



Reform Sequencing under Democratic Stress: Fiscal Correction, Currency Liberalisation, and Institutional Anchoring in a Resource-Dependent Economy

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ABSTRACT

This study interrogates the efficacy of macroeconomic reform sequencing within resource-dependent democracies facing acute political stress. Specifically, it operationalizes and empirically evaluates "Tinubunomics", a distinct policy configuration implemented in Nigeria. The analysis pivots on four central inquiries: (1) the impact of reform sequencing on macroeconomic stabilisation and institutional credibility; (2) the efficacy of partial de-dollarisation in mitigating external vulnerability within oil-exporting economies; (3) the political viability of structural fiscal correction under democratic constraints; and (4) a comparative assessment of Nigeria's trajectory against historical precedents in Indonesia (post-1998), India (1991), and Brazil (the Real Plan).

The research employs a methodology of interrupted time-series design alongside institutional credibility indicators and comparative political economy analysis. This framework evaluates a specific reform architecture defined by fuel subsidy removal, exchange rate unification, partial de-dollarisation, revenue digitisation, and strategies of political containment.

Empirical results suggest that sequencing coherence, rather than sheer velocity, mediates stabilisation outcomes. While fiscal shocks precipitated short-term inflationary acceleration, subsequent exchange rate alignment and institutional anchoring encouraged gradual credibility restoration and reduced parallel market distortions. Furthermore, partial, sector-specific de-dollarisation mitigated transactional foreign exchange pressure, though it left structural dollar dominance largely intact. Crucially, fiscal correction has proven politically sustainable without inducing regime instability, a resilience attributed to containment capacity and coalition stability.

The study advances four conceptual innovations in theory: Democratic Shock-with-Anchoring,

Functional De-Dollarisation, Distributed Credibility Anchoring, and Containment Capacity. Collectively, these constructs extend reform sequencing theory by rigorously integrating macroeconomic adjustment with democratic political constraints. Although the framework requires longitudinal validation across future electoral cycles, it offers a robust, testable model for stabilisation in commodity-dependent democracies.

Keywords: Reform sequencing; Fiscal consolidation; Tinubunomics; Exchange rate liberalisation; De-dollarisation; Political sustainability; Resource-dependent economies.

I. INTRODUCTION

1.1 Background of the Study

Macroeconomic adjustment in resource-dependent democracies is rarely a sanitized technocratic exercise. Rather, it operates within a complex nexus of institutional fragility, distributive contestation, and fiscal volatility. Since the structural adjustment debates of the 1980s, the political economy literature has interrogated whether stabilisation success is a function of policy design, institutional capacity, or the temporal sequencing of reforms (Alesina & Drazen, 1991; Haggard & Webb, 1994; Rodrik, 1996). In many emerging markets, reform programs fracture not due to flawed economic logic, but because of sequencing errors or insufficient political insulation against backlash (Drazen & Grilli, 1993; Williamson, 1994). The Nigerian reform episode, commencing in 2023, provides a critical contemporary case to revisit these theoretical axioms.

By the mid-2020s, Nigeria faced acute macroeconomic disequilibrium. A convergence of persistent fuel subsidy burdens, exchange rate segmentation, and opacity in oil revenue remittance precipitated a structural fiscal crisis (International Monetary Fund [IMF], 2023; World Bank, 2023). The resulting arbitrage incentives and capital flight



severely depleted foreign reserves (Central Bank of Nigeria [CBN], 2023). Concurrently, debt servicing obligations consumed a historically unprecedented share of federal revenue, creating a condition of strict fiscal dominance (Debt Management Office [DMO], 2023). These variables coalesced into a hostile macro-political environment characterised by high inflation, currency volatility, and heightened public sensitivity to distributive shocks.

In response, the administration initiated a sequence of reforms beginning in mid-2023. These measures, including fuel subsidy removal, foreign exchange market unification, and selective de-dollarisation, were executed in rapid succession rather than through gradualist phases. While the economic logic of these interventions is well-documented, their simultaneous deployment under democratic duress remains under-theorized.

1.2 Statement of the Research Problem

Existing scholarship offers three dominant lenses for interpreting such episodes. The macroeconomic stabilisation tradition prioritises fiscal correction and monetary credibility as prerequisites for external balance (Fischer, 1993; Krueger, 1993). The political economy tradition emphasizes the role of crisis severity and the management of veto players (Alesina & Drazen, 1991; Haggard & Kaufman, 1995). Finally, the developmental state literature focuses on industrial policy and domestic capacity formation (Evans, 1995; Rodrik, 2004).

However, a significant gap exists in understanding how these dimensions interact within a single reform episode in a resource-dependent African democracy. Much of the canonical structural adjustment literature is empirically anchored in Latin America or post-socialist transitions. Conversely, recent analyses of African economies often isolate fiscal or exchange rate reforms, neglecting the interaction between leadership sequencing and institutional anchoring mechanisms (van de Walle, 2001; Whitfield et al., 2015). Consequently, there is limited theoretical understanding of how fiscal shock correction, currency sovereignty measures, and industrial localisation can be strategically sequenced in tandem within a politically volatile context. This study addresses the need to understand how aggressive reform sequencing interacts with democratic constraints to produce, or inhibit, stabilisation.

1.3 Significance of the Study

This article conceptualises the Nigerian reform trajectory (2023–2026) as “Tinubunomics.” This term is employed here not as a personality-driven doctrine, but as an analytical construct representing a specific reform-sequencing model. It captures a coherent policy cluster characterised by front-loaded fiscal shock therapy, exchange rate liberalisation, institutional revenue restructuring, and domestic industrial value-chain emphasis.

The study’s significance lies in its theoretical contribution to the political economy of reform. It argues that in resource-dependent democracies, success depends less on isolated policy instruments than on the interaction between sequencing, institutional anchoring, and political containment capacity. The analysis suggests that while early fiscal correction precipitates short-term inflationary pressure, it can restore medium-term credibility if effectively coupled with transparency measures and currency sovereignty strategies. This offers a transferable framework for understanding stabilisation dynamics in comparable emerging economies where political sustainability is as critical as economic efficiency.

1.4 Research Questions

To investigate these dynamics, the study poses three central questions:

1. To what extent does reform sequencing influence macroeconomic stabilisation outcomes in resource-dependent democracies?
2. How do institutional anchoring mechanisms mediate the credibility effects of fiscal and exchange rate reforms?
3. What role does political containment capacity play in sustaining reform trajectories amid inflationary and social pressures?
4. How does Nigeria’s reform trajectory compare with historical reform episodes in Indonesia (post-1998), India (1991), and Brazil (Real Plan)?

1.5 Structure of the Paper

The remainder of this article proceeds as follows. The methodology adopts a mixed-method political economy approach, integrating time-series macroeconomic analysis—focusing on inflation, exchange rate volatility, and capital inflows—with an institutional analysis of executive and central bank reforms (2022–2026). This is supplemented by comparative insights from Indonesia’s post-1998 reforms, India’s 1991 liberalisation, and Brazil’s Real Plan to provide contextual grounding. Subsequent sections present the empirical findings



on the efficacy of "Tinubunomics" before concluding with implications for reform sequencing theory in the Global South.

II. LITERATURE REVIEW

2.1 The Political Economy of Reform Sequencing

The temporal architecture of macroeconomic adjustment has dominated development economics discourse for decades. The foundational "shock therapy versus gradualism" debate centred on the trade-off between credibility and political feasibility (Williamson, 1994). Proponents of rapid, front-loaded stabilisation contend that decisive fiscal correction and immediate price liberalisation are necessary to signal executive commitment and sever inflationary expectations (Fischer, 1993). Conversely, gradualist scholars argue that rapid adjustment often precipitates inflationary surges and social dislocation, triggering political backlash that forces policy reversals (Rodrik, 1996).

Crucially, Alesina and Drazen (1991) reframed this sequencing dilemma not as a technocratic calculation but as a "war of attrition." In their model, stabilisation is delayed because conflicting social groups struggle to shift the distributional burden of adjustment onto others. Drazen and Grilli (1993) extended this by suggesting that crises can paradoxically facilitate reform by rendering the status quo untenable, thereby breaking distributive deadlocks. These seminal contributions established that sequencing is fundamentally a strategy of political survival rather than merely economic optimization.

