a single interbank through exchange market rate for all transactions. Continuing Ogbuji insisted that this policy could not add value to the exchange rate which would have attracted more FDI inflow propelled to enhance socio-economic and political advancement in the country.

Aja (2002) in the strategic industrial behaviour of the developed countries, FDI is a function of democratization and sustainable economic policies. Indeed, May 29, 1999, a number of foreign countries have shown increased investment interest in Nigeria’s democratic climate accessories by new policies of the civilian regime, but sustenance of the interest carries the burden. The efficacy of government policies lies on its enforcement capacity.

2.2 Significance And Gap Filled By The Work

General assessment of available literature on Foreign Direct Investment (FDI) and socio-economic and political development in Nigeria shows clearly that there are varied opinions on the relationship between FDI and socio-economic and political development in Nigeria. According to some of the scholars such as Olokoyo, Okeke, Ruxanda, Muranu among others, FDI has significant relationship with economic-growth and development in Nigeria.

Indeed, these scholars which includes Findlay, Dees, Ajayi, Chuku, among others, are of the view that Foreign Direct Investment (FDI) contributes to socio-economic and political development while others holds contrary view. In all, most scholars insisted that there is a pronounced relationship but it could either be positive or negative.

By the review, the situation has generated controversies because even those scholars that holds the opinion that it has positive effect still insists that it is insignificant. Another related view attributed the cause of the flaws to internal factors of corruption, poor infrastructural development, insecurity, insincere leadership among others while others states that FDI is an agent of economic underdevelopment. Some other scholars are insisting that FDI only benefits the developed countries at the expense of the underdeveloped economies of Africa, Asia and Latin America. According to Blomstrom (1986), FDI has a significant positive influence on growth and development rates but the influence seems to be confined to higher income of developing countries.

From the reviews, there is a persistent argument on whether Foreign Direct Investment (FDI) contributes to economic development in Nigeria or not. Some scholars opined that the synergy between FDI and socio-economic growth is concrete. Both are endogenously determined in Nigeria as there is a kind of symbiotic relationship. These scholars stated that FDI stimulates economic growth and development particularly among the developing nations of the world. Continuing, the scholars opined that greater inflow of FDI will spell a better economic performance for Nigeria. This resulted to the statement of Okodua (2009) that there is evidence of long equilibrium relationship between economic growth and FDI inflows in Nigeria.

In a similar vein, some other scholars such as Norzoy, Okon, Durhamm Globerman, among others, opined that the domestic environment of Nigeria determines her investment level. To them, the unfriendly business climate in Nigeria is responsible for the decline of Foreign Direct Investment (FDI). Also, they insisted that high risk investment status of Nigeria retards socio-economic growth. Indeed, this means that local environment contributes to FDI inflow. The fact remains that no investor would want to risk his investment prowess hence the avoidance of Nigeria because of high risk business investment climate. In the words of Nzeakor (2015) "when FDI is undertaken in high risk areas or new industries, economic rents are created accruing to old technologies and traditional management styles. To them, insecurity is a major threat to socio-economic and political development.

Similarly, other notable scholars as witnessed in the work viewed that government policies reviewed by successive regimes could not enhance the flow of FDI as required which invariably retards socio-economic growth in Nigeria. To them, fiscal incentives through domestic policies is designed to increase FDI inflow in Nigeria, but has not achieved the desired goal.

Ndem, Okoronkwo and Nwamuo (2014) insisted that government and her leaders implements some policies to attract FDI that assists in socio-economic and political development. These domestic policies designed to enhance Foreign Direct Investment (FDI) will include constitutional amendment, privatization of public enterprises, deregulation etc. These polices are expected to be FDI inducing. Olokoyo (2013) stated that Nigerian Investment Promotion Commission (NIPC) was designed to give FDI sound footing in Nigeria particularly after 1995 when the law was enacted. This means that the road map of the current FDI in Nigeria was designed by the policies of government.

From the foregoing, it is pertinent to note that most of the literature reviewed were concerned with Foreign Direct Investment (FDI) and economic, social and political growth in Nigeria. Despite the fact that most of the scholars examined the interplay of FDI and socio-economic and political development where some discovered that FDI has significant relationship with socio-economic and political development whereas others holds contrary view. However, I firmly disagree with the scholars as no specific mention was made on the extent the role of FDI in determining socio-economic and political development in Nigeria from 1986 to 2017 is shaped by the nature of these domestic variables of corruption, insecurity and poor policy implementation strategy. This led to our discovery that the more FDI, the less impact on socio-economic and political development in Nigeria. This state of affairs justifies the choice of the topic to fill this gap in knowledge where the status of these domestic variables of corruption, insecurity and poor policy implementation will determine the effectiveness of FDI in socio-economic and political development in Nigeria from 1986 to 2017. Therefore, mere knowledge of the effect of FDI on socio-economic and political development in Nigeria is not enough as no mention was made on how these domestic variables determine the effectiveness of FDI in Nigeria, hence the choice of this topic because most advanced economies benefit more from FDI than the poor ones.

Indeed, this academic work is designed to fill this gap created by previous scholars. The aim of the work is to examine the relationship between foreign direct investment and socio-economic and political development in Nigeria from 1986 to 2017. The work adequately filled the gap to better understand the effort of FDI on socio-economic and political development in Nigeria where corruption, insecurity, and poor policy implementation strategy affects its effectiveness.

2.3 Theoretical Framework

The world system theory developed by sociologist Immanuel Wallerstein, is an approach to world history and social change that suggests that there is a world economic system in which some countries benefit while others are exploited. According to Wallerstein, “the ideological celebration of the so called globalization is in reality of our historical system” (Viotti and Kamppi, 1998). Just like we cannot understand an individual’s behaviour without reference to their surroundings, experiences and culture; a country’s economic system cannot be understood without reference to the world system of which they are a part. This theory emphasizes the social structure of global inequality where all the structures shall interact for the sustenance of the whole. Indeed, despite the lopsidedness in the structure, they must interact by imbibing the spirit of cooperative advantage.

The world system theory uses political economy as an approach to the study of international development variables. The world is taken as a single unit of analysis where the parts must interact for the survival or sustenance of the whole (Aja, 1998). Globalization typically assume that the starting point of analysis for international relations is the global context within which states interact (Viotti and Kamppi, 1998). To them, globalists emphasized the overall structure of the international system or colloquially the ‘big picture’.

The world system theory sees the behaviours of states in the global interaction as not ordinary but extraordinary because countries do not just act without interest. Both rich and poor countries in the world must relate. This is on the premise that no state can operate in isolation. The theory believes that to further understand the world, history must be studied. This will enable one truly understand recent developments in the globe. The world system theory assumes that the world is capitalist-driven. The world revolves around western capitalist system where the activities of both state and non-state actors are regulated by capitalism. In all, co-operation is not optional in a world driven by globalization. States are under obligation to interact because the world is now a single entity of interdependence where states are compulsorily expected to interact.

Although globalists recognized the importance of non-state actors like International Organizations, Transnational Corporations (TNCs) and other coalitions, the particular focus of their analysis or how these and other factors act as mechanisms of domination by which some states, classes, individuals manage to benefit from the capitalist system at the expense of others. Put differently, some states are economically, socially and politically stable while others are not. The theory assumes that the world is divided into core and periphery. The core are the industrialized countries of the northern hemisphere whereas the periphery are the less developed countries of the southern hemisphere. The theory recognizes the global inequality where some states are greater than others. Here, even the poor states contribute in some way to the rich states for the overall stability. The world system theory is a materialist theory as it sees the political and cultural, socio and religious aspects of a country all determined by the economy and it is a system analysis because all of this is seen as one organization. This means that the socio-economic and political development of a country hinges on the status of the economy. Indeed, the moment the economy is prosperous, the socio-political lives of the people will be stable.

However, world system theory has been criticized by Marxists like Claude Ake, Engel among others for overemphasizing the world market while neglecting forces and relations of production. The theory is a theory of the world system without a system. It could be noted that the units are social systems one of which is the modern world system. The theory could not provide how the units relate to one another in the modern world system.

Also, the theory has attracted criticisms from its rivals for being too focused on economy and not enough on culture. The world system theory is too core-centric and state-centric. The theory operates only on a global scale rather than state system. These Marxists insisted that the conceptualization of the capitalists world economy as a core and periphery division of labour does not adequately deal with social relations of productions. This means that the theory could not accommodate fully the class relations in the society which are the defining feature of capitalism. To the Marxists, the claim by Immanuel Wallerstein that the capitalist world economy is simply the division of labour is not comprehensive.

System theory is generally traced to natural sciences, particularly biology. The theory in its operational part in social sciences is said to have been developed first in anthropology, from where it was adopted in sociology, a little later in psychology and still later in political science. It could be noted that some political scientists especially David Easton claimed the origin of the systems analysis of political phenomenon but it is quite correct to trace it directly to social anthropology (Mberu, 1999).

It is implicit in the works of Emile Durkheim. Also of note is the fact that two (2) sociologists Robert K. Merton and Talcot Parsons were influenced by the writings of Durkheim. According to Varma (1980), by the middle of the sixties, it has become the dominant mode of enquiry or explanation in political science, and some very influential political scientists had started regarding it as ‘the best possible approach to the development of theory in the field”.

The leading proponents of system theory in the field of national politics are David Easton and Gabriel Almond while Morton A. Kaplan introduced it in international politics. In all, systems theory came from biological sciences to social sciences.

To Igwe (2005:436),

> *...system theory draws significantly from the analysis of structural func-analysis for enquiring into any integrity, especially the social, examining the nature of its internal organization, the inter relationship between the components, between them and their collective environments, and the consequences of these processes upon the survival of the system and attainment of its purposes*.

In other words, for an object to be considered a system, it must possess a level of integrity with a knowable structure or logically arranged parts; such parts or elements must interrelate in a certain law-governed manner to fulfill a purpose or produce an ordered outcome or result which is far more than the more sum total of the independent elements and all this, in the context of an environment of which it is a subordinate component.

System theory is used in analyzing political phenomenon. It is applied freely to any set of behavioural patterns which are interconnected with each other. It is used in a practical way for the study of any phenomenon where interactive processes are involved. Indeed, system theory uses political economy as an approach to the study of international development variables. Here, the world is taken as a single social unit of analysis (Aja, 1998).

Morton A Kaplan sees the entire world as a system with component units (Varma, 1980). These units must interact in their bid to contribute to the survival of the entire system for its maintenance particularly now the world is a single unit of interdependence. No state can live in a condition of autarky. They must relate for the sustenance of the centre. The world is a global village of interdependence and as such interaction for the sustenance of the globe is not negotiable. Indeed, both developed and developing countries relate at vertical and horizontal levels. Also, there could be either strategic or un-strategic relationship among states. The essence of interaction is for the globe to remain intact. Now, we are in a society driven fundamentally by globalization with inbuilt capitalism, there is need for states to relate with one another directed towards ensuring mutual development among the countries of the world. The world is a system with the countries as components. These countries must interact to ensure the continued existence of the globe. It has been noted that for any reason, a unit of the whole malfunctions, it will disorganize the entire system and its sustenance. The world is seen as an environment that has units which contributes fundamentally to the success of the entire globe through interactions. System theory is commonly used in the field of coalition behaviour and cooperation in international politics.

Radical scholars like Karl Marx, Walter Rodney, etc. debunk the above assumptions of system theory. To them system maintenance through interactions of the parts of the system was designed to ensure the sustenance of the status quo which favours the capitalists. According to Karl Marx (Mberu, 1999), the existing society is capitalist driven which requires a radical change. There is no need for reform as postulated by Hegel rather there is great need for change. The radicals rejected system maintenance as the interactions by the parts was directed towards ensuring exploitation by the developed against the underdeveloped societies.

Indeed, the attempt to maintain the status quo favours members of the society who are in the highest strata who would want the system that guarantees their privileges to be justified and continued unchanged. The theory kills initiative because members of the system act as directed by the functionality of the system. The system theory leans heavily towards a conservative interpretation of society since it provides a theoretical justification for the status quo.

The Theory of Marx assumes that every society is shaped by a struggle between those who own the means of production and those who do not. The theory was developed by Karl Marx (1818 - 1883). Marxist Theory is only a prediction (Aja, 1997). The force of production and the social relationship of production, form the economic base or substructure of society. The other aspect of society known as the superstructure are largely determined and shaped by the substructure. It is designed to study Marxism as a doctrine of class psychology and social change in our fast-changing world order. Marxism is a school of thought in political economy to establish the truth about class psychology and social change. This is to ascertain an inquiry into the route causes of contradictions, tensions, conflict and change from one mode of production to the other. Thus, the political, religious, legal and educational institutions are primarily determined by economic factors (Mberu, 1999). Indeed, a major change in substructure will therefore produce a corresponding change in the superstructure. Marx believed that the technological conditions of producing and exchanging goods – the force of production; together with the systems of property ownership – the relations of production determine the division of society into two classes of bourgeoisie and the proletariat and the fundamental nature of government, religion and culture in any historical epoch. Therefore, Marxism is a form of economic determination in which economic circumstances are regarded as the base of the social system and the political, legal and religious institutions are the superstructures governed by the form of the economic base. Thus, Marx's concept of class is a dichotomous model determined by the ownership and non-ownership of the means of production hence we have the propertied class as the bourgeoisie and the propertyless class as the proletariat.

According to Marxism, philosophers have said and written many things about the world, the main task remains, however, how to change it. For Marx, he has discovered the hidden historical and scientific truth about the causes of evil in the society, the causes of Man's inhumanity against man by man; the strategies to change the society to establish and respect common values (Aja, 1997). Marxism as a theory is a doctrine of class psychology and social change in a material society of private property. The route cause of evil in a material society or capitalist society is greed. Therefore, the economic condition of any given society is a sufficient basis to understand the psycho-cultural attitude; mode of thought, attitude to work and life, compliance or otherwise to rule and regulations. The theory maintains that "man must first eat, cloth and shelter himself before talking about politics, culture, development and ideology (Aja, 1997). In other words, the economic conditions people find themselves shape their psychology, philosophy, thought patterns, decisions and above all direction of action. The theory posited that it is social existence which determines social consciousness and not social consciousness which determines social existence. This means that the causes of contradictions and class psychology in favour of social change should not be looked for in either the philosophy or religion of men but in the economic life of a society. The route cause of evil in a society must be found in the attitude of people towards wealth or material possession. To Marx, it is the substructure that determines the superstructure. Marxism holds that it is the economic base of society that determines the structure of the state, politics, cultural values and the ideological consciousness of the society. Marxism maintains that every society gets the kind of government it deserves. The state in a capitalist society is the executive instrument of the bourgeoisie, the ruling class or the dominant class (Aja 1997). The dominant class are those who own and control the means of production as well as those whose positions and privileges provide them with the power of influence in the affairs of the state. The policies of the capitalist society reflects fundamentally the ideas of the ruling class. The theory holds against the position of Hegel, Aristotle, Plato, Socrates, etc. that the state in a material society driven by capitalism is not an instrument of public good.

The focal point of the theory of Marxism was actually the unprecedented evil in the capitalist society where the state and its factories reproduce a large army of the exploited working class. The issue was not only that they were grossly exploited but were constantly subjected to inhuman treatments which violated their inalienable right to life, liberty and property. The theory saw the society as one in constant turmoil for social change and the society was looking forward for a day when the exploitative capitalist system will come to an end and got replaced by a humane social order without greed, class differentiations, class antagonisms and social injustice. The hope for liberation was found in the teachings and ideas of the theory of Marxism. The goal of the theory was to expose capitalism as evil; educate and enlighten the working class on when and what means to liberate themselves from the bondage of the capitalists. According to the theory, man is the architect of his own fortune (Aja, 1997). Thus, the future of the world would be that which ends capitalism from one country to the other until the whole world comes under the victory of socialism whose ultimate stage is communism that will enthrone a classless society free from politics, greed and competition and equality of all as everyone will work and get according to one's needs.

According to Marxism, the original production of capital that came to being with the industrial production is explained in the existence of two classes of the bourgeoisie and the proletariat. Indeed, struggle is inevitable between the classes and will result in the destruction of the existing system of production of goods and ownership of property. Marxism holds that every system of production creates classes of owners and non-owners of means of production. According to the theory, it is capital that controls labour and capitalists used capital to generate more capital at the expense of labour. The owners of means of production employ labour for production. They pay the labourers wages or salaries and take to themselves the profit of the value of the products of labour. What entrepreneurs take as profit, Marx contends, it is the surplus value of the labour of the proletariat. Thus, labourers are being exploited of the value of their labour. This exploitation of labour is achieved using the weapon of alienation.