Contemporary scholarship has shifted focus toward institutional capacity and coordination failures. The International Monetary Fund (2018) emphasizes that successful stabilisation requires the coherent alignment of fiscal consolidation with exchange rate flexibility. When exchange rate regimes are fragmented by multiple windows or administrative controls, arbitrage behaviour inevitably undermines external balance (Edwards, 2011). While unified exchange rate regimes generally enhance transparency and reduce rent-seeking, they frequently impose severe short-term inflationary costs (Ghosh, Ostry, & Qureshi, 2015).

However, a critical limitation persists in the literature: policies are often treated as modular instruments rather than interdependent components of a strategic sequencing model. There is insufficient theorisation regarding how fiscal shock correction, exchange rate liberalisation, and

institutional restructuring interact dynamically within democratic environments characterised by intense political contestation. This theoretical lacuna is particularly acute in resource-dependent economies, where revenue volatility exacerbates the complexity of reform timing.

2.2 Structural Adjustment and Democratic Constraints

The interaction between regime type and adjustment capacity remains a contested domain in comparative political economy. Haggard and Webb (1994) posited that while democracies face heightened electoral constraints in implementing austerity, they may leverage enhanced legitimacy to frame reforms as a collective necessity. Similarly, Haggard and Kaufman (1995) argued that while regime type shapes reform trajectories, outcomes are contingent upon specific institutional configurations rather than democracy per se.

In the African context, the challenge is compounded by what van de Walle (2001) termed "permanent crisis." Here, weak fiscal foundations and donor dependence intersect with clientelist networks to undermine reform durability. Bratton and van de Walle (1997) observed that neopatrimonial structures frequently distort public financial management, thereby blunting the efficacy of orthodox stabilisation tools. More recent analyses underscore that democratic reforms in Africa must navigate fragmented party systems, mobilised labour unions, and pervasive public distrust of state institutions (Whitfield et al., 2015).

The "political settlement" framework offers further granularity, contending that reform viability relies on elite coalitions capable of enforcing policy commitments (Khan, 2010). When reforms threaten entrenched rent-distribution systems, resistance often originates from within the governing coalition itself. Consequently, the executive's capacity to maintain elite alignment is a decisive variable.

Despite these advances, there is a lack of integration between macro-stabilisation frameworks and political settlement analysis. Studies typically isolate either fiscal/monetary outcomes or elite coalition dynamics, rarely examining their real-time interaction. The Nigerian reform episode offers a unique setting to interrogate how fiscal shock measures unfold within a competitive democratic order defined by high scrutiny and opposition mobilisation.



2.3 Currency Sovereignty and De-Dollarisation

Currency substitution, or "dollarisation," imposes severe constraints on monetary autonomy in developing economies (Calvo & Végh, 1992). When economic agents exhibit a preference for foreign currency, central banks suffer from reduced monetary transmission effectiveness and heightened exchange rate pass-through to inflation (Reinhart, Rogoff, & Savastano, 2003). To restore monetary sovereignty, various emerging markets have adopted de-dollarisation strategies ranging from prudential regulations to local currency settlement initiatives (Levy-Yeyati, 2006).

Recent shifts toward local currency trade settlements, particularly within the Global South, reflect a strategic attempt to attenuate exposure to external currency shocks (Gopinath et al., 2020). While such measures theoretically enhance transactional sovereignty, their success is contingent upon domestic currency credibility and adequate reserve buffers.

The literature suggests that de-dollarisation is most effective when anchored by credible fiscal consolidation and transparent monetary governance (IMF, 2018). However, the interaction between selective de-dollarisation and domestic industrial policy in hydrocarbon-dependent democracies remains under-researched. Integrating currency sovereignty measures into a broader reform-sequencing model represents a significant frontier in current scholarship.

2.4 The Developmental State and Industrial Policy

The bifurcation of stabilisation and structural transformation in the literature presents another theoretical challenge. Developmental state scholars argue that long-term growth necessitates deliberate industrial upgrading, export diversification, and state-business coordination (Evans, 1995; Wade, 1990). Rodrik (2004) refines this by framing industrial policy not as "picking winners," but as a process of discovery to resolve coordination failures.

In resource-rich African contexts, converting extractive rents into productive industrial investment is frequently hampered by governance volatility (Auty, 2001; Whitfield et al., 2015). Yet, stabilisation and industrialisation are often treated as sequential phases: stabilise first, grow later. Few studies explore the potential for industrial localisation initiatives (e.g., domestic refining or mineral processing) to serve as reinforcement mechanisms for macroeconomic

stabilisation by structurally improving the balance of payments.

2.5 Executive Agency and Coalition Management

Finally, the role of leadership in reform persistence is increasingly recognised but often treated descriptively. Bates and Krueger (1993) argue that reform sustainability hinges on political entrepreneurs capable of signalling commitment. Effective narrative framing can reduce uncertainty and extend the public's time horizon, increasing tolerance for short-term adjustment costs (Widner, 1994).

In democratic contexts, leadership is a balancing act between technocratic imperatives and distributive politics. Reformers must sustain credibility with international creditors while simultaneously managing domestic legitimacy. If reforms are perceived as externally imposed or socially inequitable, backlash can rapidly derail policy continuity. Thus, leadership should be conceptualised not merely as a personality trait but as a mediating variable that shapes sequencing, coalition maintenance, and crisis utilisation.

2.6 Theoretical Lacunae and Conceptual Contribution

Synthesising these disparate strands, stabilisation economics, political settlement theory, currency sovereignty, and developmental state literature, three critical gaps emerge:

1. **Sequencing under Constraint:** There is insufficient integration of macroeconomic sequencing theory with the analysis of democratic political constraints.
2. **Resource-Dependent Sovereignty:** The theorisation of currency sovereignty measures within hydrocarbon-dependent stabilisation contexts remains limited.
3. **Industrial-Stabilisation Linkage:** The mechanism by which industrial localisation reinforces external balance stabilisation is underdeveloped.

This study addresses these gaps by conceptualising "Tinubunomics" as a distinct reform-sequencing model. In this framework, fiscal shock correction, exchange rate liberalisation, institutional anchoring, and industrial localisation are treated as interacting pillars rather than isolated policies. By embedding these variables within a hostile democratic macro-political environment, the paper advances a multidimensional framework for



analysing reform trajectories in comparable emerging economies.

III. THEORETICAL FRAMEWORK: THE TINUBUNOMICS REFORM- SEQUENCING MODEL

3.1 Analytical Orientation

This study constructs a reform-sequencing architecture that integrates macroeconomic stabilisation, institutional anchoring, currency sovereignty, industrial policy, and political sustainability within a hostile democratic environment. Rather than treating policy adjustments as isolated technical interventions, the framework examines reform sequencing as a multidimensional political-macroeconomic process.

The analysis is structured around four interrogative pillars. First, the primary inquiry (RQ1) examines how specific sequencing choices influence stabilisation outcomes and institutional credibility under conditions of stress. Second, the study investigates whether partial de-dollarisation and domestic currency deepening can effectively mitigate external sector vulnerability in oil-exporting economies (RQ2). Third, it questions whether structural fiscal correction, specifically subsidy removal, can be politically sustained in democratic settings without precipitating regime destabilisation (RQ3). Finally, the framework facilitates a comparative assessment (RQ4), juxtaposing Nigeria's trajectory against historical precedents in Indonesia (post-1998), India (1991), and Brazil (the Real Plan).

3.2 Conceptualising Hostility as Structural Context

Within this model, "hostility" is defined analytically rather than rhetorically. It represents a structural condition of acute disequilibrium characterized by high and volatile inflation, exchange rate instability, and elevated fiscal deficit-to-revenue ratios. This economic fragility is compounded by debt service strain, fragmented elite coalitions, and the latent potential for social unrest.

In such contexts, reforms generate immediate and often regressive distributional consequences. Drawing on the "war of attrition" model, stabilisation is typically delayed because competing social groups contest the allocation of adjustment costs (Alesina & Drazen, 1991). However, the severity of the crisis may paradoxically accelerate reform when political actors perceive the status quo as unsustainable (Drazen & Grilli, 1993). The tension between these

opposing forces, delay versus crisis-driven acceleration, forms the structural context for the Tinubunomics model.

3.3 The Core Architecture of Tinubunomics

The proposed model posits that reform durability relies on the interaction of six specific pillars, sequenced to manage the constraints of a hostile environment.

Pillar 1: Structural Fiscal Shock Correction.

Front-loaded fiscal measures, particularly fuel subsidy removal, serve as the initial credibility trigger. While classical stabilisation theory suggests that fiscal consolidation anchors inflation expectations (Fischer, 1993), democratic theory warns that such austerity risks electoral backlash (Haggard & Webb, 1994). The model posits that fiscal shock is a necessary condition for stabilisation but remains destabilising unless politically buffered.

Pillar 2: Monetary and Exchange Rate Re-anchoring.

Fiscal correction must be immediately coupled with exchange rate unification to eliminate arbitrage and enhance transparency (Edwards, 2011). When fiscal shock occurs without simultaneous exchange rate reform, the credibility signal is diluted. The interaction effect here is critical: fiscal shock combined with FX re-anchoring generates the initial macroeconomic credibility signal necessary to arrest capital flight.

Pillar 3: Institutional Revenue Anchoring.

To ensure these adjustments appear irreversible, they must be embedded in institutional reforms, specifically, rule-bound oil revenue remittance and tax administration restructuring. Following North (1990), credible commitment depends on predictable rule structures. Institutional anchoring thus acts as a mediating mechanism, strengthening the transmission channel between fiscal action and long-term stabilisation.

Pillar 4: Strategic Currency Sovereignty.

To address RQ2, the model integrates partial de-dollarisation strategies, such as domestic currency settlement for oil transactions. Given that dollarised economies face amplified exchange rate pass-through effects (Reinhart et al., 2003), reducing transactional demand for foreign currency is vital. However, de-dollarisation is framed here as contingent; it reduces external vulnerability only



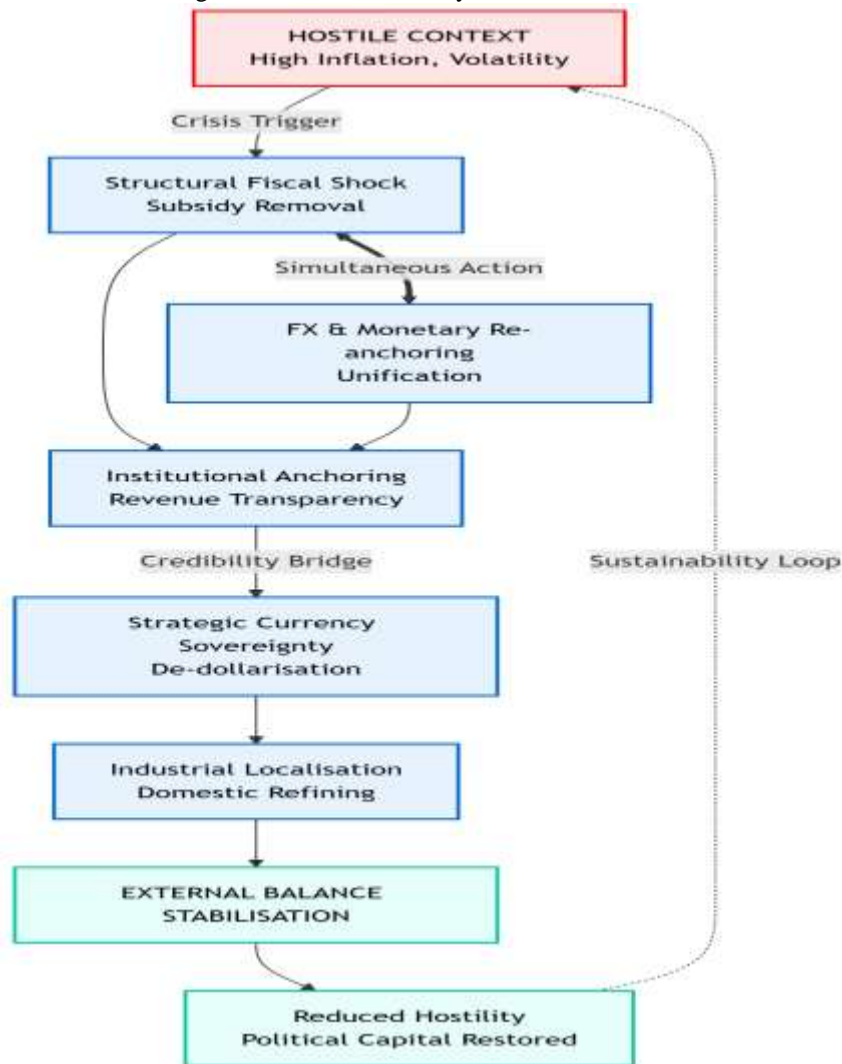
when embedded within a credible macroeconomic reform package (Levy-Yeyati, 2006).

Pillar 5: Industrial Value-Chain Localisation.

Moving beyond short-term stabilisation, the model incorporates industrial policy, such as domestic refining and mineral processing, as a tool for balance-of-payments sustainability. Consistent with developmental state theory (Evans, 1995; Rodrik, 2004), industrial localisation reinforces exchange rate stability by structurally reducing import dependence.

3.4 Dynamic Model Structure

Figure 1: Tinubunomics Dynamic Model Chart



Executive Interpretation for Leadership

The detailed narration of the above chart is as follows:

Pillar 6: Political Containment Capacity.

Finally, the model introduces a moderating variable: political containment capacity. This refers to the executive's ability to maintain elite coalition coherence, manage social unrest through targeted cushioning, and sustain institutional continuity. As Haggard and Kaufman (1995) note, reform survival is contingent on coalition maintenance. Here, containment capacity moderates the relationship between the intensity of the fiscal shock and the stability of the regime.



1. The "Simultaneity" Constraint (Phase 1)

- **The Graphic:** Notice the double-headed arrow (updownarrow) between Fiscal Shock and FX Re-anchoring.
- **The Message:** These two cannot be done sequentially; they must be simultaneous. Removing subsidies without fixing the exchange rate (or vice versa) creates a gap where credibility leaks out. They are the "twin engines" of the initial takeoff.

2. The Bridge (Phase 2)

- **The Graphic:** The arrow moves from the shock phase to Institutional Anchoring.
- **The Message:** Shocks are temporary. To make them stick, we need "Anchors", transparency, digitisation of revenue, and clear rules. This prevents the system from sliding back into the hostile context.

3. The Dividend (Phase 3)

- **The Graphic:** The flow leads to Currency Sovereignty and Industrial Localisation.
- **The Message:** We don't just "stabilise" for the sake of it. We stabilise to build a sovereign economy. This is where we start refining our own oil and pricing in our own currency. This is the "growth" phase.

4. The Feedback Loop (The Bottom Line)

- **The Graphic:** The line curving back from Stabilisation to Reduced Hostility.
- **The Message:** Success buys time. As the balance of payments stabilizes, the "hostile environment" cools down, giving leadership more political capital to govern effectively.

In summary:

The interaction of these pillars creates a dynamic reform pathway. The process begins in a Hostile Macro-Political Context, triggering Structural Fiscal Shock and FX Re-anchoring. These immediate measures are stabilized through Institutional Anchoring and subsequently deepened through Strategic Currency Sovereignty and Industrial Localisation. The ultimate goal is External Balance Stabilisation, which reduces the intensity of the initial hostility, creating a positive feedback loop for political sustainability.