To Marx, this exploitation reaches its height in capitalist society where labour is dominated by requirements of capital, the most important of which is the demand for profit (Mberu, 1999). The requirement for profit determine levels of employment, and wages, the nature and quantity of goods produced and their methods of manufacture. The labourer is alienated from the products of his toil by the capitalists who owns the means of production and control it as well as the products of labour and ultimately appropriates the wealth which labour produces as profit.

The concern of Marx was primarily to reverse Hegelian dialectics to recognize the economic or material existence as the root cause of class conflict in human history and not a matter of ideas and philosophies of men (Aja, 1997). Continuing, Marx employed the approach known as Dialectical Materialism otherwise known as economic determinism or historical determinism. To (Aja, 1997), the theory was designated to expose not only the evils, exploitations and contradictions in a capitalist system, but to provide a dependable, enforceable guide for the overthrow of the exploitative institution of private property. To the theory, capitalism is evil, exploitative, oppressive and inhuman because the interest remains to make profit at the expense of the development of labour hence the need for its overthrow. Alienation springs not from impersonal market forces, but from relationships between men. The end to alienate and the appropriation of the surplus value of the labour of the propertyless, involves a radical change in the patterns of relationships between the capitalists and labourers. This will come when man realizes that the situation in which he finds himself is man made and therefore subject to change by human action.

The theory holds that the bourgeoise own and control the means of production while the proletariat who does not own means of production sell their labour to the bourgeois for wages and salaries (Igwe, 2005). Many believe that the interests of both groups are diametrically opposed to each other, such that a deep rooted ineradicable conflict exists in the capitalist mode of production, labours' demand for more wages and salaries and capitalists demand for more profit. Indeed, the incompatibility between the two, the exploitation of labour by capital, and the growing awareness or the consciousness of the exploited or the relative deprivation of the labour class will according to Marx, sharpen the conflict between the two.

Therefore, the whole history of mankind since the dissolution of tribal societies whose band was held in common ownership is a history class struggles. It is a contest between the exploiting and the exploited class, the oppressed and the ruling class. Thus, history forms series of evolution in the history of mankind. In view of this, Marx reason that the only way to return to the relationship of equality is for the labour class which is oppressed and exploited to rebel and overthrow the capitalist bourgeois class which will enthrone a socialist society with the dominance of exploited class (Mberu, 1999). The theory believe that the only solution to class conflict is the overthrow of the bourgeoisie by the proletariat. This will happen when the exploited class having become conscious enough of their pitiable situation is able to organize themselves into a political party and undertake political action which will lead to a revolutionary overthrow of the bourgeois class and the establishment of a new socio-economic and political order known as the dictatorship of the proletariat. In other words, the proletariat at first might believe that their inferior positions are only the result of their personal failure and later each person would come to realize that the failure was not his own but the society. At this time, the proletariat would mature into its historical role of a revolutionary agent. Indeed, a class-in-itself, will mature to a class-for-itself. The bourgeois class are powerless to halt this inevitable historical dialectics. However, they slow it down temporarily by social welfare measures but cannot stop it; short of conceding total defeat. The revolutionary overthrow of the exploiting class in the society passes into the next historical phase of socialism. In all, Marx is proclaiming the inevitable and impending doom of capitalism; the dissolution of bourgeois property;

the end of capitalist swindle; and the ultimate emancipation of the labouring class. This will lead to the government of the masses and the joint ownership of means of production. At this stage, labour will receive its due pay and there will be no appropriation of the surplus value of labour. This is the stage of socialism called the dictatorship of the proletariat. This will mature to communism where everybody owns everything in common and people contribute according to their ability and are given from the common pool according to their needs. The theory predicted that a communist society would arise from the ruins of capitalism. The communist society will begin immediately after the overthrow of the bourgeois class, with a transitional phase, the dictatorship of the proletariat. The theory posited that once the communist system is fully established the reason for being of the dictatorship and therefore its existence will end. According to Marx, bourgeois society represents the closing chapter of the prehistoric stage of human society. The communist society of the new era is without classes, without contradictions. The dialectical principle now ceases to operate.

However, despite the strength of the theory, it has some criticisms. Indeed, it has attracted wide range and vehement criticisms. The theory of economic determinism is correct to the extent that the economy is a primary determinant of social change. However, the Marxian postulation that it is the sole determinant of social change is incorrect. Marx generalized as if the economy is the only determinant of social change. Again, the various aspects of the superstructure have certain degree of autonomy and a part to play in influencing the course of history. Max Webber demonstrated that religious beliefs and practices can determine the economic structure of the society. Also history has failed to validate some of Marxist postulations. For instance, the destruction of feudalism in Europe was done by the bourgeoisie and not the proletariat. Indeed, the prediction that the proletariat will destroy the bourgeoisie in the industrially advanced economies where there will be more class consciousness, run counter to historical events. It is noteworthy that seizure of power took place in backward Russia and not in industrially advanced countries of Britain and America.

The Marxist postulation that socialism will ultimately advance to communism – a stateless and classless society where each will receive according to his need as each would give according to his ability is utopic. The socialists in socialist countries are tenaciously holding on to power and in fact have perpetuated their power. Again, the call for workers of all nations to unite and overthrow the bourgeoisie has been unrealistic (Mberu 1999). Also the view that the classes of society are only too – the bourgeoisie and the proletariat is not valid because a look at every modern society will at a glance reveal the manifold graduation of classes.

Again, the assumption by Marx that the appropriation of the surplus value of labour by the capitalists, which drag the worker into more and mix misery and desperation has been debunked, in countries like the United States of America because of its affluence as wealth and prosperity has been democratized and majority of the people identify themselves as middle class. Finally, the managerial revolution has led to the rise of the propertyless into top most positions in industry and commerce as the positions of engineers, doctors, etc. could attest to this. Indeed, the power of the capitalist has drastically waned.

However, despite the effectiveness of these three (3) theories, and for the purposes of this work, we adopted the World System Theory as the best and most appropriate to analyse the relationship between foreign direct investment and socio-economic and political development in Nigeria. The world system theory is an appropriate theory to analyze this phenomenon. This is because of the encompassing nature of globalization, more so, the varied and multifaceted issues of globalization is appropriate to escape the narrow analysis of other simple and specific theoretical approaches. Indeed, the world system theory shall be employed as a framework for the analysis of foreign direct investment and socio-economic and political development in Nigeria.

Therefore, this theory shall help us appreciate the role of foreign direct investment in enhancing socio-economic and political development in Nigeria from 1986 to 2017. The structure of the world system is such that some countries benefit while others are exploited. Nigeria is among the receiving or exploited states which are regarded by the theory as members of the periphery. Foreign direct investment which facilitates interactions among rich and poor states through Transnational Organizations is the ‘engine’ of development. It helps to transfer capital and technology from the core to the peripheral states. It could be noted and more importantly too that the peripheral states receives more as import.

Nigeria as an arm of the world system in the southern hemisphere receives more in the interaction driven by foreign direct investment. The inflow of FDI into Nigeria like other less developed economies is higher than outflow thereby making the country a dumping ground for finished goods. This makes FDI an agent of exploitation. Here, FDI facilitates and strengthens the gap between rich and poor countries of the globe.

However, the world system theory assumes that international economy is a non-zero-sum game in which prosperity is a variable to all within the same alignment but not on equal basis. Nigeria remains underdeveloped despite the level of interaction through foreign direct investment because of the unstrategic relationship between developed and underdeveloped societies in the system. Yes, what you do not have, through co-operation/interaction across national frontiers, one can get hence the attempt by FDI to enhance socio-economic and political development so as to bridge the gap between the poor and rich states. The essence of interactions across borders is to enhance socio-economic and political development of both rich and poor countries. Indeed, the road to socio-economic and political development is open through global interactions.

Therefore, world system theory could be used as a framework to analyse the relationship between foreign direct investment and socio-economic and political development in Nigeria where interaction either strategic or unstrategic is a necessary tool for the survival and sustenance of the society/system. Nigeria is among the less developed countries of the world seeking development through regular trade interactions with most developed economies of Western Europe and America. The theory shall help analyse the phenomenon.

In this context, the globe is the society with countries as its parts. Nigeria is a part of the globe with specific functions for the sustenance and maintenance of the world system. As noted abinitio, no country can function in isolation of other countries. The linkage of the functionality is trade through foreign direct investment. By so doing, countries interact by assisting one another which enhances the sustenance of the entire globe. As parts of the human body functions, so also countries functions through regular interactions for the continued existence of the globe. Indeed, the inability of any country to function effectively will certainly affect the centre. The world is a global village of interdependence where interaction is limitless. The driving force of the interaction of different structures or parts is trade. Countries interact with the aim of assisting one another for each part to contribute to the maintenance of the centre. This means that the inability of Nigeria to contribute to the sustenance of the centre will affect the globe. In all, the continued relationship of different countries of the globe through trade facilitated by FDI will ensure the stability of the globe. Indeed, the stability of Nigeria's economic, social and political status will have a spillover effect on the globe. By so doing, Nigeria will perform her global functions effectively which invariably ensures sustenance and maintenance of the globe. The same is applicable to all other countries of the world both those at the core and the periphery. The only way Nigeria can perform her functions as a structure of the globe is by regular interactions with other countries of the world through trade across national frontiers.

However, to explain behaviour, one must first grasp the essence of global environment within which such behaviour takes place. This is the dominant theme of the world system theoretical approach which shall be employed in this research; i.e. to better understand the external behaviour of states, requires more than merely examining factors internal to a state, one must grasp how the structure of the world socio-economic and political system conditions and predisposes certain actions to act the way they do. World System Theory is not only useful but also imperative to view global relationship from a historical perspective. It is only when one examines history that such a person can understand the current environment driven by globalization.

For Viotti and Kamppi (1987:6)

> *…Marxist as well as non-marxist, the defining characteristics of the international system is that it is capitalist. This requires the study of the rise of capitalization as it emerged in the sixteen century-western Europe, its development; changes and expansion to the point at which today we speak of a world capitalist system that conditions and constrains the behaviour of all states and non-state actors*.

Transnational Corporations (TNCs) facilitates the interaction of states in the capitalist global society through FDI. Today some states benefit from the present world capitalist system while others do not. In the same vein, some states are benefiting in the current globalization while others do not. The only medium by which favoured accommodate the unfavoured in the configuration of the present global society is through interaction. The interaction among states is very necessary and FDI is the facilitating institution which transfers technology from advanced states to developing societies for the survival of the entire globe. This leads to mutual development in the globe.

Indeed, through trade interactions, states seem to enhance mutual care and development. Of great essence is the role of Transnational Corporations (TNCs), other international organizations and their coalitions, the particular focus of their analysis on how these and other factors act as mechanisms of domination by which some states, classes, individuals manage to benefit from the capitalist system at the expense of others.

Thus, the words of Viotti and Kamppi (1987:9)

> *…globalists are typically concerned with the development and maintenance of dependency relations among Northern,*

> *industrialized states of North America, Western Europe, Japan and increasingly the then socialists states of USSR and Eastern Europe and the poor underdeveloped or industrially backward third world or less developed countries (LDCs) of Latin America, Africa and Asia.*

The argument here is that this later states are underdeveloped not because they failed to develop capitalist economic system but because they are poorly integrated into the world capitalist economic system. Far from being placed at the periphery of the world capitalist system, the less developed countries (LDCs) have become an integral part of the core.

Indeed, the sustenance of the system is the interaction between the developed and developing countries to ensure the continued existence of the globe. Trade is the fundamental factor that stimulates the interactions of component units of the globe. The structure of the global economy has developed in such a manner either intentionally or unintentionally as to keep the third world countries underdeveloped and dependent on the rich states of the Northern hemisphere. It is a fact that the less developed countries like Nigeria have become the "fetchers of water and hewers of wood" which is used to fuel the American industries. They have as well become markets and dumping grounds for all kinds of manufactured goods. The relationship between states in the globe is a complex and challenging political and economic activities. It is trans-national in focus and dynamism. There is the interplay of politics and economics among states for the sustenance of the whole. This interplay determines the nature of production regimes as the foundation of trade linkages across national borders, flow of international capital, science and technology facilitated through Transnational Corporations (TNCs). The vehicle that carries FDI is TNCs. It has created not a global business structure that is interrelated but also single market structure. The philosophical foundation of the current global interactions is rooted in liberalism or openness as much as freedom of economic enterprise. It is also derived from the fact that nations are no islands. They are interdependent. Nations need one another particularly because no nation-state exists in a situation of self-sufficiency. As a result, the resources of the world are not evenly distributed. What others don't have they can get through interaction and trade co-operation.

Since trade is the nexus of international relations, Foreign Direct Investment (FDI) represents the flow of capital, technology, managerial labour force to oversea territories for greater resource seeking and system sustenance. In another sense, FDI has to do with extending branches of giant business enterprises to subsidiaries in as many favourable countries as possible.

There is drive to export capital and technology as well as managerial skills to other territories. Resource seeking is no just home based. It is external. Indeed, the establishment of Foreign Direct Investment (FDI) creates room for multiple sources of revenue; increased financial ties; integration of trade and the market system aimed at increasing interactions among states of the globe. It is regarded as a development strategy.

Consequent upon the above explanations, the theory shall help us appreciate the effect of FDI towards enhancing socio-economic and political development in Nigeria through interactions among countries of the globe. Nigeria is a component unit in the world. Nigeria must interact to flow with the present configuration of the globe driven by capitalism. Nigeria as an integral part of the world system has a lot to gain in the current global economic process through co-operation. Indeed, the facilitator to the contemporary trade relationship in the globe is FDI.

The theory best explains the role of FDI in socio-economic and political development as no FDI enhanced socio-economic and political development can take place without external interactions. By the status of the current global society, no country can develop in isolation. No state can advance socio-economically and politically without interacting with others for the survival of the globe. The mother of all interactions among states is trade through FDI (Okereke, 2015).

As World System Theory promotes interaction among various parts of the world – the core and peripheral, so also there is interaction among Nigeria and other countries of the globe through trade; facilitated by FDI. Trade is the epicenter of all interactions among states for the survival of the world. Since development is transferrable, FDI is the vehicle that carries development from one country to another.

Put differently, for the survival or sustenance of the global society, there should be interaction where states receive what they don't have the capacity to produce and export what they have the capacity to produce particularly in a lopsided structured world driven by capitalism. There is this symbiotic relationship among countries of the world through FDI towards ensuring the survival and continued existence of the world system.

Indeed, even the most advanced states of the world cannot do it alone let alone a developing state like Nigeria. The only way Nigeria could develop socially, economically and politically and subsequently make her contribution to the UNO is through trade interaction. As World System Theory prescribes, both core and peripheral states, must interact for the sustenance of the entire system. The interaction could either be strategic or unstrategic. For instance, if Nigeria seizes to exist due to her inability to interact with others, it will certainly affect the world because her contributions to the entire system will certainly be lacking which invariably affects the globe in one way or another. Every part of the global system is relevant and none should be ignored. What necessitates the functionality of the globe is healthy interaction among various parts. The present economic system has created not only a global business structure but also single market structure as the world is a system with units that require development which transcends to the development of the entire globe. Development in Nigeria will also affect, the kind of development in other regions of the world. If FDI is an agent of development or otherwise, it will certainly affect the entire system either positively or negatively.

This theory will help us appreciate the extent FDI as agent of interaction in the present global configuration will enhance mutual development in the world. Both core and peripheral economic states must interact to promote common development. Indeed, no matter the degree of exploitation, both core and peripheral states must relate for the sustenance of the globe.

2.4 Research Hypotheses

The hypotheses for this research holds that:

1. Corruption is an impediment to the performance of FDI in socio-economic and political development in Nigeria
2. Insecurity is a major threat to the effectiveness of FDI as an instrument for socio-economic and political development in Nigeria.
3. Implementation of economic, political and social strategic policies of Nigeria hinders the role of FDI in socio-economic and political development in Nigeria.

CHAPTER THREE: RESEARCH METHOD

1.1 Research Design

This work adopted historical method of research design. Here, effort was made to evaluate available records on past events for the purpose of understanding the present and subsequently predict the future. Indeed, the activities of FDI in socio-economic and political development in the past years particularly the post SAP era was critically examined. This method to a large extent helped us achieve the goals or objectives of this work.