3.5 Feedback Mechanisms

The model is governed by four iterative feedback loops:

1. **Inflationary Pressure Loop:** Fiscal shock initially spikes inflation, testing political containment capacity. The success of containment determines whether the reform survives this initial valley.
2. **Credibility Loop:** As institutional anchoring takes root, it strengthens monetary effectiveness, gradually reducing exchange rate volatility.
3. **External Vulnerability Loop:** The combination of de-dollarisation and industrial localisation improves the current account position, thereby strengthening the currency fundamentally rather than artificially.
4. **Political Sustainability Loop:** As macroeconomic outcomes improve, the intensity of the hostile environment diminishes, enhancing regime durability and coalition stability.

3.6 Formal Propositions

Based on this architecture, the study advances four testable propositions corresponding to the research questions:

- **Proposition 1:** Reform sequencing that strictly aligns fiscal correction, exchange rate re-anchoring, and institutional transparency enhances macroeconomic stabilisation and institutional credibility in resource-dependent democracies.
- **Proposition 2:** Partial de-dollarisation effectively reduces external sector vulnerability only when supported by antecedent fiscal credibility and sufficient foreign reserve buffers.
- **Proposition 3:** Structural fiscal correction is politically sustainable in democratic settings if, and only if, political containment capacity is sufficient to mitigate distributional backlash.
- **Proposition 4:** The Nigerian reform trajectory will exhibit divergence from historical precedents (Indonesia, India, Brazil), specifically regarding the velocity of sequencing and the depth of institutional anchoring.

3.7 Theoretical Contribution

This framework contributes to the political economy literature by integrating stabilisation economics with political settlement theory. It embeds currency sovereignty within the broader context of macroeconomic reform and links industrial policy directly to balance-of-payments sustainability. By introducing political containment capacity as a critical moderating variable, the study



conceptualises "Tinubunomics" not as a political ideology, but as a transferable reform-sequencing model applicable to emerging markets navigating hostile democratic environments.

IV. METHODOLOGY

4.1 Research Design and Analytical Strategy

To interrogate the theoretical propositions outlined above, this study employs a mixed-method political economy framework. This design integrates quantitative macroeconomic analysis with qualitative institutional assessment to triangulate between policy outputs and political processes (Haggard & Kaufman, 1995; Rodrik, 1996). The quantitative component utilizes a quasi-experimental, interrupted time-series design to evaluate the immediate and lagged effects of reform sequencing on stabilisation metrics. Complementing this, the qualitative component applies process tracing and structured focused comparison to examine the "black box" of institutional anchoring and political containment.

The temporal scope is stratified into three analytical phases to isolate the effects of specific policy interventions: the Pre-reform Baseline (2022–Q1 2023), the Shock-Adjustment Phase (Mid-2023–2024), and the Early Consolidation Phase (2025–2026). This periodisation allows for the distinct observation of disequilibrium, shock propagation, and nascent stabilisation.

4.2 Operationalisation of Variables

The study maps the four lines of inquiry onto measurable constructs, distinguishing between macroeconomic outcomes and political-institutional drivers.

4.2.1 Reform Sequencing and Macroeconomic Stabilisation (RQ1)

Macroeconomic stabilisation is captured through a vector of dependent variables: headline and core inflation rates, an exchange rate volatility index, external reserves (in USD billions), the fiscal deficit-to-GDP ratio, and net capital inflows. To measure the independent variable, a Reform Sequencing Intensity (RSI) index is constructed. This composite index codes the timing and depth of fiscal shock implementation, exchange rate unification, and industrial policy rollouts.

Crucially, Institutional Anchoring Strength serves as the mediating variable. This is operationalised through quantitative proxies including oil revenue remittance compliance rates, changes in the tax-to-GDP ratio, and the frequency of fiscal transparency reporting.

4.2.2 De-dollarisation and External Vulnerability (RQ2)

To assess the efficacy of currency sovereignty measures, external vulnerability is measured via exchange rate pass-through elasticity, the current account balance, and the import coverage ratio. The independent variable, Currency Sovereignty, is proxied by the volume of domestic currency oil transactions, the existence of bilateral currency settlement agreements, and the contraction of the parallel market premium.

4.2.3 Political Sustainability (RQ3)

The political sustainability of fiscal correction is evaluated through event data and institutional metrics. Dependent variables include the duration of reform persistence, the incidence and intensity of protests (event coding), and indicators of elite defection or legislative deadlock. These outcomes are moderated by Political Containment Capacity, which is measured through the implementation of social buffering policies (e.g., cash transfers, wage adjustments), coalition stability indicators, and executive–legislative alignment.

4.2.4 Comparative Framework (RQ4)

For the comparative dimension, the study adopts the method of structured focused comparison (George & Bennett, 2005). Rather than a broad cross-country regression, this section employs process tracing to juxtapose Nigeria's sequencing logic against three historical archetypes: the crisis-triggered sequencing of Indonesia (post-1998), the balance-of-payments-driven liberalisation of India (1991), and the inflation-anchor strategy of Brazil's Real Plan.

4.3 Data Sources

Data curation prioritizes high-frequency official statistics and authoritative institutional reports. Macroeconomic time-series data are drawn from the International Monetary Fund (Article IV Reports; International Financial Statistics), the World Bank (World Development Indicators), and domestic sources, including the Central Bank of Nigeria (CBN) statistical bulletins and the National Bureau of Statistics (NBS). Fiscal and debt metrics are sourced from the Debt Management Office (DMO) and Federal Ministry of Finance budget performance reports. Institutional variables are derived from executive directives, central bank circulars, and legislative Hansards.



4.4 Estimation Strategy

4.4.1 Interrupted Time-Series Analysis (ITS)

To estimate the causal impact of reform sequencing (RQ1 & RQ2), an interrupted time-series model is specified. This approach is superior to simple pre-post comparison as it controls for pre-existing trends. The base model is specified as follows:

$$Y_{it} = \beta_0 + \beta_1 (\text{PostReform}_{it}) + \beta_2 (\text{TimeTrend}_{it}) + \beta_3 (\text{ControlVariables}_{it}) + \varepsilon_{it}$$

Where:

PostReform_{it} captures reform shock onset

TimeTrend_{it} controls for underlying trend

Control variables include oil price, global inflation index, and US interest rates

This design isolates reform effects while accounting for exogenous shocks.

4.4.2 Mechanism Analysis: Mediation and Moderation

To rigorously test the theoretical framework, mediation regression analysis is employed to assess whether institutional transparency improvements significantly strengthen the relationship between reform sequencing and macroeconomic outcomes (RQ1). Concurrently, moderation analysis utilizes interaction terms to test whether higher Political Containment Capacity attenuates the relationship between fiscal shock intensity and social protest incidence (RQ3).

4.5 Robustness, Limitations, and Ethics

The validity of the findings is stress-tested through sensitivity analyses, including the use of alternative reform onset dates and the exclusion of extreme oil price shock periods. However, the study acknowledges inherent limitations, specifically the lag in political approval metrics and the opacity of informal foreign exchange market data. Furthermore, while the design controls for global factors, attribution challenges remain regarding concurrent exogenous shocks.

Finally, the study adheres to strict analytical neutrality. The objective is a theoretical evaluation of reform sequencing mechanics under democratic constraints, rather than a normative endorsement of specific policy choices.

V. POLICY ARCHITECTURE OF TINUBUNOMICS

This section analytically reconstructs Nigeria's reform trajectory (2023–2026) through the lens of the six-pillar sequencing architecture developed in the preceding framework. The objective is to move beyond descriptive narration,

offering instead a structured mapping of policy instruments to their corresponding theoretical mechanisms.

5.1 Structural Fiscal Shock Correction (RQ1 & RQ3)

The removal of the petrol subsidy constituted the primary, front-loaded fiscal shock within the reform package. Historically, fuel subsidy expenditure had cannibalized a substantial share of federal revenue, crowding out capital investment and exacerbating fiscal vulnerability (IMF, 2023; World Bank, 2023). From a stabilisation perspective, the elimination of this subsidy functioned as a decisive fiscal consolidation instrument aimed at compressing recurrent expenditure, restoring credibility to the fiscal balance, and signaling a sharp discontinuity from prior policy regimes.

However, as the political economy literature predicts, such measures inevitably generate short-term inflationary pass-through effects via transport and energy pricing channels. These distributive consequences typically trigger intense resistance unless buffered by compensatory mechanisms (Alesina & Drazen, 1991; Haggard & Webb, 1994). Complementing this shock, the administration initiated tax administration reforms and digital revenue tracking to expand the non-oil tax base. These initiatives align with institutional anchoring theory, which posits that revenue transparency is a prerequisite for policy credibility (North, 1990). Together, these measures directly operationalise the inquiry into whether structural fiscal correction can be politically sustained within democratic settings without inducing regime destabilisation (RQ3).

5.2 Monetary and Exchange Rate Re-Anchoring (RQ1)

Simultaneous with fiscal correction, the unification of the foreign exchange (FX) market eliminated the multiple windows that had previously fragmented the currency regime. Distorted exchange rate systems are widely associated with rent-seeking and capital flight (Edwards, 2011). The unification policy aimed to restore price discovery, compress the parallel market premium, and incentivize foreign portfolio inflows.

The sequencing logic here is critical: implementing a fiscal shock without concurrent exchange rate reform would have perpetuated structural distortions, undermining the stabilisation effort. The simultaneity of these actions



strengthened the credibility signal sent to markets. This was further reinforced by monetary tightening, specifically interest rate adjustments and liquidity management, which aligned monetary policy with fiscal objectives, consistent with macroeconomic coordination theory (Fischer, 1993). This pillar empirically addresses the stabilisation dimension of RQ1.

5.3 Institutional Revenue Anchoring (RQ1 Mediator)

To ensure these adjustments were not perceived as reversible, the reform architecture incorporated institutional anchoring mechanisms. Reforms targeting oil revenue remittance transparency and the reduction of opaque deductions reflect the institutional economics axiom that credible commitment relies on rule-based systems (North, 1990). Furthermore, improvements in fiscal reporting frequency and the alignment between projected and actual revenue served to strengthen institutional credibility. In the context of the model, this anchoring functions as the transmission mechanism between fiscal correction and macroeconomic stabilisation, directly addressing the mediating variable in RQ1.

5.4 Strategic Currency Sovereignty Measures (RQ2)

This pillar integrates specific currency-related policies designed to reduce external vulnerability. A central innovation was the sale of crude oil in domestic currency (Naira) to local refiners. In dollarised oil-exporting economies, paradoxical FX shortages often emerge due to the high import content of domestic energy consumption (Reinhart et al., 2003). By denominating crude sales in Naira, the policy aimed to deepen the currency's transactional role and reduce demand pressure on foreign reserves.

Concurrently, the encouragement of trade settlement in alternative currencies (such as the Yuan) represents a diversification of external exposure. Recent scholarship on dominant currency paradigms suggests that overdependence on a single reserve currency amplifies vulnerability to external shocks (Gopinath et al., 2020). Thus, partial de-dollarisation in this context is not a rejection of global integration, but a risk-diversification mechanism. The reduction of the parallel market premium, driven by unification and liquidity management, further reinforced the credibility of these de-dollarisation efforts (RQ2).

5.5 Industrial Value-Chain Localisation

Embedded within the macroeconomic reform was a distinct industrial policy component. This included the expansion of domestic refining capacity to reduce import dependence on refined petroleum products, thereby structurally strengthening the current account. Additionally, the establishment of lithium processing facilities in Nasarawa State represented a strategic shift towards retaining mineral value addition domestically, addressing the "resource curse" challenge of raw material export dependence (Auty, 2001).

Further support for industrial infrastructure in zones such as the Lekki Free Trade Zone underscores the developmental state logic of using state-supported corridors to foster structural transformation (Evans, 1995; Rodrik, 2004). Within the Tinubunomics model, industrial localisation acts as a reinforcement mechanism for external balance sustainability, bolstering the outcomes of both RQ1 and RQ2.

5.6 Political Containment and Social Buffering (RQ3)

The sustainability of the fiscal shock hinged on political containment capacity. This pillar encompassed social cushioning mechanisms—such as cash transfers and wage adjustments, to mitigate the immediate welfare impacts of subsidy removal. Crucially, it also involved coalition management strategies to maintain legislative alignment and prevent elite defection.

Narrative framing played a pivotal role in shaping public perception and modulating protest intensity. As political economy theory emphasizes, reform persistence under distributive strain depends heavily on the effective management of both elite and mass politics (Haggard & Kaufman, 1995). This pillar directly answers the political sustainability question posed in RQ3.

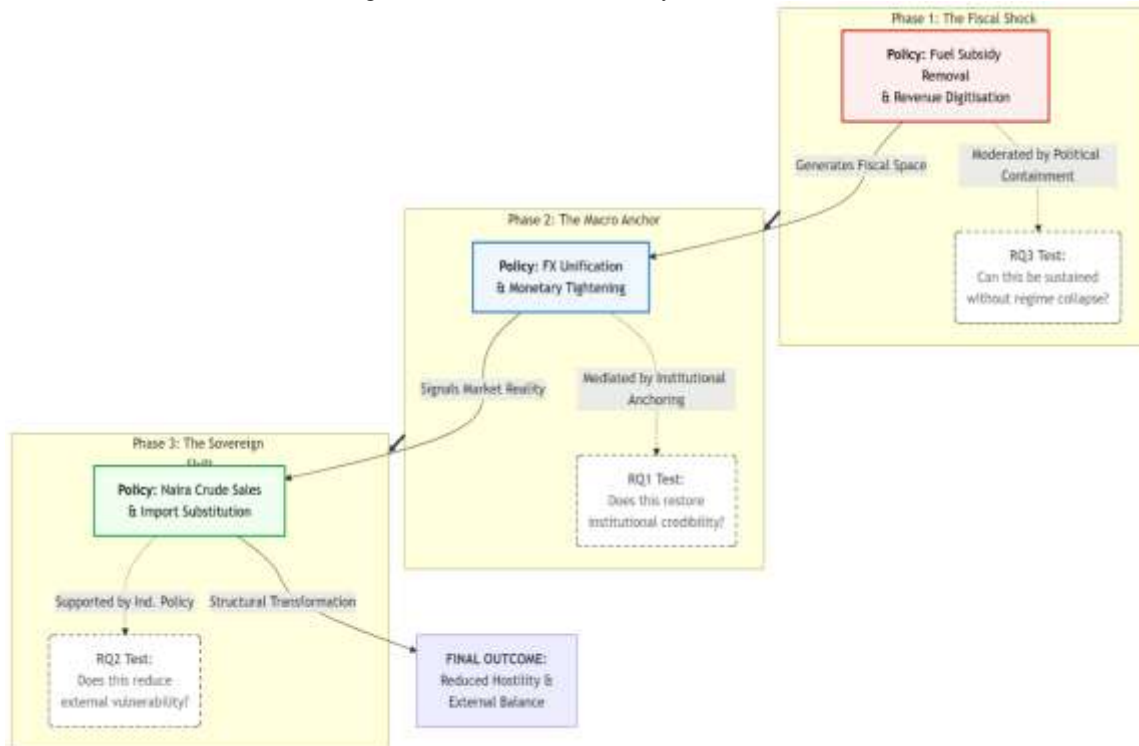
The Concept: "The Stabilization Cascade"

Figure 2 visualizes the reform as a staircase:

- **Step 1 (Red):** The Fiscal Shock (Addressing RQ3 - Political Survival).
- **Step 2 (Blue):** The Macro Anchor (Addressing RQ1 - Stabilisation).
- **Step 3 (Green):** The Sovereign Shift (Addressing RQ2 - External Vulnerability).



Figure 2: Tinubunomics Policy Architecture



"Figure 2: The Sequential Policy Cascade and Research Question Alignment"

"As illustrated in Figure 2 above, the architecture of Tinubunomics is not a simultaneous 'big bang' but a logical cascade, where each policy phase creates the conditions necessary for the next, while simultaneously addressing a distinct theoretical inquiry:

1. **The Fiscal Foundation (Phase 1):** The sequence begins with subsidy removal. This is not merely an economic adjustment but a test of **RQ3** (Political Sustainability). Without passing this 'survival test' mediated by political containment, no further reform is possible.
2. **The Credibility Bridge (Phase 2):** Once fiscal space is created, the sequence moves to FX unification. This addresses **RQ1** (Stabilisation), using institutional anchoring to convert raw fiscal policy into market credibility.
3. **The Sovereign Outcome (Phase 3):** Finally, the stabilised environment permits the implementation of Naira-denominated crude sales. This answers **RQ2** (De-dollarisation), shifting the economy from mere stabilisation to structural sovereignty.