3.2 The Area/Scope of the Study

This study covers the period from 1986 to 2017. Indeed, this period chosen enabled us understand the flow of FDI after the introduction of Structural Adjustment Programme (SAP) in the Nigerian economy. This is otherwise known as post-SAP period/era. It could be noted that before the introduction of SAP, Nigeria and other developing countries restricted the flow of Foreign Direct Investment (FDI). But SAP as national policy led to a lot of policy reforms that encouraged socio-economic and political development. This work basically focused on the aggregate flow of FDI i.e. both the inflow and the outflow in particular to enable us determine the direction of flow into Nigeria and the extent it has contributed to socio-economic and political advancement of the country particularly, within this period under review.

3.3 Method of Data Collection

In view of our earlier discussion, and taking into full cognizance the kind of study we embarked upon, data for the study were drawn largely or essentially from secondary sources. Therefore, the major sources of information for this work included textbooks, journals, newspapers, magazines, reports from internet, articles, data from National Office of Statistics, Central Bank of Nigeria Publications, the IMF and World Bank Publications etc.

3.4 Method of Data Analysis

Data analysis simply means the process of assigning meaning to the collected information and determining the conclusions, significance, and implications of the findings with the aim of proffering recommendations for policies and expanding the knowledge base within a given discipline (Lichtman, 2006). Data analysis cannot take place without the use of data. The approach adopted in analyzing data will depend largely on the type available to the researcher. Data may be quantitative or qualitative in nature. Quantitative research analytical technique places emphasis on statistical data and use of same to test hypotheses. Indeed, quantitative data are usually sophisticated but straightforward in data collection and analysis (Obasi, 1999). On the other hand, qualitative data are not numerical. Qualitative data has variables that are not easily or objectively amenable to empirical measurement. They may include issues that are subjective. It could be regarded as non-use of statistical based data which can be empirical to analyze phenomenon. However, qualitative research does not test hypotheses statistically, but proves its hypotheses using deductive or inductive logical method. It could also use content analysis in proving hypotheses.

Therefore, data collected in the course of this study were critically and systematically analyzed in relation to the formulated hypotheses using the qualitative data analytical technique. Indeed, the deductive and inductive approaches of reasoning were employed in the research due mainly to the varied and multidimensional issues of FDI in relation to socio-economic and political development in Nigeria. As we know, deductive and inductive approach is simply using known facts to produce general principles. It could as well mean the act of using available knowledge to make a judgement about a fact, situation or phenomenon. Here, the facts are stated and proven relying on available information. This approach was adopted in analyzing the relationship between FDI and socio-economic and political development in Nigeria where FDI is the independent variable whereas socio-economic and political development is the dependent variable. As such, current day events around the globe which may be relevant as tools of analysis were also employed. Also, those data that were presented on the table were analyzed using simple percentages.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

FOREIGN DIRECT INVESTMENT AND SOCIO-ECONOMIC AND POLITICAL DEVELOPMENT IN NIGERIA (1986-2017) – TEST OF HYPOTHESES

Introduction

As observed in the previous chapters, Foreign Direct Investment is a critical component of socio-economic and political development which has continued to attract attention. The rationale behind Nigeria's involvement in trade across national frontiers upon attainment of independence in 1960 was to enhance its socio-economic and political status. It could be noted and very importantly too that Foreign Direct Investment (FDI) in the less developed countries (LDCs) reduced drastically in the 20th century and the flow of capital and technology moved from the developed (industrial) economies to the less developed economies (Aja, 2002). This trade relations no doubt favoured the developed countries at the perile of the less developed. However, Nigeria as an independent country, in her bid to pursue a non-altruistic foreign policy embarked on investment across national borders with the aim of strategically repositioning the country to realize its core objective which is fundamentally targeted towards socio-economic and political development.

Therefore, in this chapter, we shall use data within our reach to test the hypotheses as contained in section 2.4 of chapter two. This is to ascertain the validity or otherwise of the hypotheses.

4.1 Netflow (Inflow and Outflow) of Foreign Direct Investment in Nigeria (1986 – 2017)

After decades of stagnation, real growth rate accelerated in Sub-Saharan Africa (SSA), since the late 1980s with Foreign Direct Investment contributing significantly to such position (Ogbuaku, 2003). The average of Foreign Direct

Investment flow to Nigeria started increasing in 1986 owing to trade liberalization through the introduction of Structural Adjustment Programme (SAP). According to Aja (2002), in the 1980s, the United States of America and United Kingdom ranked top in Foreign Direct Investment inflow in Nigeria. It was followed by other developed countries of Europe. But in the 1990s, the traid economic superpowers have dominated productive technology and the flow of international capital. Ogbuaku (2003) argued that average flow of Foreign Direct Investment (FDI) to Nigeria constitutes over 59% flow to Sub-Saharan Africa (SSA) in 1987-1990 and declined sharply to a little over 17% in 1995-1998.

However, foreign exchange regime shifted dramatically from the second half of the 1986 when Structural Adjustment Programme (SAP) began. Since the move to a liberalized system, the economy witnessed series of changes that have substantially affected the trend and stability of the netflow of foreign private capital in Nigeria. Consequently, netflow of foreign capital shall be presented below in a tabular form. The tables shall enable us understand the trend in the netflow of Foreign Private Capital in Nigeria particularly from United States of America, United Kingdom, Western Europe and other countries and ascertain the degree of impact on the socio-economic and political development in Nigeria.

The table below presents a significant improvement in the netflow of foreign private capital from 1986, when SAP was introduced in Nigeria. This period was characterized by the liberalization of Nigeria's economy that encouraged the flow of private investment in Nigeria. A critical look at Table 4.1 below shows that United States of America (USA) and United Kingdom harbours the highest or greatest flow of foreign capital to Nigeria. This could largely be attributed to the enormous economic potentials of the United States of America (USA) and United Kingdom that distinguishes them as economic superpowers in the global international business arena despite the rapid growth of the Chinese Economy.

Also noted very significantly is that at any time as observed in the table, the inflow of FDI in Nigeria exceeds the outflow. This shows that our import is greater than our export. This is very dangerous. In the words of Ukeje (2003), the moment the quantity of FDI a country receives exceeds the quantity the country gives, the economy is endangered.

Table 4.1 Flow of Foreign Direct Investment in Nigeria: 1970-2017 (₦ million)

YEAR	UK		USA		WESTERN EUROPE		OTHERS		TOTAL	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
1970	94.6	47.2	74.6	48.2	58.0	28.4	23.8	5.6	251.0	129.4
1971	207.2	59.6	151.4	44.0	92.6	56.4	38.4	10.0	489.6	170.0
1972	236.0	58.3	17.1	67.8	150.9	44.9	28.8	13.5	432.6	184.5
1973	265.8	174.6	174.3	153.0	91.7	43.5	46.0	14.1	577.8	785.2
1974	119.7	147.8	151.1	159.0	172.6	128.0	63.7	24.0	507.1	458.8
1975	214.2	189.5	253.0	17.0	191.6	61.3	98.6	13.4	757.4	282.0
1976	205.6	121.1	39.0	198.0	195.8	132.9	80.7	22.8	521.1	471.8
1977	320.0	189.2	81.9	170.9	213.6	127.7	101.8	31.9	717.3	519.7
1978	226.3	103.8	126.0	70.8	229.7	121.1	82.7	37.2	664.7	332.9
1979	199.6	291.3	270.2	46.8	182.4	54.0	51.8	22.0	704.0	414.1
1980	365.0	46.8	159.1	158.7	225.9	94.7	35.4	19.2	786.4	319.4
1981	128.0	120.6	103.9	231.5	325.3	82.5	27.2	12.5	584.9	447.1
1982	776.2	211.6	854.5	121.5	401.9	194.3	160.8	41.1	2193.4	568.5
1983	1058.3	443.3	150.7	351.3	310.6	194.0	154.0	128.3	1673.6	1116.9
1984	714.0	213.4	321.1	327.2	229.5	254.6	120.7	55.3	1385.3	850.5
1985	635.7	150.9	390.1	484.8	316.8	374.8	80.9	83.3	1423.5	1093.8
1986	1769.5	289.8	1359.2	847.9	574.7	346.9	320.6	39.8	4024.0	1524.4
1987	2304.7	1870.5	1762.8	1945.8	776.9	552.4	266.4	62.1	5110.8	4430.8
1988	1276.7	2059.9	3272.6	1736.3	1497.3	1037.9	305.8	73.8	4855.1	4907.9
1989	1979.6	450.0	1646.4	3738.4	671.4	743.6	395.3	200.1	4692.7	5132.1
1990	1102.5	529.0	6003.1	6436.6	2816.8	3747.7	527.8	201.2	10450.2	10914.4
1991	777.8	358.3	1166.6	2202.5	1958.7	628.5	1701.1	612.9	5610.2	3802.2
1992	638.6	78.1	9678.2	2841.4	1111.8	364.4	302.0	177.6	11730.7	3461.5
1993	4199.3	566.0	10853.5	4788.8	26742.8	4184.4	852.4	91.3	42624.9	9630.5
1994	1272.5	135.8	2542.0	1154.4	1287.0	1554.4	272.4	103.7	7825.5	3918.3
1995	5209.0	1993.0	6989.0	1945.4	41541.3	3256.3	2260.0	127.5	55999.3	7322.3
1996	1841.0	646.2	553.2	841.4	2301.1	1051.7	977.6	403.6	5672.9	2941.9
1997	1428.3	1195.7	6593.3	2824.5	1515.6	78.0	466.8	174.8	10004.0	4273.0
1998	18048.3	3901.1	747.0	1615.4	2331.8	184.7	11307.4	2653.6	32434.5	8355.6
1999	1251.8	16.2	255.0	1744.4	1463.8	202.8	1064.9	331.0	4035.5	2256.4
2000	191.2	15.4	14103.7	12248.1	1418.9	511.2	739.8	331.9	16453.6	13106.6
2001	2680.0	5.0	285.0	776.0	861.0	120.0	1111.0	659.0	4937.0	1560.0
2002	4038.4	10.5	2107.0	345.8	1481.0	180.7	1858.1	742.0	9484.5	1279
2003	6058.8	13.2	3814.1	895.7	2366.2	205.2	2760.4	829.7	14999.5	1943.8
2004	7221.4	14.8	3516.5	524.9	4387.5	1322.5	8127.1	1476.2	23252.5	3338.4
2005	9389.3	20.7	4874.7	992.1	4271.7	287.2	9044.0	397.8	27579.7	2095.6
2006	15235.4	245.7	6559.9	347.8	6802.6	427.4	14336.6	442.8	42934.5	1463.7
2007	20563.1	942.8	10090.6	2005.2	10920.4	2551.3	19241.2	1274.1	60815.3	6773.4
2008	12270.8	440.7	24274.6	3554.5	6552.1	727.4	11505.4	424.1	54602.9	5146.7
2009	10883.6	1847.8	8834.2	3985.9	7330.6	987.9	11832.0	629.4	48880.4	7451
2010	5847.2	987.5	3872.7	288.9	8845.6	752.7	14234.7	412.9	32800.2	2442.0
2011	5150.7	1009.1	4278.1	592.6	6274.1	3328.0	12781.2	774.8	28484.1	5704.5

2012	**14381.3**	**703.8**	**22411.9**	**819.3**	**10451.2**	**3287.1**	**3421.8**	**1511.0**	**50666.2**	**6321.2**
2013	**16802.1**	**873.4**	**14272.5**	**1050.2**	**5782.0**	**2334.1**	**2712.5**	**632.4**	**39569.1**	**4890.1**
2014	**16711.3**	**1272.5**	**10789.1**	**729.4**	**6792.9**	**184.2**	**1982.3**	**741.0**	**36375.6**	**3527.1**
2015	**19404.7**	**884.5**	**7881.3**	**428.3**	**5381.7**	**3219.0**	**945.3**	**559.2**	**33613.0**	**5091**
2016	**17274.5**	**1426.1**	**1452.0**	**1050.1**	**8245.1**	**2948.2**	**4576.0**	**1024.8**	**31547.6**	**6449.2**
2017	**18729.3**	**1511.3**	**1522.4**	**1131.3**	**8321.2**	**3012.9**	**5891.1**	**1304.0**	**34464.0**	**6959.4**

Source: CBN Statistical Bulletin Volume 26, 2018

Table 4.2 Netflow of FDI in Nigeria: 1970-2017 (₦ Million)

YEAR	US	UK	WESTERN EUROPE	OTHERS	TOTAL
1970	26.4	47.4	29.6	18.2	121.6
1971	107.4	147.6	36.2	28.4	319.6
1972	-50.7	177.7	106.0	15.3	248.3
1973	21.3	91.2	48.2	31.9	192.6
1974	-7.9	-28.1	44.6	39.7	48.3
1975	235.2	24.7	130.3	85.9	475.4
1976	-159.0	84.5	62.9	57.9	46.3
1977	-89.0	130.8	85.9	69.9	197.6
1978	55.2	122.5	108.6	45.5	331.8
1979	223.4	-91.7	128.4	29.8	289.9
1980	0.4	318.2	131.2	17.2	467.0
1981	-128.1	7.4	242.8	15.2	137.3
1982	733.0	564.6	207.6	119.7	1624.9
1983	-200.6	615.0	116.6	25.7	556.7
1984	-6.1	500.6	-25.1	65.4	534.8
1985	-94.7	484.8	-58.0	-2.4	329.7
1986	511.3	1479.7	227.8	280.8	2499.6
1987	183.0	434.2	224.5	204.3	2499.6
1988	536.3	-783.2	459.4	133.1	1345.6
1989	-2092.0	1529.6	-72.2	195.2	-439.4
1990	433.5	573.5	930.9	326.6	464.3
1991	-1035.9	419.5	1330.2	1094.2	1,880.0
1992	6836.9	560.4	747.4	124.5	8,269.2
1993	6041.8	3633.3	22,558.2	761.1	32,994.4
1994	1387.6	1136.7	-267.4	1650.3	3,907.2
1995	5043.5	3216	38,285.0	2132.5	48,677.0
1996	-288.2	1194.8	1249.4	575.0	2,731.0
1997	3768.7	232.6	1437.6	292.0	5,730.9
1998	-868.4	14,146.6	2,147.0	8,653.8	24,078.8
1999	-1,489.5	1235.6	1,261.0	771.9	1,779.1
2000	1489.4	1235.5	1261	406.9	3,347.0
2001	1855.6	175.8	907.7	407.9	3347.0
2002	491.0	2675.0	741.0	452.0	3377.0
2003	1761.2	4027.9	1300.3	1116.1	8205.5
2004	2918.4	6045.6	2161.0	1930.7	13056.5
2005	2986.6	7206.6	3065.6	6650.9	19909.1
2006	3882.6	9368.6	3984.5	8646.2	25881.8
2007	6212.1	14989.7	6375.2	13893.8	41470.8

2008	8085.4	19620.3	8369.1	17967.1	54041.9
2009	20720.1	11830.1	5824.7	11081.3	49456.2
2010	14848.3	9035.8	6342.7	11202.6	41429.4
2011	3583.8	4859.6	8092.9	13821.8	30358.2
2012	3685.5	4141.6	2946.1	12006.4	22779.6
2013	21592.6	13677.5	7164.1	1910	44341.2
2014	13222.3	15928.7	3447.9	2090.1	34679.0
2015	10059.7	15438.8	6008.7	1241.3	32748.5
2015	17453.0	18517.2	2162.7	386.1	38522.0
2016	10401.9	15848.4	5296.9	3551.2	35098.4
2017	1521.7	17827.5	6486.7	4221.4	30057.3

Source: CBN Statistical bulletin Volume 26, 2018

These netflows came mainly in the form of unremitted profit, net changes in foreign share capital, trade and supplier credit, other foreign liabilities (including external borrowing, tax to home country on capital exported and mortgage payable). Nigeria since the introduction of SAP in 1986, which enhanced trade liberalization, could not add value to economic growth and development (Olokoyo, 2013). Indeed, the volume of capital flow affects the growth of the country's GDP. This is on the premise that the more the foreign flow of capital, the greater the stability of the economy. As stated abinitio, from 1986 to 2017 as shown, the inflow exceeds the outflow except in 1989 and 1990. This generally affected the total netflow in Nigeria in 1989 and 1990. It could be assertively stated that the only period Nigeria enjoyed a prosperous and stable growth in GDP was between 1989 and 1990 because Nigeria's FDI outflow particularly in the USA exceeded her inflow. This shows that what determines the growth of the economy may not be the volume of FDI rather the degree of outflow.

Consequent upon recognizing the critical role of FDI in its economic growth process, Nigeria competes aggressively with other countries (such as Angola, South Africa and Egypt) in attracting FDI. Overshadowing the drive, Nigeria's infrastructure is down despite the abundance of natural resources (Nwosu, 2015).

It has been noted that the growth and development of Africa and indeed Nigeria's economy depends largely on FDI, which has been described as the major carrier for transfer of new scientific knowledge and related technological innovations (Ukeje, 2003). Out of US $35,895 million flow of FDI to developing countries in 2000, 66.7% went to ten (10) countries and Nigeria was not one of them. In the same year, net Foreign Direct Investment into Nigeria was N1,808m (or US $182.5m, using average annual exchange rate of N9.9095/US $1) and equivalent to 0.51% of the FDI that went to all developing countries. This contrasts with the receipt of Mexico and Turkey in the table below, which were US $4,762m and US $810m respectively the same year.

Table 4.3: Major Destinations of FDI To Developing Countries

Country	US $M	Share of Recipient Investment (%)
All Developing Countries	35,895	4.5
Mexico	4,762	7.4
China	4,366	3.3
Malaysia	3,455	20.5
Argentina	2,439	15.1
Thailand	2,014	5.6
Venezuela	1,914	19.2
Brazil	1,600	2.0
Indonesia	1,482	3.6
Republic of Korea	1,116	1.0
Turkey	810	3.9

Source: IMF Balance of Payment Year Book (2000)

Ten years after in 2010, the flow of FDI has increased as shown below and there have been some dramatic changes in the ranking.

Table 4.4: Top Ten Developing Countries Recipients of FDI In 2010

Country	US $M	Share of Recipient Investment (%)
China	38,399	3.6
Brazil	32,779	5.3
Mexico	13,286	0.3
Argentina	11,665	4.2
Republic of Korea	9,283	2.2
Singapore	6,390	6.4
Indonesia	4,550	3.8
Venezuela	4,464	4.3
Chile	3,675	2.8
Thailand	3,366	2.8
Nigeria	1,082	1.9

Sources: The World Bank; 2010 World Development Indicators

Table 4.5: Top Ten Developing Country Recipient of FDI 2014

Position	Country	US $M	Share of Recipient Investment (%)
1st	China	105,735	16.5
2nd	Hong Kong	68,904	10.7
3rd	Brazil	48,438	7.5
4th	Russia Federation	41,194	6.4
5th	Singapore	38,638	6.0
6th	British Virgin Islands	30,526	4.6
7th	Saudi Arabia	28,105	4.4
8th	India	24,640	3.8
9th	Mexico	18,679	3.0
10th	Chile	15,095	2.4
23rd	Nigeria	6,099	0.9

Source: UNCTAD, FDI/TNC Database

The relatively negligible foreign direct investment into Nigeria came mainly from the United States, United Kingdom, Western Europe and others (none of which is significant) (Ukeje, 2003). Notwithstanding that Nigeria is not a major destination of FDI, it is still numbered as one of the major recipients of FDI in Africa, together with the Republic of South Africa, Egypt, Morocco and Tunisia in that order. During the later half of the 1990, the annual FDI into Nigeria averaged between US $1-1.5 billion, with an aggregate investment totaling US $20billion at the end of

1999. This is equal to about half of Nigeria's GDP (Aja, 2002). It is generally known that FDI in less developed countries (including Nigeria), increased substantially in the 1990s. Thus in 1999, FDI to Nigeria was US $1.01billion which was 0.2% of world's total of US $865billion and 0.7% of developing country's total of US $207billion and 15% of Africa's US $9billion (Yakubu, 2003). FDI flow into Nigeria was US $1,104million and US $930million for 2010 and 2011 respectively. The apparent drop in 2013 was attributed to decrease in the petroleum sector and the general fall in the FDI surge in the world. It could be noted that traditionally, FDI into Nigeria has been concentrated in the extractive industries, but in recent years, there has been a diversification into the manufacturing sector. Although data on sectoral allocation are inconsistent at the beginning of the 1990s, the primary sector accounted for only a little over 30% of the FDI stock in Nigeria, while manufacturing attracted almost 50% and the service close to 20% (Yakubu, 2003).

As expected, mining and quarrying is the most attractive sector for the stock of FDI in Nigeria (as can be seen in Table 4.6). Indeed, the sector's attraction has been increasing but inconsistent, increased from about 19% in 1986-1989 to about 22% in 1990-1993 before increasing gradually but unstable in the subsequent years. However, it dropped to about 27% in 2002-2005 and later increased to about 31% in 2006-2009. The stock of the FDI in the manufacturing sector compared favourably with the mining and quarrying sectors as it averaged about 32% from 1986-2017.

Table 4.6: Sectoral Composition of FDI in Nigeria (1986-2017) Percentage

Period	Mining & Quarrying	Manufacturing	Agriculture	Transport & Communication	Building & Construction	Trading & Business Service	Miscellaneous Services
1986-1989	19.3	35.3	1.4	1.1	5.1	32.6	5.2
1990-1993	22.9	43.7	2.3	1.7	5.7	8.3	15.4
1994-1997	43.5	23.6	0.9	0.4	1.8	4.5	25.3
1998-2001	34.7	21.6	0.7	1.1	2.5	7.6	2.6
2002-2005	27.2	40.7	0.4	2.1	2.2	8.2	2.4
2006-2009	30.8	32.4	2.5	1.4	6.4	20.4	6.1
2010-2013	27.3	29.4	2.1	5.4	5.5	21.9	8.4
2014-2017	25.2	30.3	2.8	11.5	5.4	19.2	15.6
1986-2017 Average	28.9	32.1	1.6	3.1	4.3	14.1	15.8

Source: CBN Statistics Bulletin Volume 26

The stock of FDI that resides with trading and business services decreased from about 33% in 1986-1989 to 8% in 1990-1993 and further to about 5% in 1994-1997. However, increased gradually to about 20% in 2006-2009 and shortly went down to about 9% in 2014-2017. Agriculture, transport and communications, building and construction, which ordinarily are the bedrock of any economic growth and development recorded least attraction to the host FDI in Nigeria. Jointly, these critical sectors of the economy which promotes local production accounted for about 9% of the stock of FDI in Nigeria. It could be noted that despite the privatization of communication companies, no meaningful result. However, the sector is a growing phenomenon and will sooner or later overtake the other sectors including the manufacturing. The attempt by then President Olusegun Obasanjo to privatize the communication industries could not yield the desired result due to the repatriation of the interest made by foreign investors (Nwosu, 2015). According to then Hon. Minister for Trade and Investments Mr. Okechukwu Enelama, “in 2017 the total FDI inflow in Nigeria was $387.2million” (Daily trust, 1st March, 2018). This shows that to a very large extent, Nigeria receives greater FDI aimed at socio-economic and political development. Similarly, Mr. Wang Ji, Chinese Foreign Affairs Minister stated that China intends to invest over $40billion in Nigeria. He stated this when he visited President Mohammadu Buhari in January, 2017, during a bilateral meeting with Mr. Godfrey Onyema, Nigeria's Foreign Affairs Minister. Continuing, he stated that China has invested over US $45billion in Nigeria (Guardian, 11th January, 2017). This state of affairs could be responsible for the inability of most sectors to contribute to the growth of the country's GDP.

Table 4.7 Average FDI and Trade Flows for Oil and Non-Oil in Nigeria: 1960-2013 (₦ million)

YEAR	FDI		IMPORT		EXPORT		TOTAL TRADE	
	Oil	Non-Oil	Oil	Non-Oil	Oil	Non-Oil	Oil	Non-Oil
1960-64	136.65	290.57	35.05	496.12	34.16	332.19	69.21	738.31
1965-69	422.12	444.5	35.11	442.22	160.17	369.57	195.28	811.80
1970-74	762.5	690.18	45.54	1111.96	1979.60	357.69	2025.15	1469.65
1975-79	771.48	1695.24	131.04	6198.54	6705.18	536.52	6836.22	6735.06
1980-84	678.28	4023.52	205.34	9552.2	9671.56	329.82	9876.9	9882.02
1985-89	1910.86	7264.02	2522.1	1420.66	26250.6	1782.6	28772.7	15903.26
1990-94	12213.14	14253.68	23378.5	97976.6	167871.5	4501	191250	102477.6
1995-99	58317.36	42577.6	174484.6	598196.4	1062709	25830	1237193	624026.4
2000-04	61577.9	74597.34	307334.3	1277301	2578575	71129.83	2885909	1348431
2005-09	99222.7	235771.9	945296.6	3077436	8084610	195160.1	9029906	3272597
2010-13	99993.43	27432.6	2311220.87	5719946.9	12287803.17	455194.21	14599024.04	6175141.11

Source: CBN, 2014

Table 4.7 showed the level of FDI, import, export and total trade in the oil and non-oil sectors from 1960 to 2013. Oil FDI increased progressively all through the period. On the contrary, non-oil FDI increased moderately until the period of 2000-2004 when there was substantial jump from N74.6billion to N235.8billion in the period of 2005-2009. Thereafter, non-oil FDI was relatively stable, although marginal increase was observed in the period 2010-2013 when it increased to N274.3billion.

We further observed that the oil import is lower than non-oil import at any stage whereas oil export is higher than non-oil export. This shows that Nigerian export is more oil than non-oil. This supports the assertion that Nigeria particularly after the 1970s relied on oil than non-oil sectors in her exports. This is dangerous as Nigeria's export relies wholly on oil.

4.2 Effects of FDI on Socio-Economic & Political Development in Nigeria

Having examined the volume of FDI in Nigeria from 1986 to 2017, the question has been whether it really impacts on the economic growth and development in Nigeria. As noted in the literature review, many scholars opined that FDI is home country driven. In as much as there is need for trade across national frontiers particularly this era of globalization, the host countries are the worst hit in this unstrategic trade relations. As we observed in the volume of outflow & inflow, we saw that almost all the periods, the volume of inflows exceeds the outflow hence indicating that import exceeds export. Put differently, the volume of Nigeria's investment outside Nigeria's shores is lower than the volume of other country's investment in Nigeria.

However, the proponent of Foreign Direct Investment argued that FDI brings to the host country capital, technology spillover managerial and marketing expertise, increased export and favourable balance of payment, bridges the idea gap, increases domestic labour efficiency, creates employment, brings about increased corporate tax revenue from profits generated by FDI etc (Oyeranti, 2003). Furthermore, Xiaolum (2002) argued that there are three basic mechanisms for FDI to generate employment in the recipient countries, which invariably contributes to socio-economic and political development in Nigeria. First, foreign affiliates employ people in their domestic operations. Secondly, through background and forward linkages, employment is created in enterprises that are suppliers, subcontractors or service providers to them. Thirdly, as FDI relates, industries expand and the local economy grows; employment is also created in sectors and attractions that are not even indirectly linked to the original FDI.

It is an established fact that the foreign investors engage in business across the shores of her country to make profit. Indeed, the profit made are not re-invested in the host country rather home country. In the words of Tandon (2002), as quoted by Adams (2009), Multinational Enterprises (MNEs) are in business to make profit and not for development. Accordingly, dependency theory predicts that FDI inflow may slow economic growth and produce greater level of income inequality. In other words, FDI is not ALL GOOD NOT BAD. The investors are not altruistic. Little wonder Adams (2009) submits from the findings of his work that FDI is necessary but not a sufficient condition for socio-economic and political development in Nigeria.

The twelfth annual conference of the regional research units on foreign direct investment organized by the Central Bank of Nigeria (CBN) in 2003 ascribed the following benefits to foreign direct investment namely transfer of technology; increased productive efficiency due to competition among transnational subsidiaries; improvement in the quality of management in other firms and not just the host firms; a healthy balance of payment position through the inflow of investment funds, increase in export; increase in savings and investment; faster growth of output and employment; and welfare improvement due to lower prices of goods and the introduction of new and better quality foods (CBN, 2003).

Unlike other sources of foreign funds and investments such as loans and credits and portfolio investment which has been described as hot money and which can leave at the first sign of trouble, Foreign Direct Investment is thought to be BOLTED DOWN and cannot leave so easily at the first sight of trouble (Sadiq and Bolboi, 2001). According to Alfaro et.al (2000), FDI positive effects includes productivity gains, technology transfers, the introduction of new prices to the domestic market, managerial skill and know-how, employee training, international production networks and access to markets. According to these authors, in addition to these real benefits, its relative stability has also increased the emphasis on FDI among all capital flows.

Either learning-by-observing or learning-by-doing, foreign production methods may increase domestic productivity and the overall economic growth in the domestic economy. Domestic firms may benefit from accelerated diffusion of new technology if foreign firms introduce new products or processes to the domestic market. In some cases, domestic firms might benefit just from observing these foreign firms (Blomstrom and Kokko, 1997). In other cases, technology diffusion might occur from labour turnover as domestic employees move from foreign to domestic firms. These benefits together with the direct capital financing it provides, suggest that FDI can play an important role in modernizing the national economy and promote socio-political growth.

Existing literature identifies three ideal channels through which FDI can bring about socio-economic and political development. The first is the release it affords from the binding constraints on domestic savings through foreign capital inflow. In this direction, foreign direct investment auguments low domestic savings in the process of capital accumulation. In such situation, FDI serves to stimulate domestic and the local investment in the country. Secondly, foreign direct investment is the main conduit through which technology transfer take place. It produces externalities in the form of technology transfer and spillover (Carkovic and Levire, 2002). By so doing, the volume of the FDI determines to a great deal the degree of technology to transfer. Obviously, by bringing new knowledge and investments in physical infrastructure like roads, and factories, foreign investors may help to reduce what Romer (1993) referred to as 'idea gap' between developed and developing countries. From this perspective, FDI may boast productivity of all firms and not just those receiving FDI. The transfer of technology and technological spillovers lead to an increase in factor productivity and efficiency in the utilization of resources, which leads to growth. Thirdly, FDI leads to increase in efforts as a result of increase in capacity and competitiveness in domestic production (Adams, 2009).

Indeed, empirical analysis of the positive effect of FDI on socio-economic and political development is often said to depend on another factor called ABSORPTIVE CAPACITY which includes the level of human capital development, type of trade regimes and the degree of openness (Borensztein et.al., 1998). According to Hathyarenmye and Ziesemer (2006) as referred to by Adams (2009), absorptive capacity means ability to acquire, internalize and utilize knowledge developed elsewhere.

According to Oyeranti, 2003, despite the rationale behind FDI in Nigeria as highlighted above, some studies have revealed that Nigeria should be cautious about taking too uncritical attitude towards the positive effects of FDI in socio-economic and political development in Nigeria. He maintains that it is sometimes feared whether FDI contributes to the broad aspects of development and the distribution of income in Nigeria. Does FDI actually possess the efficacy often ascribed to it? Inspite of all the good things so perceived as the contributions of FDI to Nigeria's socio-economic and political development, opinions are diverse about the catalyst role of FDI in the growth process in some quarters (UN CTAD, 2005). Contributing De Mello (1999) found that FDI has a negative growth effect on Nigeria's economic development which he claimed might be due to the fact that FDI reduces total factor productivity. Tandom (2002) argued that FDI is falsely marketed to the developing countries as solution to their underdevelopment. Development itself is a complex phenomenon. Indeed to single out FDI (as most third world governments tend to do) as the principal means of development is reductionism pushed to its absurdity. It could be noted that despite the perceived disadvantages, third world countries seek FDI partly because they don't know better, partly because of the influence of International Financial Institutions (IFI), partly because their own bureaucrats are largely educated in neo-liberal economics, and partly because like a short in the arm, FDI can restore the health of a dying economy, though temporarily. But like drug addiction, the more you have it, the more you are in need of it. Financial aids created debt crises in Nigeria; FDI will create even greater crises of development (Okereke, 2015). In the words of Oyeranti (2013), FDI impacts negatively and significantly on Nigeria's economic growth as the higher FDI, the lower net export which determines the prosperity or otherwise of an economy. Also the lower the FDI, the higher the net export. Indeed, even at the lowest ebb of FDI, the net export may intense a higher positive level. This scenario is dangerous.