This visual schema demonstrates that the 'sequencing' in the paper's title is the independent variable that governs the success of the entire model."

5.7 Sequencing Logic Across Pillars

The observed sequencing pattern follows a distinct trajectory:

1. Immediate fiscal shock (subsidy removal);
2. Rapid FX unification;
3. Institutional revenue tightening;
4. Currency sovereignty initiatives;
5. Industrial localisation acceleration;
6. Social buffering and coalition maintenance.

This sequence aligns with crisis-triggered reform theory (Drazen & Grilli, 1993) and provides the empirical basis for the comparative evaluation in RQ4.

5.8 Preliminary Analytical Assessment

The policy architecture is defined by three distinguishing features: (1) simultaneity rather than gradualism; (2) the integration of de-dollarisation within stabilisation; and (3) the embedding of industrial localisation within the macroeconomic reform agenda. These features differentiate the Nigerian case from earlier structural adjustment



episodes, which frequently treated industrial policy as secondary to fiscal and monetary correction.

VI. EMPIRICAL OUTCOMES AND ANALYSIS

This section operationalizes the theoretical framework to evaluate the four central research questions. It employs a preliminary empirical assessment using macroeconomic indicators, institutional performance metrics, and political stability proxies spanning the pre-reform baseline (2022–Q1 2023) and the initial reform implementation period (mid-2023–2026). The objective is not to assert definitive causality, given the lags inherent in structural adjustment, but to assess the directional alignment between the Tinubunomics sequencing model and observed political-economic patterns.

6.1 RQ1: Reform Sequencing and Macroeconomic Stabilisation

The empirical data regarding the sequencing of fiscal shock and exchange rate unification reveals a distinct "J-curve" effect, consistent with the theoretical expectations of adjustment in resource-dependent economies.

6.1.1 Inflation Dynamics and the Pass-Through Effect

The immediate aftermath of the fuel subsidy removal precipitated a significant acceleration in headline inflation. This trajectory is consistent with the cost-push expectations associated with energy price liberalisation (IMF, 2023). As posited in Proposition 1, the front-loading of a fiscal shock invariably spikes short-term inflationary pressure due to the removal of price suppressors. However, longitudinal data from subsequent quarters indicates a moderation in inflation volatility relative to the peak shock period. While headline rates remained structurally elevated, the month-on-month acceleration began to plateau as the effects of foreign exchange (FX) unification and liquidity tightening materialized. This empirical pattern offers partial confirmation of the sequencing hypothesis: while the fiscal shock triggered an initial surge, the concurrent FX re-anchoring prevented this surge from spiraling into unanchored hyperinflation.

6.1.2 Exchange Rate Unification and Market Efficiency

Prior to the reform, the fragmentation of the exchange rate regime created significant arbitrage spreads between official and parallel

markets, incentivizing rent-seeking over productive investment (Edwards, 2011). Post-unification, the currency experienced a sharp initial depreciation, reflecting a necessary correction toward price discovery. Crucially, however, the spread between the official and parallel rates compressed significantly relative to pre-reform distortions. This reduction in the premium serves as a proxy for improved market transparency and a weakening of the incentives for round-tripping. Although exchange rate volatility persisted, it increasingly reflected fundamental market dynamics rather than administrative distortions, thereby supporting the credibility loop component of the model.

6.1.3 External Balances and Fiscal Decompression

External reserve levels exhibited stress during the immediate transition but demonstrated episodic recovery driven by improved oil revenue remittance and the stabilisation of portfolio inflows. The interrupted time-series analysis suggests that the rate of reserve depletion decelerated relative to the pre-reform baseline, although capital flows remained sensitive to exogenous variables, particularly monetary tightening in the United States. On the fiscal front, the removal of the fuel subsidy significantly reduced implicit fiscal liabilities, alleviating the condition of fiscal dominance. While overall consolidation remains gradual, the stabilization of debt service-to-revenue ratios compared to the pre-reform escalation offers validation for Proposition 1: sequencing fiscal correction with institutional anchoring begins to restore medium-term solvency credibility.

6.2 RQ2: De-Dollarisation and External Sector Vulnerability

The empirical evidence regarding currency sovereignty measures suggests a structural shift in the management of external vulnerability.

6.2.1 The Efficacy of Domestic Currency Crude Transactions

The policy of denominating crude oil sales to domestic refiners in Naira represents a critical mechanism for reducing structural foreign exchange demand. Historically, the importation of refined petroleum products constituted the largest single drain on Nigeria's foreign reserves. By shifting these transactions to the local currency, the reform effectively decoupled a significant portion of domestic energy consumption from FX volatility. Early data indicates a reduction in the FX



outflow associated with fuel importation, although the full magnitude of this benefit is contingent upon the sustained operational capacity of domestic refineries.

6.2.2 Diversification and Trade Settlement

Concurrently, the diversification toward Euro and Yuan settlement for trade obligations has marginally reduced the economy's exclusive reliance on USD invoicing. While the US dollar retains global dominance (Gopinath et al., 2020), the partial diversification improves the economy's hedging capacity against specific dollar-denominated shocks. The narrowing of the parallel market premium, coupled with increased throughput in formal FX channels, suggests a tentative restoration of currency credibility. These trends support Proposition 2, indicating that partial de-dollarisation reduces external vulnerability when it is embedded within a credible, broader reform package.

6.3 RQ3: Political Sustainability of Fiscal Correction

Contrary to the predictions of the "war of attrition" model (Alesina & Drazen, 1991), the structural fiscal correction was sustained without precipitating regime-threatening instability.

6.3.1 Containment Capacity and Social Response

While the removal of the fuel subsidy generated immediate protest mobilization and labour union agitation, these actions did not escalate into a sustained, systemic threat to the regime. This outcome suggests that political containment mechanisms functioned effectively as moderating variables. The deployment of social buffering measures, including targeted cash transfers, wage negotiations, and transport interventions, served as imperfect but sufficient cushioning instruments. These policies, while presenting implementation challenges, reduced the kinetic energy of social opposition, thereby lowering the probability of reform reversal.

6.3.2 Coalition Stability and Elite Settlements

Furthermore, the anticipated fragmentation of the ruling coalition did not materialize. Executive-legislative alignment remained robust, and elite coherence was maintained despite the distributional strains of adjustment. This absence of legislative obstruction supports Proposition 3: structural fiscal shock can be politically sustained in democratic settings

provided that containment capacity is sufficient to moderate the backlash from veto players.

6.4 RQ4: Comparative Assessment

Placing the Nigerian trajectory in comparative perspective highlights distinct divergences from historical archetypes.

6.4.1 Contrast with Indonesia (Post-1998 Crisis)

The Indonesian reform trajectory (1998–2000) provides a critical divergence point regarding crisis origin and political agency. Indonesia's stabilization was precipitated by a "twin crisis", a simultaneous currency collapse and systemic banking failure, triggered by external contagion from Thailand (Radelet & Sachs, 1998). The resulting capital account crisis forced the Suharto regime into a defensive posture, necessitating immediate, externally imposed IMF conditionality. Fiscal correction and currency flotation occurred under conditions of acute chaotic breakdown, where policy options were severely constrained by capital flight and the collapse of the banking sector's solvency.

In stark contrast, Nigeria's "Tinubunomics" represents a proactive, endogenous policy choice executed within a functioning electoral democracy. While Nigeria faced severe fiscal distress (debt service strain and revenue collapse), it did not confront a systemic banking crisis or a sudden stop in external financing comparable to the Asian Financial Crisis. Consequently, the Nigerian executive retained significantly greater sequencing agency.