Some studies suggests that FDI does not have an independent effect on socio-economic growth. Indeed, its effect is dependent on the initial country condition that allows it to exploit FDI spillovers. Little wonder that it is often said that it is development that brings FDI and not vice versa (Carkovic and Levine, 2002). This means that domestic approach is more promising in any case over and above FDI in terms of attracting interest. According to Ajuka (2016), Nigeria should avoid competing to give tax incentives to foreign investors because FDI is an agent of sustainable underdevelopment. He further advised that available resources for promoting investment are better spent on improving local infrastructure, the supply of information to investors and education and training that benefits foreign and local firms. According to Hansel and Eichborn (2011), historical evidence has it that socio-economic growth attracts FDI and not FDI that brings growth. In otherwords, the more developed a country, the higher impact FDI creates and vice versa. This means that developed countries are more FDI inducing than less developed economies like Nigeria. Odozi (2010) claims that foreign investment creates an industrial structure in which monopoly is predominant leading to what Ajayi (2006) refers to as ENCLAVE ECONOMY which local investors and entrepreneurs are excluded. Oyeranti (2013) argued that Foreign Direct Investment (FDI) are said to be interested in returns maximization and risk diversification from their home countries and not development. It has been argued that over reliance on foreign investment can lead to compromise of country's sovereignty not only at the socio-economic front but also at political level. This means that FDI could be an agent of political instability. Stating a practical example, Ojo (2016) stated that transnationals often influence the political processes of host countries. According to him, in 1973, American transnational, International Telephone and Telegraph (ITT), hatched a military coup in Chile during which the democratically elected president, Salvado Allande was assassinated and replaced by the notorious General Pinochet. ITT's continued financial support allowed Pinochet's dictatorship until 1990, much as shell's generosity facilitated military dictatorship in Nigeria for a very long time. Supporting the negative influence of FDI in most developing countries, Nwosu (2015) stated that not only transnationals themselves influence the political process, but home country governments often become involved too. He warned that Nigeria should be careful in her policies that encourage inflow of FDI because the dangers on the economy are many.

In Nigeria, it was alleged that some oil Transnational Corporation (TNCs) had a hand in the overthrow of General Murtala Mohammed in 1976. They have also been involved in similar tendencies in Nigeria, Cuba, Haiti, Libya, Iraq and Panama (Ogbuaku, 2003). Transnational Corporation (TNCs) are also ready instruments of parent countries to achieve any desired political and economic goal which is definitely antithetical to the development of the host countries. According to Shane (1994), the United States, for example, backed General Pinochets Coup in 1973, largely because President Allande's plans to nationalize the Chilean telecommunication industry which would have threatened ITT's profit.

In the words of Nwosu (2015), the regular visit of the APC presidential aspirant Mohammadu Buhari to President Obama in Washington prior to the 2015 general election metamorphosed into the acceptance of the presidential election result by President Goodluck Ebele Jonathan without resistance. This is action which ran contrary to the expectations of his supporters spread across party lines in the country. Continuing, Nwosu maintained that in order to protect America's investment in Nigeria, Barack Obama threw his weight behind Mohammadu Buhari since Goodluck Ebele Jonathan could not yield to Obama's initial request. Similarly, Ojo (2016) averred that the inability of then President Goodluck Ebele Jonathan to accept the implementation of some US policies particularly gay marriage in Nigeria resulted to the US led conspiracy against his regime.

Furtherstill, Babangida Aliyu, the former Niger State governor and the then Chairman Northern Governor's Forum revealed the alleged conspiracy of the US in the electoral defeat of former President Goodluck Ebele Jonathan in 2015 in agreement with the initial allegation by Jonathan. In an advance copy of "Against the Run of May" written by Segun Adeniyi, Babangida Aliyu gave a hint of possible US involvement in the electoral defeat of former President Ebele Jonathan. According to Aliyu, Obama's administration invited 12 northern governors to the

US to ascertain their level of commitment to removing Jonathan as he could not protect the investment interest of the US. To Aliyu, the reason for their invitation was beyond Boko Haram insurgency in Nigeria. In his words, “that was my reading of the situation as I believe it was all about the 2015 election, for which the American Government had resolved not to support the then President Goodluck Ebele Jonathan as the just wanted to size us up for the level of commitment to regime change as the US interest was at stake” (Nations Newspaper, April 17, 2017).

Similarly, the spokesman for President Mohammadu Buhari, Alhaji Garba Shehu said that Nigeria’s government will investigate allegations of improper involvement by political consultancy Cambridge analytical in the country’s 2007 and 2015 elections. According to Garba Shehu “a government committee is looking into claims that a Cambridge analytical affiliate, organized anti-election rallies to dissuade opposition supporters from voting in 2007 and 2015 elections”. Continuing, Garba Shehu said that “the committee would examine claims that Buhari’s personal data was hacked in 2015 where he was an opposition candidate in the Presidential election” (Daily Independent Newspaper, 3rd September, 2015). The essence of the investigation would be to ascertain whether these actions of Cambridge Analytical broke any Nigerian laws and infringed on the rights of the other parties and their candidate in 2015. In all, if true, the UK felt that Buhari will not protect her investments in Nigeria, hence the intervention.

Table 4.8 Forceful Electoral Interventions by Countries 1948-2017

Country	Year of Election	Type of Election	Interested Country(s)
Italy	1948	National Election	US, USSR & Vatican
Korea	1948	National Election	US & USSR
Japan	1950	National Election	US & USSR
Iran	1952	National Election	US
Philippines	1953	National Election	US
Guyanese	1953	National Election	UK
Chile	1973	National Election	US
Nigeria	1993	National Election	US, Britain & EU
Russia	1996	National Election	US

Bolivia	2002	National Election	US
Palestine	2006	National Election	US & Israel
France	2007	National Election	Libya
Togo	2010	National Election	France
Guinea	2010	National Election	France
Nigeria	2015	National Election	US & UK
UK	2016	Brexit	Russia
Germany	2017	National Election	Turkey

Source: Compiled from FDI/UNCTAD https://en.wikipedia.org

From the above table, it could be observed that most of the countries who either intervened or attempted to intervene are not without interest. This is on the premise that the core values of most countries are paramount. As we could see above, the US retained the greatest degree of intervention as the interest of the US is as great as the country. Indeed, the number of interventions are greatly determined by interest. In all, the market openings created by a country usually ascertain her investment interest in another country.

Also, from 1948-2017, the US intervened in the national elections of about 11 countries out of 17. This goes to buttress the unhidden point that the intervention of the US in the domestic affairs of countries are enormous. In 1948, due to ideological rivalry, the US, USSR and Vatican intervened in the Italian election and each strove for dominance in the political leadership of Italy which will help them influence the economy and possibly, protect her investments. In 1993, the US, Britain and European Union sanctioned Nigeria for the annulment of the June 12 presidential election. In the words of Egbo (2003), “Britain and the US opened the floodgate on sanctions over the June 12 crisis barely 48 hours the Nigerian Government announced the cancelation of the presidential polls”. Similarly, the twelve EU countries agreed to impose wide range of sanctions on Nigeria. Ojo (2016) asserted that all sanctions by the developed countries on Nigeria are traceable to the inability of the country’s political leadership to protect their investment interests.

It could be noted that the US, Britain and some developed economies with investment potentials are usually interested in every political leadership of the country so as to protect her investments. According to Egbo (2003), the annulment of June 12 1993 Presidential election by Ibrahim Babangida received a swift reaction of the US government. In the words of Michael O'Brien, the Director of the US information service in Lagos, "we are awaiting the Nigerian Government's reaction to this move to postpone the election as any attempt in that direction would cause grave concern to the US government" (Kareen & Adebayo, 1994). Emphasizing much on the interest of the US in the 1993 elections and the great need to protect her investments, the then US Ambassador to Nigeria Walter Carrington said "…American companies work best in democratic environments with stable system based on the rule of law as representative government which reflect the will of the people tend to make the best long-term business partners…" (Lamine, 1990). Indeed, Nigeria was sanctioned by the US and her allies due to the inability of Nigeria to turn to democratic rule as prescribed by the US which will invariably protect her investments better. The developed countries only intervene in the democratic leadership of countries when their investments are threatened (Ojo, 2016). For instance, the US could not intervene in the series of electoral malpractices in Nigeria despite the glaring report of international election observers. Egbo (2003) argued that the election that ushered in Olusegun Obasanjo was characterized by irregularities, election rigging and vote buying. America saw it but made no protest. To them, as far as a preferred civilian regime is in place, it is time for business. Similarly, the 2003 presidential election in Nigeria was fraud but the US made no comment (Egbo, 2003). Indeed, the moment the investment interest of the US is assured, they are bound to support that regime in Nigeria. This state of affairs shows clearly that the developed economies intervene in the political leadership of Nigeria when their interests is threatened. Similarly, according to Ketil Karlsen – the European Union Ambassador to Nigeria "the EU recently awarded contract worth 13.6b Euro through her Support to Democratic Governance in Nigeria (SDGN) to support INEC, National Assembly, political parties, media and civil society organizations to strengthen democracy especially during the 2019 general elections as they did in 2015 general elections" (Vanguard 1st February, 2018). It could interest you to note that the European Union had spent over N44Bn on Nigeria's election since 1999 (Leadership Newspaper, 3rd February, 2018). The interest of EU in our democracy is economic as she cannot invest without interest. Indeed, many European countries have investments in Nigeria hence interest in our electoral process. It is not wrong to conclude that FDI has negatively affected the political development of Nigeria since the developed countries at times interrupt the political leadership of Nigeria due to selfish investment interest not minding the consequences on the growth of the country. Indeed, it is assertive to state that FDI is an agent of political instability because through such interventions, they could disrupt democratization process.

Similarly, Nwosu (2015) argued that the assertion that subsidiaries of transnational organizations frequently have very high profit margins, so they generate large amount of tax revenue for Nigeria; provide her with much needed foreign currency; brings with them, a host of managerial skills and most importantly technological transformation which supplement domestic investment leading to increased economic activity is spurious. In the first place, Transnational Corporations (TNCs) can use transfer pricing to switch their profit to countries with very low rates of corporation tax. Furthermore, Ajuka (2016) maintained that FDI is an agent of socio-economic and political underdevelopment because most Transnational Corporations (TNCs) usually receive generous tax concessions and allowances from Nigerian government and in many cases, the corporation tax paid by the foreign firms is actually outweighed by the subsidies and grants it receives from government. By displacing indigenous competitors, TNCs further reduce the Nigerian revenue. On the issue of foreign currency empirical evidence, though inclusive, suggest that Transnational Corporations (TNCs) can have a negative net effect on Nigeria's balance of payment (Egbule, 2016). To him, the reason is simple because they repatriate profits and send royalties, management fees and interest payment back to their home countries. As stated abinitio, FDI does not have an independent effect on socio-economic and political development. Supporting this assertion that FDI has negative effect on economic growth and development, Nwosu (2015) insisted that the gains of FDI are heavily dependent on local conditions like developed financial markets or the country's already existing highly educated workforce and the ability of the host country to regulate and tailor FDI inflows. This shows clearly that the effectiveness of FDI on socio-economic and political development is dependent on the activities within the country. No matter the volume of FDI inflow, the overall development in Nigeria will determine the extent of impact. On the issue of transfer of skills, Entwick Lungsdienst (2005) insisted that there is little evidence to suggest that TNCs facilitate the technological advancement of their host nations. Transnational Corporation (TNCs) are naturally reluctant to share their knowledge. They have as one commentator observed, "no commercial interest in diffusing their knowledge to potential native competitor" (Nwosu, 2015). Indeed, the Transnational Corporations' technological knowledge is often of little benefit to the host country, it is often inappropriate, that is, it is incompatible with the needs of the host country. Entwick Lungsdienst (2005) argued that technologies used by TNCs are usually developed in richer countries while capital is relatively abundant. This indicates that rich and developed economies which parade huge capital are the primary benefits of FDI. The introduction of this labour-shedding technology to developing economies can lead to increase in unemployment and deprivation which threatens socio-economic and political development in the country. Tandon (2002), FDI is not all good no bad as Transnational Corporation (TNCs) are in business to make profit and not development. This shows that development is not the main target of investors.

Looking at the negative effects of FDI on socio-economic and political development in Nigeria over years and the dangers inherent, 22nd annual conference of the regional research units by the Central Bank of Nigeria, held at Hamdala Hotels, Kaduna, Nigeria, from September 1-5, 2013, the following limitations of the foreign private investment in Nigeria were highlighted thus:

1. They have lower domestic savings and investment rates by shifting competition through exclusive production agreement with host governments, and failing to re-invest most of their profits.
2. The repatriation of profits, interest, royalties, management fees and other funds may worsen the balance of payment position.
3. The granting of liberal tax concessions, transfer pricing, excessive investment allowances, disguised public subsidies and tariff protection provided by host countries, reduce public revenue.
4. The Transnationals sometimes use their economic powers to influence government policies in directions unfavourable to the development of the host economies (CBN, 2013).

To further demonstrate the insensitivity of foreign direct investors towards the well-being of the host country, a Multilateral Agreement on Investment (MAI) is being negotiated between representatives of Organizations of Economic Co-operation and Development (OECD) and governments of European Commission. The contents of this agreement shows clearly that MAI will severally curtail the powers of sovereign states. It confers a number of rights on Transnational Corporation (TNCs) but does not increase their responsibilities (MAI Draft, 2007). Although only the OECD countries and the European Commission are participating in the negotiation, it is almost certain that a number of other countries will be invited to join. It is also quite likely that IMF and the World Bank will sooner or later make the outcome of the agreement one of its bitter conditionalities. They will require other countries to sign the MAI if they are to receive aid and financial rescue packages in the future.

MAI main provisions are as follows:

- It ensures that all transnational companies receive national treatment, or most-favoured national treatment in every member country.
- It prohibits any performance requirements on Transnational Corporation (TNCs) even if the same requirements apply to domestic companies. By this, it abhors the host nations from any “unreasonable or discriminatory

measures" which would impair the "operations, maintenance, use and enjoyment or disposal of investment".

- It provides for a state-to-state and investor-to-state dispute settlement mechanism.
- It is a stand-still and roll-back treaty. Once a country ratifies the treaty, it cannot withdraw from the MAI for a minimum of five years. Having announced its intention to withdraw from MAI, a country will continue to be bound by its provision for 15 years.
- The treaty prevents government from any act which would reduce the ability of foreign investors to 'enjoy' their investments. By raising environmental or labour standards, governments could be accused of expropriating profit of transnationals. Even by debating in the parliament, the prohibition of an unwholesome act on the part of transnational, the national government could be accused and therefore sued for damaging the firm; which was tantamount to expropriation of profits. This had already happened in Canada when Ethyl corporation, a petroleum producer, sued Canada for expropriation of profits after the Canadian government introduced legislation to ban MMT, a toxic fuel additive. Ethyl corporation even argued that by debating the prohibition of MMT, the Canadian parliament was damaging the firm's reputation; which was tantamount to expropriation of profits (MAI Draft, 2007).

Can the above scenario not be likened to what is happening in the Niger Delta region of Nigeria where the oil firms are making their profits at the expense of the environment, which has been so badly degraded? It could be noted and very importantly too that over 75% of the country's revenue comes from oil and any threat on that critical sector of the economy is a threat on the entire facet of the economy. Indeed, it has a spillover effect on all other areas of the economy. This state of affairs is invariably a threat to the socio-economic and political development of the country.

Based on a lecture given at the Euro College Student Union Business Forum, Kumanovo, Macedonia, May 3, 2007, Vaknin (2007) submited that the role of foreign direct investment (FDI) in growth and sustainable socio-economic development has never been substantiated. According to him, there isn't even an agreed definition of the beast". Continuing, he submits, "in most developing countries, like Nigeria other capital flows – such as remittance – are larger and more predictable than FDI and ODA (Office Development Assistance)". Several studies indicated that domestic investment projects have more beneficial trickle down effects on local economies of Nigeria. As we could see on table 4.2, FDI does not automatically translate into net foreign exchange inflow. To start with, many transnational investors borrow money locally at favourable interest rate to finance their projects. This constitutes unfair competition with local firms and crowds the domestic private sector out of credit markets, displacing its investment in the process. The relationship could be regarded as unstrategic because it portrays master-servant bind. Indeed, Transnational Corporations are net consumers of savings, draining the local pool and leaving other entrepreneurs high and dry (Vaknin, 2007).

Foreign investors are attracted to success stories, they are drawn to countries already growing politically stable and with a sizeable purchasing power. Foreign investors of all stripes jump ship with the first sign of contagion, unrest and declining fortune. In this respect, FDI and portfolio investments are equally unreliable. Studies have demonstrated how Transnationals hurry to repatriate earnings and repay inter-firm loans with the early harbinger of trouble. They go to areas of least resistance or else, why have they not ventured into Nigeria's decaying infrastructure such as roads, and rails, which would add to socio-economic and political advancement of the country? What about employment? Is FDI the panacea to the challenges of unemployment it is made out to be? Far from it! Foreign owned projects are capital intensive and labour efficient. They invest in machinery and intellectual property, not in wages. Skilled workers which we have in very limited supply in this part of the world, get well paid above the local norm while all others lanquish (Okonkwo, 2005). In all, FDI is most favourable to advanced countries. This shows that the investors are not as altruistic as they appear. Conclusively, FDI has a negative effect on socio-economic and political development in Nigeria due to clear insincerity in the relationship between investors and their hosts.

4.3 Domestic Factors of Corruption and Insecurity and its Effect on FDI in Nigeria

The experiences of countries indicates that while some factors like favourable economic environment and regulatory or policy framework help induce Foreign Direct Investment flows, there are a number of other factors that can constitute a serious problem to the flow of foreign direct investment. Indeed, as noted abinitio, a friendlier business climate lowers the additional cost of doing business in a foreign country thereby benefiting the flow of FDI. This means that a friendlier investment climate will definitely increase the flow of FDI in Nigeria.

However, there is an age long argument that most African countries like Nigeria have “fallen behind” because it does not have conditions, adequate to attract FDI. The truth is that Africa has done more to oblige overseas investors than any other continent, yet investments have gone to other continents. The New Economic Partnership for Africa’s Development (NEPAD) recorded that in the 1990s, regulatory and other reforms have been introduced by a number of governments to make their economies more attractive to foreign investors (Nwosu, 2015). Today, these regulatory conditions are not at par with those in other developing countries. For example, many more countries now allow profits to be repatriated freely or offer tax incentives and similar sweeteners to foreign investors. Many African countries, including Nigeria, have investment promotion agencies (IPAs) to assist these investors, yet FDI has come to Nigeria only in trickles, relative to its potentials. A former Minister of Finance once said “we have removed our shirts and trousers to attract FDI; what more do they expect us to do?” (Tandon, 2014). Why then is Nigeria, as so far demonstrated, not attracting FDI, commensurate to this economic fundamental? There are a couple of studies that attempt to answer this question. According to UNCTAD (1999), the first set of explanations deals with the riskiness of investments in Nigeria; risk-adjusted return may be low, too low, so that it may deter investment. As noted very significantly, Nigeria is a country riddled with disease, pestilence and high instability – political and economic. Nigeria is regarded as a country risk because the location for FDI is not favourable. According to UNCTAD (1999:3)

> *For many people in other parts of the world, the mention of Africa evokes images of civil unrest, war, poverty, diseases, and mounting problems. Unfortunately, these images are not just fictions, they reflect the dire reality in some African countries – though certainly not in all.*

The above assertion shows clearly that Nigeria is a potentially risk country for flow of FDI. In a recent work by Rogott and Reinhort (2013), the role of price and currency instability is used as an explanation for the inability of Nigeria to attract commensurate FDI. In their concluding reviews, these authors claim that a major event such as war and civil unrest occur more frequently in Africa particularly in Nigeria than other regions. These authors should have visited Nigeria to see for themselves, the human carnage of sects in Nigeria including the latest of Boko Haram and Fulani herdsmen attack on farmers, at this 21st century, what a shame!!! Indeed, these events have adverse effects on the investment climate because they often bring along disastrous effects like high inflation, insecurity, risk of loss of capital and high levels of other distortions. Among the reasons for the low inflow of FDI to Africa including Nigeria, is that the reform in Africa on the average has been mediocre relative to the other regions of the world (Asiedu, 2004).

Table 4.9 Rates of Return on US FDI in Africa and Selected Regions (1997-2007)

Region/ Sector	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Africa	15.5	13.9	17.4	24.2	30.6	28.4	25.8	24.6	35.3	34.2	25.3
Primary	12.8	10.2	13.0	22.8	35.4	29.1	26.1	23.9	34.2	36.9	-
Secondary	19.0	24.0	15.4	20.4	16	18.9	30.5	30.0	42.8	21.3	-
Tertiary	20.6	8,7	-	23.8	NA	22.2	23.5	21.7	21.6	23.1	-
Other Industries	36.6	4,7	-	48.0	28.4	40.8	13.5	44.1	35.0	17.4	-
Asia & Pacific	20.3	22.4	23.3	27.6	23.8	22.6	20.7	18.4	20.2	19.3	16.2
Latin America & Caribbean	9.5	14.2	15.7	13.0	12.1	14.3	14.9	15.3	13.1	12.8	12.5
Developing Countries	13.2	16.5	17.8	17.2	15.9	17.2	16.9	16.5	15.8	15.3	14.0
All Countries	13.4	15.5	14.8	14.3	11.6	10.4	11.1	11.7	13.3	12.5	12.3

Source: UNCTAD, 2008, based on United States Department

As indicated in the above table, the average return on US investment to Africa from 2001-2006 was 30%. This compares with 21% for Asia and Pacific, 14% for Latin America and 16% for all developing countries (see table 4.9). In Nigeria, there are a number of factors that impede the flow of FDI to the country relative of actual potentials. These factors represent our environment to the foreign investors. Corruption and associated advance fee fraud of "419 scam" is perhaps Nigeria's most debilitating problem in terms of attracting FDI. Nigeria has unfortunately acquired a reputation as one of the most corrupt societies in the world; since 1995, the country has consistently ranked among the bottom five nations in transparency international annual corruption perception index (IPI) (Nwosu, 2015). This poll of polls captures perceptions of corruption tendencies in broad terms. Corruption constitutes a significant barrier to entry for new foreign investors, who may not have the political connection with our "culturally disoriented political bastards" or cannot be sure that those they established will be sufficient to navigate the complicated maze of doing business in the country (Ogunkola and Jerome, 2006). Criminal fraud conducted against unwary investors is a chronic problem in Nigeria called "419 fraud" after the relevant section of the Nigerian criminal code, these "advance fee" schemes target foreigners and even Nigerians alike through the mails, the internet and fictitious companies (Nwosu, 2015). Despite improved law enforcement efforts, the scope of financial fraud continues to bring international notoriety to Nigeria and constitutes a serious disincentive to commerce and foreign investment. By so, in all, the environment is not favourable for the flow of FDI in Nigeria (Nwosu, 2015).

Corruption of bureaucrats and other people poses a serious challenge during the locational process and reduces inward FDI as well as affects the choice of entry. For instance, Smarzynska and Wei (2000) using firm-level data in Eastern Europe and former Soviet Union found that corruption makes bureaucracy less transparent thereby reducing the probability to invest and raising the value of a joint venture. Hines (1995) shows that corrupt countries had lower US FDI flow equivalent to 6% annual decline in host country's Gross Domestic Product (GDP). In most African countries, corruption has been described as a cankerworm that has eaten deep into the fabrics of the society. Corruption in Nigeria has always been institutionalized to the extent that one might be compelled to believe that corruption has become a part and parcel of the administrative function of the bureaucrats. Corruption in Nigeria has become the rule rather than the exception and as such hinders the flow of FDI (Nwosu, 2015). Indeed, the environment has a big role to play in enhancing socio-economic and political development through FDI. In the words of President Mohammadu Buhari "the recent increase in the FDI was caused by robust economic policies of my administration, particularly in the area of fight against corruption with enhanced security". He stated this when the economy team of Qatar led by Hameed Abubakar visited him (Vanguard, 2nd March, 2018).

Another environmental threat to the flow of FDI in Nigeria is the lack of security and the high crime rate, prevalent in the country. The activities of Boko Haram, Niger Delta militants, and most recently the farmers/herdsmen crisis which has assumed the posture of terrorism. The lack of security generally in society has several impacts on business operations. Indeed, working in Nigeria entails greater risks than in most other countries (Olokoyo, 2013). The country's economic and political problems are deep and complex. Companies in Nigeria, whether foreign or domestic, face numerous administrative barriers or redtapisms as they seek to establish and operate business. In the words of Nwosu (2015), Michelin and Samsung are threatening to relocate to South Africa and Ghana due to unfavourable security status of Nigeria caused by the activities of the Niger-Delta Avengers and Boko Haram terrorists in the North East. Also, there are indications that foreign investors largely shunned Nigeria's economy in 2016 as foreign investment inflow dropped by $4.52billion to $5.12billion, the lowest for years (NBS, 2017). Specifically, NBS stated that in the year 2016, capital importation into Nigeria fell by 46.8% from $9.64billion in 2015 to $5.12billion. NBS in its report for the fourth quarter of 2016 disclosed that the amount recorded in 2016 was the lowest since 2007 and was a reflection of the numerous economic challenges that affected Nigeria in 2016, particularly, the economic recession experienced by the country.

Nigeria is already facing a de-industrialization process because of the country's decaying infrastructure. It has been noted that most foreign companies are relocating to neighbouring Ghana because of high cost of doing business in Nigeria. Roads are at very advanced stages of decay. For over eighteen years of practicing democracy, Nigeria has not been able to fix its energy sector including power (electricity) which is so fundamental to socio-economic growth and development. This state of affairs discourages the operations of Transnationals (TNCs) which invariably affects the flow of FDI. Wheeler and Mody (1992) found that lack of quality infrastructure particularly in the developing countries is a serious impediment/problem to FDI in fostering socio-economic and political development. As stated abinitio, transportation system is revolutionary. The application of science and technology has revolutionized transportation networks in the air, at the sea and on land. Indeed, improvement in transportation and communication technology has considerably increased the flow of foreign direct investment to many countries but it is unfortunate that less developed countries like Nigeria are yet to join the trend. This unfortunate nature of Nigeria and other less developed countries make it difficult to create the enabling environment that will encourage a strategic flow of

FDI into such countries which will ultimately enhance socio-economic and political development of the country.

Relatively, the unavailability of skills is among the major constraints of investment in Nigeria (UNCTAD, 2000). For instance, strategic asset seeking Transnationals (TNCs) have less to look for in countries with fewer skills in education. The absence of skilled workforce has been discovered to be a major impediment to the flow of Foreign Direct Investment in Nigeria.

Countries with high trade barriers tend to have high barriers to FDI as well as conveys a wrong signal to the international business community. Countries that have not liberalized their trade and investment regimes are most likely not to attract FDI. Liberalization has to do with greater openness of an economy of a country in order to allow firms to invest in such a country (UNCTAD, 2003). Countries that have closed economies or less openness will ensure a reduction in Foreign Direct Investment. The regulatory restrictions in Nigeria including tariffs, quotas, tend to discourage cross border acquisition by transnational enterprises. As noted that strategic inflow of FDI will enhance socio-economic and political advancement of the country, countries that impose restrictions on foreign entry and ownership and foreign exchange transactions, as well as discriminatory tax provisions, ten to hamper and constitute a great challenge to Foreign Direct Investment flows.

4.4 Government Policies and Its Effect on FDI to Nigeria

It could be noted that government policies affect the performance of FDI in a country. Indeed, the activities of the government of host states have significant impact on the performance of FDI in socio-economic and political development. A few countries have tailored their policies to target foreign direct investment by ensuring political and economic stability. Such policies provide specific incentives and create export-processing zones.

In Nigeria, successive governments adopted policies to attract FDI inflow in the country. Nigeria is reported to be buoyantly blessed with enormous mineral, material and human resources but believed to be a high risk market for foreign investment. What is the way out of this horrible economic situation? Many analysts and experts alike have given a thump up for foreign direct investment as a veritable booster to kick-start the Nigerian economy. Amid the dire news, however, there is a glimmer of hope. The successive governments particularly the democratically elected civilian governments embarked on a lot of policy reforms or programmes to improve the country's economic performance and reform its image. Even the present regime of President Mohammadu Buhari at anytime embarked on tours designed to attract investors. Government have made spirited efforts to strengthen laws that will encourage foreign investors in Nigeria. Government control over foreign investment are gradually loosening up. Tariffs on numerous products have been reduced. During the regime of then President Olusegun Obasanjo, previous government decrees that inhibited competition or conferred monopoly powers on public enterprises in the petroleum, telecommunications, power and mineral sectors were replaced or amended (Ogbuji, 2015). The privatization of government enterprises took the center stage of the economic policies of Obasanjo's regime. Throughout the year 2000, the lively parallel market placed about a five percent discount on the Nigerian Naira, although this discount spiked briefly at the end of the year due in part to higher than average liquidity in the banking system. According to Akpata (2014), companies and industries can hold domiciliary accounts in private banks and account holders have unfettered use of the funds. Foreign investors may bring capital into the country to finance investments, and remit dividends without prior ministry of finance's approval.

However, Ogbuji stated that despite this exchange rate policy designed to strategically attract FDI inflow in the country, nothing to show for it. The results are abysmally low because the rate of FDI inflow within the period under review was too poor.

In addition, the Nigerian government maintains a system of incentive to foster the location of particular industries in economically disadvantaged areas to promote research and development in Nigeria, and to favour the use of domestic labour and raw materials. There are tax relief for Research and Development (R & D). According to Okereke (2015), any company which undertakes Research and Development (R&D) activities in a year is entitled to a reasonable tax deductible allowances equal to about 120% of the amount expended of the research on raw materials. Also the fruit of such research could be protected in accordance with internationally accepted industry property rights. The aim is to promote the development of locally sourced inputs and hence, create linkages in production process. “Pioneer” industries may enjoy a non-renewable tax holiday of five years or even seven years if the pioneer industry is located in an economically disadvantaged area. To enjoy this incentive, the relevant company (or the product) has to be declared a pioneer industry product. The aim is to encourage the setting up of some industries, which the government considers beneficial to the country. In addition, a number of Export Processing Zones (EPZs) have been established most notably Northern Nigeria in Kano and South Southern Nigeria in Calabar. Currently, at least 75% of production from an EPZ enterprise must be expanded, although this percentage requirement may decrease if proposed regular charges are implemented. The design of these policies is to engage with inflow and outflow in the country. Also, Okereke (2015) concluded that the establishment of export processing zones in different parts of the country both the inflow and outflow of FDI has not significantly added value to the growth of the economy. This shows that the policy of expansion of export processing zones has not yielded the desired result of socio-economic and political development in the country.

Again, in 1995, Nigeria adopted the liberalization policy by liberalizing its foreign investment regimes, allowing 100% foreign ownership of firms outside the petroleum sector (Olukoyo, 2013). Investment in the petroleum sector is still limited to existing joint ventures or production sharing agreements. Foreign investors may buy shares of any Nigerian firm, except those on ‘a negative list’ like military and paramilitary apparel. It was made compulsory that foreign investors must register with the Investment Promotion Commission (IPC) after incorporation under the companies and allied matters decree of 1990. The decree also abolishes the expatriate quota system, except in the oil sector and prohibits any nationalization or expropriation of a foreign enterprises by the Nigerian government except for such cases determine to be in the national interests. Okike (2013) insisted that despite the existence of two (2) major laws directed to enhance economic growth through the attraction of FDI, the country's economic status remain in a 'sorry' state causing high inflation, unemployment and corruption. Continuing, he stated that NIPC parade corrupt and undignified personnel that are selfish and self-centered. He regarded them as economic saboteurs who do not consider the core values of Nigeria in her bid to moderate the activities of foreign investors. Shiro (2009) stated that positive development have occurred in Nigeria since May 29, 1999, when democracy replaced the spate of Military governments. This state of affairs has resulted in a number of spirited moves to attract investors both local and foreign into the country. Then President Olusegun Obasanjo in a bid to achieve this end, embarked on a globe-trotting mission that saw him interacting with other presidents and the business community of different countries. With the creation of the Nigerian Investment Promotion Council (NIPC), the country was set to lure private sector finance. As a first step, the then government took a bold move to privatize all the ailing public enterprises, through the setting up of the Bureau of Public Enterprises (BPE) to oversee this crucial venture and the National Council on Privatization (NCP) headed by the then Vice President Atiku Abubakar, to formulate pragmatic policies. Olusanya (2015), argued that privatization programme embarked upon by the administration of then President Olusegun Obasanjo was a veritable instrument that successfully attracted both local and foreign investors. There is no doubt that privatization has attracted many foreign investors and will equally continue to attract more foreign direct investments in Nigeria, the underlying element is the effect on the economic growth of the country. Continuing, Olusanya (2015), stated further that despite the increase in FDI, occasioned by privatization policy, nothing to show for it as the economy has not improved. Indeed, the volume of FDI could not translate into economic transformation rather Nigeria remains behind in her pursuit of a stable socio-economic and political status. Contributing, Ajaero (2016), the policy of privatization designed to attract FDI was ill directed because it was built on a corrupt platform. In December, 2016, during Africa-China Economic Summit in Johannesburg, South Africa, President Mohammadu Buhari stated that privatization policy in Nigeria was built on corruption and cannot strive.

Similarly, Anyanwu (2013), stressing on the corporate income tax incentives asserted that under corporate income tax, provisions are usually specified during annual fiscal budget, which in recent years have been meant to reduce the tax burden on corporate bodies. Continuing, he stated that there is also the introduction of small business tax relief under which a lower tax rate will be paid by small establishments in the manufacturing, agricultural and solid minerals processing sectors.