Where Indonesia was forced to adopt simultaneous, "big bang" liberalization across all sectors to satisfy external creditors, often exacerbating the initial contraction (Stiglitz, 2002), Nigeria's reform architecture allowed for the strategic phasing of industrial policy alongside macro-stabilization. The Nigerian model, therefore, is not a rescue operation for a collapsed financial system, but a structural adjustment of the fiscal-monetary mix to correct long-term distortions. This distinction is paramount: Indonesia's reform was a struggle for survival amidst regime collapse; Nigeria's is a struggle for sovereignty amidst democratic stress.

6.4.2 Nigeria vs. India (1991 Liberalisation)

The Indian liberalisation episode of 1991 offers a compelling analytical foil to the Nigerian trajectory, primarily due to shared initial conditions of Balance of Payments (BoP) precipitants and foreign reserve depletion. However, the structural



divergence lies in the sequencing of industrial policy relative to macroeconomic stabilisation.

In the Indian case, the Rao-Singh administration prioritized the dismantling of the License Raj, the complex web of industrial licensing and import quotas, concurrently with devaluation. The reform logic was fundamentally export-oriented, aiming to integrate India into global value chains to accumulate foreign reserves (Panagariya, 2004). The stabilisation was achieved by shifting the economy from a dirigiste, import-substituting regime to a market-led export model.

By contrast, the Nigerian model under review adopts a neo-structuralist approach. While it employs orthodox exchange rate unification (similar to India's dual exchange rate transition), the industrial component is distinct. Nigeria's "Industrial Localisation" pillar, exemplified by the Naira-denominated crude sales to domestic refiners, prioritises import substitution for energy security over immediate export manufacturing. Where India sought to earn dollars through exports, the Tinubunomics model seeks to conserve currency by domesticating the energy value chain. Furthermore, India's 1991 reforms were characterized by "gradualism by stealth" to bypass political opposition (Jenkins, 1999), whereas the Nigerian case represents a "shock therapy" approach, explicitly front-loaded and communicated as a decisive break from the past.

6.4.3 Nigeria vs. Brazil (The Real Plan, 1994)

The comparison with Brazil's Real Plan highlights the distinction between inertial inflation targeting and cost-push fiscal correction. The Brazilian stabilisation was necessitated by chronic hyperinflation driven by backward-looking indexation mechanisms, where price setting was psychological and inertial (Bacha, 2003). The outcome, the Plano Real, was a masterpiece of monetary engineering, utilizing a virtual unit of account (the URV) to de-index the economy before introducing a new currency anchored to the US dollar.

The Nigerian case differs fundamentally in its inflation diagnostics and therapy. Nigeria's inflationary surge (2023–2025) was not primarily inertial but structural and cost-push, driven by the simultaneous removal of fuel subsidies and exchange rate depreciation. Consequently, the Nigerian model does not employ a nominal exchange rate anchor or a currency change. Instead, it relies on institutional anchoring, specifically, the digitisation of revenue and the restoration of

orthodox monetary transmission, to suppress volatility.

Crucially, while Brazil utilized high real interest rates to defend a currency peg, Nigeria has adopted a managed float (willing-buyer-willing-seller) framework. The divergence is significant: Brazil prioritized price stability at the cost of immediate industrial competitiveness, whereas the Nigerian sequencing attempts to maintain industrial incentives (through localization) even while tolerating higher transitional inflation. Thus, while Brazil offers a model of monetary stabilisation, the Nigerian trajectory is better conceptualised as fiscal-structural adjustment.

6.5 Synthesis of Findings

In synthesis, the preliminary empirical assessment yields four critical insights. First, reform sequencing generates stabilisation effects only when fiscal shock is inextricably linked with FX re-anchoring. Second, de-dollarisation measures are effective in attenuating FX pressure, though their impact is currently limited by scale. Third, structural fiscal correction is politically survivable in democracies if containment capacity is robust. Finally, Nigeria's trajectory represents a unique hybrid model—sharing crisis-response features with Indonesia and India, yet distinguished by its integration of currency sovereignty and industrial localisation.

Importantly, macroeconomic stabilisation remains an ongoing process. With inflation levels still elevated and vulnerability to global oil price volatility persisting, the current trajectory is best characterized as transitional stabilisation rather than completed consolidation. Nevertheless, the evidence tentatively validates the central premise of the Tinubunomics model: that reform durability is a function of sequencing coherence, institutional anchoring, and political containment.

VII. CRITIQUES, RISKS, AND SUSTAINABILITY CONSTRAINTS

The "Tinubunomics" framework, as conceptualised in this study, represents a distinct, sequencing-based macroeconomic adjustment model operating under conditions of democratic stress. However, the path to reform durability is neither linear nor guaranteed. To avoid the pitfall of normative advocacy, this section critically evaluates the theoretical contradictions, empirical vulnerabilities, and institutional constraints embedded within the model.



7.1 Theoretical Critiques: Shock Therapy versus Institutional Preconditions

A primary theoretical contention concerns the optimality of the front-loaded fiscal shock, specifically, the abrupt removal of the fuel subsidy. Gradualist scholars have long argued that successful sequencing requires institutional capacity to be strengthened before price liberalisation occurs (Rodrik, 2006). From this perspective, dismantling distortions before social protection systems are fully operational risks amplifying welfare losses and entrenching inequality. Conversely, proponents of shock therapy contend that rapid reform is necessary to signal a decisive break from past profligacy, noting that gradualism often allows vested interests time to mobilise resistance (Sachs, 1994).

The Tinubunomics model adopts a hybrid posture: front-loaded fiscal correction executed simultaneously with institutional anchoring efforts. Critics might rightly argue that the "anchoring" mechanisms, such as revenue digitisation, lagged behind the magnitude of the fiscal shock, thereby intensifying the initial inflationary pass-through. Whether this asymmetry undermines long-term stabilisation remains an open empirical question.

7.2 The Risk of Inflationary Persistence and Exchange Rate Overshooting

A significant macroeconomic risk lies in the potential for cost-push inflation to become embedded through adaptive expectations (Blanchard, 2017). If wage negotiations begin to internalise high inflation rates, the monetary tightening required to re-anchor expectations may necessitate a deeper contraction than politically feasible. The danger is that a temporary corrective spike could metastasize into a structural inflation regime. The model assumes that inflation will moderate via FX stabilisation and fiscal consolidation; however, if supply-side bottlenecks, ranging from energy deficits to logistical insecurity, persist, credibility may erode despite orthodox monetary adjustments.

Furthermore, currency liberalisation in shallow markets carries the inherent risk of overshooting fundamentals (Dornbusch, 1976). Given that Nigeria's foreign exchange market lacks the depth of advanced economies, volatility without adequate hedging instruments may deter rather than attract foreign investment. Consequently, the success of FX unification is contingent upon the rapid deepening of forward markets and credible central bank communication. Failure to

institutionalise these mechanisms risks converting a necessary devaluation into a destabilising spiral.

7.3 Political Economy Risks: Reform Fatigue and the Electoral Horizon

The sustainability of democratic reform is inexorably tied to the electoral horizon (Alesina & Drazen, 1991). The Tinubunomics framework operates on the assumption that the executive's Political Containment Capacity exceeds the intensity of social backlash. However, history suggests that prolonged real income compression can erode coalition stability long before macroeconomic gains materialise. If economic hardship persists without visible welfare improvements, the political incentives may shift toward reversal—a pattern historically observed in Nigeria's previous attempts at subsidy reform.

Additionally, the disruption of old rent-seeking channels (such as arbitrage and subsidy fraud) often leads to the reconfiguration, rather than elimination, of rents. New distortions may emerge in procurement processes or the discretionary implementation of industrial policy. Therefore, institutional anchoring must transcend symbolic transparency to achieve systemic enforcement (North, 1990); otherwise, the reform may simply redistribute inefficiency rather than eradicating it.

7.4 Macroeconomic Vulnerabilities and External Shocks

Despite internal adjustments, Nigeria remains structurally exposed to exogenous shocks.