In addition, the Nigerian government under Ibrahim Badamosi Babangida in 1986, promulgated a decree for companies whose shares are quoted on the Nigerian Stock Exchange permitting the issuance of non-voting equity share to enable them attract capital from foreign investors. The decree formalized this incentive which authorized companies quoted on the Nigerian Stock Exchange to issue non-voting shares for sale on the Exchange. The shares can be subscribed to by any person irrespective of nationality and place of residence (Anyanwu, 2013). The aim was to provide more investments through tax incentives. The decree provides that payment for the shares are meant to be made inconvertible foreign currencies and shares are qualified for both dividend and capital repatriation. In order to implement the decree, the government set up a committee to find ways and means of attracting investment companies quoted on the NSE and to conduct research and advice the government on ways and means of expanding the Nigerian Stock Market and in the internationalization of the NSE. It could be noted that the essence of all these tax incentives was to attract FDI which is also designed to enhance socio-economic and political development in Nigeria. But the challenge remains the extent these government policies via incentives improved the condition of living of the people of Nigeria. The Transnational Corporation (TNCs) do not sincerely take advantage of these policies in their investment capacities. The then Hon. Minister of Finance, Mrs. Kemi Adeosun called for the designation of tax malpractices by Transnational Corporation (TNCs), in Nigeria and other developing countries as foreign corrupt practices. She requested for global intervention on the activities of these foreign economic saboteurs. According to Adeosun, “we shall approach the courts for appropriate suits against these foreign companies, if nothing urgent is done” (Guardian, 19th February, 2018). Similarly, the Attorney General of the Federation (AGF) Abubakar Malami stated that the inability of FDI to contribute to socio-economic and political development despite attractive and appetizing policies of Buhari’s government was disobedience to policies by these investors (Vanguard, 17th November, 2017). To him, the foreign investors do not obey Nigerian laws which are designed to increase economic and political growth in the country.

Indeed, the Nigerian successive government have recognized the importance of FDI in enhancing economic growth and political development. And as such, various strategies involving incentive policies and regulatory measures have been put in place to promote the inflow of FDI to the country. But as argued by many notable scholars like Nwosu, Tandon, among others, the needed impact that necessitated the enactment of these policies has not been felt. In the words of Saibu and Keke (2014), the problem is not the policies that governs the operations of FDI in Nigeria, but the sincere implementation of these policies and ability of the investors to sincerely adhere to the provisions of the law. In all, the major challenge is insincerity in the implementation of policies that regulates the activities of foreign industries which enhances socio-economic and political development in the country. By so doing, jobs will be created, roads shall be motorable, inflation stable and above all, the economy will be prosperous.

4.5 Government Efforts to Encourage the Flow of FDI to Core Areas and its Effect on Socio-Economic and Political Development in Nigeria

Governments in developing countries are increasingly looking for the best way towards attracting Foreign Direct Investment which is designed to facilitate socio-economic and political development. It has been recognized that growing FDI inflows can contribute to economic and political development and also provide a variety of potential benefits to recipients. Due to the potential role FDI can play in accelerating growth and economic transformation, many developing countries like Nigeria seek such investment to accelerate their development efforts. Notably, FDI does not come easily. There are a lot of strategic measures that need to be adopted before a country could become attractive for Foreign Direct Investment.

1. **Business Investment Environment:** As mentioned abinitio, that a friendlier investment environment reduces the cost of doing business in most countries by foreign investors. The domestic environment/climate determines the performance of FDI in socio-economic development of most foreign countries, particularly the developing economies of the world. For instance, the recent loss of appetite in foreign direct investment reflects the hostility of the country. According to Nwosu (2015), government is insincere in providing conducive environment to attract FDI because fight against corruption is selective. According to World Bank (2002), an improved investment climate in most reforming countries contributed to an increase in foreign direct investment flow from $5.4billion in 1997 to $5.9billion in the middle east and north African region in 1998. Global foreign direct investment flows as a result of improvement in investment climate increased by 24% per year during 1991-2000. Developing countries as a group saw FDI flows rise to 20% at constant prices. Indeed, outstanding improvement in the Nigerian business/investment climate will attract a greater flow of FDI into the country.

2. **Fiscal Incentives:** Governments offer special financial and fiscal incentives through discretionary grants to TNCs (sometimes related to performance) and

tax holidays or special tax rates on business profits in host countries and on dividends payments to home countries which helps in attracting greater flow of FDI. Okoronkwo (2014) argued that these incentives are FDI inducing because foreign investors are rigidly interested in most countries to have profit. Foreign investment is interest driven. Nigerian government has been unstrategic in providing fiscal incentives to attract FDI to core areas of national interest (Nwosu, 2015).

Hines (2013) reviewing a number of studies discovered that taxation significantly influences FDI. Fiscal incentives in the host country (relative to those of its competitors) can increase the country's locational advantage for FDI. The ability of Nigerian government for instance, to offer better fiscal incentives perhaps, to foreign investors will actually encourage FDI flows into the country. Continuing, Hines insisted that despite these incentives, foreign investors regularly invade taxes. Indeed, appropriate strategic plan should be adopted while implementing these incentives.

3. **Size of The Host Market:** Market size appears to be a major explanation of concentration of foreign direct investment. Flows in a few developing countries that can offer a large domestic market and/or natural resources will inevitably attract foreign investors. Nigeria possess the natural ingredients for the flow of FDI. According to Olokoyo (2013), South Africa, Nigeria, Ivory Coast, and Angola have been traditionally the main recipients of foreign direct investment within the region due to large market. In the words of Olokoyo (2013), despite the attempt by Nigeria to increase her market, the flow of FDI remains the same. Most advanced countries organize international trade fares aimed at exposing their markets to foreign investors with the competitive strategy. For example, China has been able to attract substantial foreign direct investment flow (and the largest volume of FDI) because of its large domestic markets. Indeed, the larger the domestic market, the more FDI it attracts. Nigeria's case is different in this regard as all efforts to increase our market could not attract FDI to core areas of interest.

4. **Trade Liberalization/Openness:** Trade liberalization leads to more general reduction in administrative barriers and improve the business environment in the host economy. Indeed, countries with low trade barriers also tend to have low barriers to FDI as well as conveys the right signal to the international business community (Lull, 2002). In a more specific content, free trade zones have been much successful in attracting FDI with stable growing economic environment and trade liberalization (Madani, 2009). In Nigeria, for instance and as stated abinitio, a number of export processing zones (EPZs) have been established. According to Madani, the establishment of export processing zones (EPZs) in countries with a stable economic environment and commitment to trade liberalization has also attracted export-intensive FDI. Export processing zones are often defined as fenced industrial estates offering free trade conditions and a liberal regulatory framework for firms exporting a minimum share of output (Madani, 2009).

   In 1995, the Nigerian government liberalized its foreign investment regime, allowing 100% foreign ownership of firms outside the petroleum sector and this has really encouraged the flow of FDI into the country (Okeke, 2012). A study by Gastanaga, Nigent and Pashamova (2008) supported the notion that countries with relatively liberalized capital accounts (that is open economies) attracted more foreign direct investment flows than countries that are more closed.

   Many developing countries have, during the past decade or so, began liberalizing their national policies to establish a hospitable regulatory framework for foreign direct investment by relaxing rules regarding market entry and foreign ownership, improving standards of treatment accorded to foreign firms and improving the functioning of markets. These core policies are important as a necessary determinant of FDI flow. Also, changes in direction of greater openness allow firms to establish themselves in a particular location (UNCTAD, 2008). However, Okeke (2012) stated that in spite of the efforts for trade openness even during the SAP era by Nigeria, the economy has been very precarious.

5. **Privatization:** Foreign Direct Investment has responded to government decisions on privatization programmes. Seven of the ten largest foreign direct investment recipients received more than $1billion in foreign funds to finance privatization activities in 1999 (World Bank, 2002). Privatization also appears to be an important source of foreign direct investment flows to many developed countries. For instance, the largest privatization among developing countries in 1998 was Telebras, Brazil's state owned telecommunications operator, which raised $19billion (World Bank, 2002). Privatization transactions accounted for a significant share of FDI flows in some of the developing countries. Ever since Nigeria commenced her privatization programme, the country, has attracted more foreign direct investment (FDI). This takes the form of Mergers and Acquisitions, which are fueled by privatization of state assets. However, Nwosu (2015) insisted that privatization in Nigeria is not domestic economy focused. Meanwhile, privatization programmes increasingly attracts FDI.

6. **Agglomeration Effects:** Factors that contribute to agglomeration effects includes the state of the host country's infrastructure, the degree of industrialization and the size of the existing FDI stock. The last two factors are proxies for the relative availability of specialized effects on FDI which is always positive. Government often target specific sectors (electronics, pharmaceuticals, etc.) not only because they are believed to be high value-added activities with linkage potentials for domestic firms, but also that they create clusters of firms which lead to agglomeration economies; firms benefit from other firms in the same cluster e.g. through knowledge transfer and availability of particular supplier services. An incumbent firm in particular cluster has therefore, an advantage to signal information to potential investors (Braunerhselm, 2010). Nigerian government strove to provide conducive

environment to promote joint investment by foreigners but the effort has not been properly applied (Olokoyo, 2013).

Moran (2013) related this to the bandwagon effect. If one star transnational decides to locate, this provides a positive signal to other potential investors and improves the image of the sector/country in general. To the extent that agglomeration effects make clustering attractive, it also makes FDI flow to other countries possible. This to a very large extent increases the flow of FDI and if sincerely applied leads to socio-economic and political development.

CHAPTER FIVE: SUMMARY, FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This research brought to limelight the effect of foreign direct investment on socio-economic and political development in Nigeria from 1986 to 2017. We discovered that foreign direct investment is an investment behaviour when individual or industrial firm has expanded asset resources from one country to the other in compliance with the legislation of the host country. It is primarily facilitated by Transnational Corporations (TNCs) that command the monopoly of world capital technology and market ideology.

There is a consensus of opinion amongst economists and non-economists alike that propensity to save in less developed countries such as Nigeria is very low while propensity to consume is very high. In the case of Nigeria, there are added problems of weak financial system which cannot properly mobilize funds internally and the over dependence on one product (oil) which prices are internationally determined. This led to the recent economic crisis of the country owing to the drop in the price of oil. Amadi (2002), opined "with oil as the main source of foreign exchange, a one-product monoculture economy must be continuously deficient in investment capital".

Feldstein (2000) observed that FDI has a lot of positive effects on the host country's economy which involves the transfer of technology particularly in the form of new varieties of capital inputs that cannot be achieved through financial investments or trade in goods and services. In Nigeria, the impact of Foreign Direct Investment in the socio-economic and political growth is minimal due to insincere application. Global integration of capital markets can equally contribute to the spread of best practices in corporate governance, accounting rules and legal traditions. The global mobility of capital also limits the ability of government to pursue bad policies.

Obadan and Odusola (2001) argued that domestic savings in many developing countries were barely sufficient to maintain existing capital stock. It is also the common believe amongst economists, financial experts and even political scientists that savings are necessary ingredients for the accumulation of investible funds. There is believe that investment is one condition precedent to economic growth if sincerely applied. The condition of the domestic economy determines the degree of impact of Foreign Direct Investment on the domestic economy. The lack of investible funds is a big setback to socio-economic and political development and is making it increasingly difficult even to achieve the millennium sustainable goals (MSGs) by the year 2030 set by the United Nations (Adewonmi, 2014).

Since savings are difficult to make in less developed countries (LDCs) and Nigeria is still desirous of joining the league of developed countries by the year 2030, indeed to become one of the 20 most developed countries by the year 2030, then the country must of necessity tap from savings made in developed countries. Foreign Direct Investment has been described as one way of introducing external savings into the domestic economy (Ukeje, 2003). This is in preference to other sources because of its advantage over those other sources. According to Sadiq and Bolboi (2001), Foreign Direct Investment inflows are the least volatile of capital flows and more importantly can have direct and indirect effects on socio-economic and political growth. To them, foreign direct investment is thought to be “bolted down and cannot leave so easily at the first sign of trouble”.

Foreign Direct Investment is obviously a mixed blessing. Indeed, its role whether benevolent or malevolent is exaggerated by proponents and opponents alike. Foreign Direct Investment is not all good nor bad. Tandon (2002) argued forcefully that Transnational Enterprise (TNE) are in business to make profit and not development. Many examples of the perceived negative effects from the flow of foreign direct investment is actually either the result of the policies of the host countries, disobedience to domestic laws by investors; evasion of taxes despite incentives and insincerity by investors. It could also be lack of conducive business environment in the host country.

In the words of Ajayi (2006), foreign direct investment brings both cost and benefits and cautions on the need for a proper evaluation at the point of decision making on the best policy approach to adopt. It could be noted that countries do not share the positive and negative effects of foreign direct investment alike. Indeed, the strength or weakness of a country's economy is a critical factor in the measurement of gain or loss through the flow of foreign direct investment. Foreign direct investment creates an industrial structure in which monopoly is predominant, leading to ENCLAVE ECONOMY, in which local investors and entrepreneurs are excluded (Ajayi, 2006). This shows that foreign direct investment is designed to sustain the underdevelopment of the less developed economies. Foreign Direct Investments (FDIs) are said to be interested in reform maximization and risk diversification from their home countries and not development (Oyeranti, 2003). The strength or weakness of a country's economy is a critical factor in the measurement of gain or loss through the inflow of foreign direct investment (FDI). Granted that with more capital and superior technology and with the flow of foreign direct investment such could undermine a number of local industries, the other side of the matter recognizes that the flow of FDI also brings in new capital and productive technology which could be a stimulus to the economy. On the balance, the industrialized countries are not weighed down by the role of the flow of foreign direct investment, plays. They welcome FDI for its interdependent values. In contrast, the vast majority of the less developed countries do not have both the political and infrastructural components of technological development to control the domineering influence that accompanies FDI flows through the Transitional Corporations (TNCs).

Emerging facts suggests that no matter the negative images that less developed countries like Nigeria hold against FDI, their economies would be worse if by a way of experiment, the TNCs stop their operations for relocation to their parent countries. Nigeria for instance is a highly blessed country in Africa that has refused to help itself in economic and technological development. Nigeria is a monocultural economy which has adversely affected her bargaining power in the globe. The country can reasonably boast of having oil and gas locations but not the technology to explore and exploit these liquid resources. If the oil TNCs should be sent packing on an account of under-developing Nigeria, the entire socio-economic and political system of the country will collapse for the worse. Whatever happens, foreign direct investment is an integral part of modern regionalization and globalization. No country can avoid FDI not minding her economic status. China's attempt to dominate the world's economy hinges on her realization of this truth. The policy option for Nigeria is to develop self first to be able to control the negative effects of Foreign Direct Investment and reap a measure of gains in its transnational business activities. Foreign direct investment is not entirely good or bad. Countries determine their gains or losses as measured by the strength or weakness of the country. As observed, since 1970s, the degree of inflows remained higher than outflows. This shows that Nigeria has been on the receiving end. This state of affairs is a threat to socio-economic and political status of the country.

Therefore, this research attempted to ascertain the effect of FDI on socio-economic and political development in Nigeria from 1986 to 2017. Again, since the work deals with cooperation among countries in the globe through FDI, the world system theory was the most appropriate theoretical framework. The theory was employed to help analyze the role of foreign direct investment in the socio-economic and political development of the country where interaction among states is compulsory particularly in this trend of globalization which has reduced the world to a global village of interdependence. Here, relationship is not optional rather compulsory because no state can exist in isolation of another. It was against this background that the researcher attempted to determine the effect foreign direct investment has on the socio-economic and political development in Nigeria from 1986 to 2017.

Interestingly, the hypotheses posed in this research holds that corruption is an impediment to the performance of FDI in socio-economic and political development in Nigeria; insecurity is a threat to the effectiveness of FDI as an instrument for socio-economic and political development in Nigeria and finally that poor policy implementation strategy negatively affect the performance of FDI in Nigeria. From hypothesis 1, Corruption is the independent variable while FDI is the dependent variable. In hypothesis 2, insecurity is the independent variable while FDI is the dependent variable. In hypothesis 3, socio-economic and political policies is the independent variable while FDI is the dependent variable.

We also adopted the qualitative method of data analysis in the work. This enhanced our effort in analyzing the effect of the FDI on socio-economic and political development in Nigeria. Effort was made to analyse the inflows and outflows of FDI where it was discovered that at every time, the inflows exceeded the outflows. Understanding all of these aided us a lot in our bid to determine actually the effect FDI has on the socio-economic and political development in Nigeria from 1986 to 2017 where domestic variables of corruption, insecurity and poor policy implementation strategy threatens the effectiveness of FDI in Nigeria.

Major Findings

Some of the major findings of the thesis includes:

1. Corruption is a major domestic variable that impeded the performance of FDI on socio-economic and political development in Nigeria. This lead to most investors avoiding Nigeria due to the level of corruption among the people of this country.
2. Nigeria’s business environment is unconducive for the flow of FDI due to insecurity. The performance of FDI is dependent largely on domestic environment. FDI is beneficial to developed countries than less developed countries like Nigeria because of unstable business environment caused by

insecurity of investors and their investments. Also, there is insincerity in Government's fight against insecurity in Nigeria.

3. Despite government policies over years designed to attract FDI, Nigeria's socio-economic and political challenges has remained unchanged due to existing weak policy implementation structures.

5.2 Conclusion

Against the backdrop of all the issues canvased in this work, there is no doubt that FDI is both good and bad 'cholesterol', much depending on the policy environment and the level of absorptive capacity of the host country. Apart from the benefit of being BOLTED DOWN and cannot leave so easily at the first sight of trouble, FDI if well handled, can actually bring about the transfer of technology, increased productive efficiency due to competition amongst transnational subsidiaries, increased export, a healthy balance of payment position through inflow of investment fund, improvement in the quality of management in both the foreign and the host firms. All the above benefits, together with the direct capital financing it provides, suggests that FDI can play an important role in modernizing the national economy and promote growth.

However, and as has been severally cautioned in this work, without proper policy environment and sincere implementation, FDI will continue to be a drain pipe. It may lower domestic savings and investment rate by shifting competition through exclusive production agreement with host government, yet failing to reinvest most of their profits. The repatriation of profit, royalties, interest, management fee and other funds may worsen the balance of payment positions. The transnational sometimes use their economic powers to influence government policies in directions unfavourable to the development of the host communities.

Also of note is the fact that the investment interest of the highly industrialized economies no doubt has declined in the less developed countries. This is due to the fact that the risks are higher than the opportunities due largely to the lack of investment climate. Most of the less developed countries are crisis-ridden in politics, economics, social life, market ideology and technological development. Nigeria for instance operates a monocultural economy that is over dependent on oil. The country is richly blessed in abundant natural resources. It has no less than thirty-three (33) strategic solid mineral resources (Aja and Emeribe, 2000). Nigeria is not left out in the blessing of light mineral resources. The country is very rich in crude oil and gas that represent the main world energy needs.

Nigeria is Africa's most populous country. It is also the United States fifth oil supplier. Nigeria potentially could offer investors a low cost labour pool, abundant natural resources and the largest domestic market in sub-Saharan Africa, yet its market potential is unrealized and its economy remains stagnant. Following decades of misrule particularly under the military, Nigeria's transportation, communication, health and power sectors are in a mess hence the socio-economic and political quagmire. Once a bread basket, Nigeria has witnessed a severe deterioration of the agricultural sector. Social, religious and ethnic unrest and lack of effective due process further complicate business ventures in Nigeria. The worst yet to come is the recent crisis of herdsmen and farmers and the inability of the President Mohammadu Buhari to be proactive.

For many, sustainable democracy is not only good for Nigerian people, but for the world community. In strategic industrial behavior of the developed countries, foreign direct investment to less developed countries is a function of democratization and sustainable economic policies. Indeed, a number of foreign countries have shown increased investment interests in Nigeria, particularly with the recent fight against corruption by President Mohammadu Buhari. Most foreign countries have indicated their willingness to repatriate our stolen funds to the country. The USA has described Nigeria as one of the four priority countries in the world along Columbia, Ukraine and Indonesia. President Clinton's message through the then Secretary of State M. Albright and then Treasury Secretary, Rubin, he maintained: we are interested in Nigeria because the stakes are so high; a democratic Nigeria is a key to a stable and prosperous West Africa, an invigorated Africa and to US national and economic security. Nigeria is our good largest trading partner in Africa.

American companies have invested over $12billion in the country's petroleum sector while China is currently in high business spirit in the communication, manufacturing and extractive industries (Nwosu, 2014). Japan, Belgium, Britain, France, Germany and India have also shown keen investment interests in Nigeria. Indeed, the virgin nature of Nigeria's natural and economic resources are better perceived by foreign interest groups than the Nigerian leadership. The resource potentials of Nigeria are very considerable. Nigeria thirty-three (33) strategic solid mineral resources are virtually untapped. The country's oil and gas is yet to be fully explored while the country's Liquefied Natural Gas (LNG) project is still uninspiring. The agricultural and manufacturing sectors in Nigeria need progressive revitalization. Indeed, controlled and regulated foreign direct investments are vital to Nigeria. The country has very rich and luscious vegetation. Mention should be made that Nigeria is a coastal state with a range of 415 nautical miles (Aja, 2002). Despite these endowments, we are yet to meet the development indices through FDI, hence Nigeria is regarded as a rich land of lost opportunities.

In globalized economic system, Nigeria cannot develop without foreign direct investment. Already, Nigeria lacks the technological imperatives for productive ventures. What remains crucial for Nigeria is to fight the virus known as massive corruption from top-to-bottom in public and private life. Today, the fight against corruption and insecurity appears the top priority of the present government of President Mohammadu Buhari as we enjoin him to desist from selective approach in the fight so as to realize the goal of attracting FDI to critical areas of our economy. The public and private sectors need to be encouraged so that they would be able to gain mutually with their foreign investors by means of sub-contracting, skill acquisition, employment and management techniques (Aja, 2002).

Getting beneficially integrated in a global economy is not automatic once a country removes trade and investment barriers. It requires an educated labour force and enabling environment that permits learning as a life long activity. It is a myth for Nigeria to think that it can attain prosperity by simply opening its markets. Nigeria is at risk if she opens her doors wide to the penetration of profit-driven investors. Foreign investors are not needed for fun. For every country, the usefulness of foreign direct investment is measured by the indices of upliftment rather than disorientating and disarticulating the local economic system. The future of Nigeria depends largely on the greater empowerment of the private sector or that indigenous bourgeois class would feel able to compete with foreign investors from a position of relative strength rather than weakness. In the final analysis, prosperous economy, political stability and social harmony are security assets for fruitful foreign direct investment in Nigeria. It may then be said that FDI is a necessary but not a sufficient condition for socio-economic and political development, much depending on the policy environment in place.

5.3 Recommendations

In the light of the findings and since FDI does not have an independent effect on socio-economic and political development, but is dependent on host country's condition that allows it to exploit FDI spillover, the following are recommended for the full exploitation of the benefits of Foreign Direct Investment (FDI).

1. Government's recent war on corruption should be sincerely pursued. Indeed, selectiveness in the pursuit of corrupt officers may be counter-productive and as such government should be dispassionate in her bid to curb corruption among the people of Nigeria no matter whose ox is gored. This will no doubt, build the confidence of investors.
2. The fight against civil/social unrests in the country should be intensified for a favourable business environment that will attract foreign investors. Put

differently, the government war on Boko-Haram, Niger-Delta Avengers, and most recently the herdsmen/farmer clash should be sincerely executed. This will create room for more conducive security environment as no investor would risk his business because the essence of business is to make profit.

3. Government policies should be strictly implemented because "the efficacy of law lies on the enforcement capacity". The continued disobedience to the domestic laws of Nigeria by foreign investors should be viewed with the kind of seriousness it deserves. Nigeria do not need the intervention of the international community to implement her laws. This is against the call by the former Honourable Minister of Finance Mrs. Kemi Adeosun for the intervention of the international community before the prosecution of foreign economic saboteurs who evade tax and repatriate profit in Nigeria. Indeed, there is need for a definite and well thought out policies on such issues as the repatriation of profits, royalties, interests, and management fees to avoid the country losing more than it got in the form of inflows.
4. Government should be discriminatory on the type of FDI being attracted or encouraged. Those that will have higher linkages to other sectors of the economy particularly critical areas should be encouraged through incentives such as tax holidays. This will increase export than import. Again, President Buhari should not be selective in the prosecution of corrupt leaders to build confidence in the mindset of foreign investors.

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APPENDIX I

Netflow of FDI in Nigeria: 1970-2016 (₦ Million)

YEAR	US	UK	WESTERN EUROPE	OTHERS	TOTAL
1970	26.4	47.4	29.6	18.2	121.6
1971	107.4	147.6	36.2	28.4	319.6
1972	-50.7	177.7	106.0	15.3	248.3
1973	21.3	91.2	48.2	31.9	192.6
1974	-7.9	-28.1	44.6	39.7	48.3
1975	235.2	24.7	130.3	85.9	475.4
1976	-159.0	84.5	62.9	57.9	46.3
1977	-89.0	130.8	85.9	69.9	197.6
1978	55.2	122.5	108.6	45.5	331.8
1979	223.4	-91.7	128.4	29.8	289.9
1980	0.4	318.2	131.2	17.2	467.0
1981	-128.1	7.4	242.8	15.2	137.3
1982	733.0	564.6	207.6	119.7	1624.9
1983	-200.6	615.0	116.6	25.7	556.7
1984	-6.1	500.6	-25.1	65.4	534.8
1985	-94.7	484.8	-58.0	-2.4	329.7
1986	511.3	1479.7	227.8	280.8	2499.6
1987	183.0	434.2	224.5	204.3	2499.6
1988	536.3	-783.2	459.4	133.1	1345.6
1989	-2092.0	1529.6	-72.2	195.2	-439.4
1990	433.5	573.5	930.9	326.6	464.3
1991	-1035.9	419.5	1330.2	1094.2	1,880.0
1992	6836.9	560.4	747.4	124.5	8,269.2
1993	6041.8	3633.3	22,558.2	761.1	32,994.4
1994	1387.6	1136.7	-267.4	1650.3	3,907.2
1995	5043.5	3216	38,285.0	2132.5	48,677.0
1996	-288.2	1194.8	1249.4	575.0	2,731.0
1997	3768.7	232.6	1437.6	292.0	5,730.9
1998	-868.4	14,146.6	2,147.0	8,653.8	24,078.8
1999	-1,489.5	1235.6	1,261.0	771.9	1,779.1
2000	1489.4	1235.5	1261	406.9	3,347.0
2001	1855.6	175.8	907.7	407.9	3347.0
2002	491.0	2675.0	741.0	452.0	3377.0
2003	1761.2	4027.9	1300.3	1116.1	8205.5
2004	2918.4	6045.6	2161.0	1930.7	13056.5
2005	2986.6	7206.6	3065.6	6650.9	19909.1
2006	3882.6	9368.6	3984.5	8646.2	25881.8
2007	6212.1	14989.7	6375.2	13893.8	41470.8
2008	8085.4	19620.3	8369.1	17967.1	54041.9
2009	20720.1	11830.1	5824.7	11081.3	49456.2
2010	14848.3	9035.8	6342.7	11202.6	41429.4
2011	3583.8	4859.6	8092.9	13821.8	30358.2
2012	3685.5	4141.6	2946.1	12006.4	22779.6
2013	21592.6	13677.5	7164.1	1910	44341.2
2014	13222.3	15928.7	3447.9	2090.1	34679.0
2015	10059.7	15438.8	6008.7	1241.3	32748.5
2015	17453.0	18517.2	2162.7	386.1	38522.0
2016	10401.9	15848.4	5296.9	3551.2	35098.4

Source: CBN Statistical bulletin Volume 26, 2017

APPENDIX II

Trends of Gross Domestic Product and Foreign Direct Investment (FDI)

Year	GDP (Current US$)	FDI in Flow (M′US$)
1970	12,545,849.083	
1971	9,181,769,912	
1972	12,274,416,018	
1973	15,162,871,287	
1974	24,846,641,318	
1975	27,778,934,625	
1976	36,308,883,249	
1977	36,035,407,725	
1978	36,527,862,209	
1979	47,259,911,894	
1980	64,201,788,077	
1981	59,918,536,009	
1982	49,763,409,962	
1983	34,950,458,716	
1984	28,182,543,199	
1985	28,407,930,899	
1986	20,210,788,382	
1987	23,441,334,769	
1988	22,847,726,915	
1989	23,843,508,697	
1990	28,472,471,051	1,002.5
1991	27,313,352,202	1,127.9
1992	32,710,369,046	1,156.7
1993	21,352,759,382	1,878.1
1994	23,663,389,441	2,287.7
1995	28,108,826,038	1,271.053
1996	35,299,150,000	2,190.68
1997	36,229,368,992	1,642.47
1998	32,143,818,182	1,210.10
1999	34,776,040,200	1,177.70
2000	45,983,600,313	1,309.66
2001	47,999,775,243	1,277.42
2002	59,116,847,821	2,040.18
2003	67,656,023,324	2,171.39
2004	87,845,420,492	2,127.08
2005	112,248,609,250	4,978.26
2006	146,876,334,824	4,897.81
2007	165,920,866,365	6,086.73
2008	207,117,912,034	8,248.64
2009	168,567,245,571	8,649.52
2010	193,668,738,107	6,098.96
2011	196,788,403,318	7,209.15
2012	201,498,781,899	8,747.91
2013	221,323,241,142	9,288.32
2014	233,427,882,071	11,341.03
2015	242,977,329,210	10,324.78
2016	201,529,229,140	5,023.8
2017	280,787,422,332	1,222.22

Source: Compiled from World Bank and UNCTAD/TNC (www.worldbankdata.com)

APPENDIX III

GDP and Foreign Direct Investment Flows (Millions of Dollars)

Year	GDP (Current US$)	NET FDI IN FLOW (WORLD BANK)	FDI IN FLOW OF GDP (UNCTAD)
1970	12,545,849.083	205,000,000	1.834814178
1971	9,181,769,912	286,000,000	2.110987685
1972	12,274,416,018	305,000,000	1.876234626
1973	15,162,871,287	373,000,000	1.756385277
1974	24,846,641,318	257,000,000	0.782648056
1975	27,778,934,625	470,120,000	1.176933536
1976	36,308,883,249	339,000,000	0.69664599
1977	36,035,407,725	440,514,242	0.809704577
1978	36,527,862,209	210,933,271	0.346531439
1979	47,259,911,894	309,598,869	0.412035196
1980	64,201,788,077	-738,870,004	-0.789342158
1981	59,918,536,009	542,327,289	0.64757052
1982	49,763,409,962	430,611,256	0.54045006
1983	34,950,458,716	364,434,580	0.455461057
1984	28,182,543,199	189,164,785	0.225413361
1985	28,407,930,899	485,581,321	0.590138418
1986	20,210,788,382	193,214,908	0.452554022
1987	23,441,334,769	610,552,091	2.190988684
1988	22,847,726,915	378,667,098	1.161272431
1989	23,843,508,697	1,884,249,739	6.074376554
1990	28,472,471,051	587,882,971	2.862146327
1991	27,313,352,202	712,373,362	3.384462972
1992	32,710,369,046	896,641,282	3.602349436
1993	21,352,759,382	1,345,368,587	5.793987947
1994	23,663,389,441	1,959,219,858	7.693128127
1995	28,108,826,038	1,079,271,551	4.200909556
1996	35,299,150,000	1,593,459,222	6.76659328
1997	36,229,368,992	1,539,445,718	4.848998768
1998	32,143,818,182	1,051,326,217	3.43918546
1999	34,776,040,200	1,004,916,719	3.283194569
2000	45,983,600,313	1,140,137,660	2.823406385
2001	47,999,775,243	1,190,632,024	2.894150698
2002	59,116,847,821	1,874,042,130	3.451099754
2003	67,656,023,324	1,874,042,130	3.209464716
2004	87,845,420,492	1,874,033,035	2.421397189
2005	112,248,609,250	4,982,533,937	4.435041712
2006	146,876,334,824	8,824,803,731	3.367855724
2007	165,920,866,365	6,032,996,901	3.66845676
2008	207,117,912,034	4,876,444,782	3.845999708
2009	168,567,245,571	5,786,682,337	4.924132412
2010	193,668,738,107	6,098,324,114	2.746411662
2011	196,788,403,318	7,209,181,034	2.924132412
2012	201,498,781,899	8,747,132,182	3.245422324
2013	221,323,241,142	9,288,124,281	3.245422324
2014	233,427,882,071	11,341,441,252	4.251480277
2015	242,977,329,210	10,324,327,412	3.978342143
2016	201,529,229,140	5,023,772,101	2.721875240
2017	280,787,422,332	12,232,577,121	5.793987947

Source: Compiled from World Bank and UNCTAD/TNC (www.worldbankdata.com)