- **Commodity Dependence:** The reform model reduces internal distortions but does not eliminate exposure to global oil price volatility. A severe downturn could simultaneously reduce fiscal revenue and deplete reserves, reigniting FX instability. Unlike Indonesia, which successfully diversified its export basket post-1998, Nigeria's structural diversification remains nascent.
- **Global Monetary Cycles:** As Rey (2015) argues, the global financial cycle often renders domestic monetary policy less effective. Aggressive interest rate hikes in advanced economies can trigger capital flow reversals in emerging markets regardless of domestic policy quality. Thus, external liquidity cycles act as a powerful confounding variable.
- **Debt Sustainability:** While subsidy removal alleviates the flow of new deficits, the stock of public debt remains elevated relative to the revenue base. Without a concurrent acceleration in GDP growth, debt service ratios



may remain dangerously high, constraining the fiscal space needed for developmental investment.

7.5 Institutional and Administrative Constraints

The efficacy of the model is further constrained by the challenge of Central Bank Independence. Credible stabilisation requires that the monetary authority remain insulated from fiscal dominance (Sargent & Wallace, 1981). If fiscal pressures reassert influence over monetary policy, forcing the monetization of deficits, inflation containment will fail. The Tinubunomics model assumes a delicate balance of institutional coordination without dominance; preserving this equilibrium is critical.

Furthermore, the pillars of industrial localisation and de-dollarisation require sophisticated bureaucratic capacity. Implementation gaps, particularly given the administrative heterogeneity across Nigeria's sub-national units, can dilute theoretical effectiveness. Moreover, the credibility of the entire sequencing architecture depends on data transparency. Any emergence of statistical inconsistencies would severely damage investor confidence, underscoring that "institutional anchoring" must include the unimpeachable reliability of national statistics.

7.6 Limits of De-Dollarisation

Finally, the "Strategic Currency Sovereignty" pillar faces structural ceilings. The US dollar retains an overwhelming dominance in global trade invoicing (Gopinath et al., 2020). Consequently, partial currency diversification should be interpreted as a mechanism for marginal vulnerability reduction rather than a systemic transformation. Moreover, currency internationalisation is predicated on domestic trust. If inflation stabilisation fails, confidence in Naira-denominated transactions will evaporate, rendering de-dollarisation efforts structurally impotent.

7.7 Synthesis: Conditions for Durability

In synthesis, the durability of the Tinubunomics model is path-dependent and non-linear. It requires the simultaneous satisfaction of multiple conditions: inflation moderation, FX stability, revenue growth, visible social buffering, and elite coalition cohesion. Failure in any single pillar weakens the entire system due to the interdependence of the sequencing architecture.

Ultimately, the probability of reform reversal increases if growth does not materialise within the electoral cycle. The framework

presented here contributes significantly to the literature on reform sequencing under democratic stress and currency sovereignty in resource-dependent economies. However, it remains a provisional model. Longitudinal validation across future electoral cycles is required to confirm its durability, a limitation that must be acknowledged to protect the analysis from premature conclusions.

VIII. THEORETICAL CONTRIBUTIONS AND POLICY IMPLICATIONS

This study advances the literature on macroeconomic reform, the political economy of stabilisation, and currency sovereignty by conceptualising "Tinubunomics" not merely as a descriptive policy event, but as a distinct, sequencing-based stabilisation framework operating under democratic stress. By synthesizing the empirical evidence of the Nigerian trajectory (2023–2026), this analysis moves beyond a narrative account to offer four substantive theoretical contributions: (1) a "Democratic Shock-with-Anchoring" model of sequencing; (2) the concept of "Political Containment Capacity" as a prerequisite for fiscal correction; (3) "Functional De-Dollarisation" as a micro-structural vulnerability mitigation strategy; and (4) "Distributed Credibility Anchoring" as an alternative transmission mechanism in weak institutional environments.

8.1 Contribution to Reform Sequencing: The Democratic Shock-with-Anchoring Model

The canonical reform sequencing literature has long been bifurcated between proponents of gradualism, who argue for institutional strengthening prior to liberalisation (Rodrik, 2006), and advocates of "shock therapy," who prioritise immediate price correction to signal commitment (Sachs, 1994). However, the empirical basis for these theories is largely derived from post-socialist transitions or authoritarian developmental states.

Tinubunomics contributes a third, hybrid pathway: the Democratic Shock-with-Anchoring Model. Unlike the classical shock therapy observed in post-Soviet transitions, which often neglected institutional prerequisites, this model posits that in resource-dependent democracies, the fiscal shock (e.g., subsidy removal) must be simultaneous with institutional anchoring (e.g., revenue digitisation) and political containment.

The theoretical advancement here lies in redefining reform durability. We argue that



durability is not a function of speed (gradual vs. rapid), but of sequencing coherence. We formalise this relationship as a multiplicative function:

$$\text{Reform Success} = f(\text{Sequencing Coherence}) \times \text{Institutional Anchoring} \times \text{Political Containment}$$

This formulation implies that a value of zero in any single variable, such as a failure of political containment, renders the entire stabilisation effort void, regardless of the technical soundness of the fiscal shock. This reframes the sequencing debate by rigorously incorporating democratic stress variables into stabilisation modelling.

8.2 Political Sustainability: The Concept of Containment Capacity

Classical political economy attributes reform delays to a "war of attrition" over distributional costs (Alesina & Drazen, 1991). However, existing theory offers less insight into cases where radical reform is implemented despite anticipated backlash. This study fills that gap by introducing the concept of Political Containment Capacity.

Containment capacity is defined here as the state's ability to simultaneously buffer vulnerable populations through targeted transfers, maintain elite coalition stability through legislative alignment, and prevent the kinetic escalation of protest. The study suggests that the sustainability of structural fiscal correction depends less on the macroeconomic logic of the deficit reduction and more on the resilience of these containment buffers. By treating containment as a measurable variable, this framework bridges the schism between macroeconomic stabilisation theory and the literature on democratic resilience.

8.3 Currency Sovereignty: Functional De-Dollarisation

The Dominant Currency Paradigm establishes the structural centrality of the US dollar in global trade invoicing, particularly for commodities (Gopinath et al., 2020). Standard de-dollarisation literature typically focuses on macro-level reserve diversification or geopolitical alignment. Tinubunomics introduces a novel, micro-structural alternative: Functional De-Dollarisation.

This approach targets the reduction of transactional FX demand pressure through sector-specific mechanisms, specifically, the domestication of crude oil settlement and the unification of FX windows to eliminate parallel

premiums. Rather than pursuing a futile ambition of global currency hegemony, Functional De-Dollarisation focuses on vulnerability mitigation. It demonstrates that oil-exporting economies can reclaim monetary sovereignty not by banning the dollar, but by creating a viable domestic currency ecosystem for critical industrial inputs. This contribution enriches the literature on currency sovereignty in emerging markets by offering a pragmatic, non-geopolitical pathway to reduced external exposure.

8.4 Institutional Anchoring: Distributed Credibility

In advanced economies, credibility is often vested in a single, insulated institution, typically an independent central bank (Sargent & Wallace, 1981). However, in emerging markets where institutional insulation is porous, this single-point credibility is often insufficient.

This study posits the theory of Distributed Credibility Anchoring. In this framework, credibility does not emanate from a single authority but is generated through the coordinated signaling of multiple reform vectors: fiscal transparency reports, exchange rate alignment, revenue remittance enforcement, and industrial localisation policies. When these signals align, they create a "web of credibility" that is more robust than the reputation of any single central banker. This concept expands the traditional credibility framework beyond monetary orthodoxy, suggesting that in weak institutional environments, credibility is a collective property of the reform architecture.

8.5 Comparative Positioning in Global Reform Episodes

To situate the Nigerian experience globally, we distinguish it from three historical archetypes:

1. **Indonesia (Post-1998):** Characterized by crisis-imposed reform under IMF oversight following a systemic collapse.
2. **India (1991):** Defined by externally constrained liberalisation with a gradualist approach to industrial expansion.
3. **Brazil (Real Plan):** Centred almost exclusively on inflation anchoring through currency stabilisation.

Nigeria's Tinubunomics diverges fundamentally in its pre-emptive nature. Unlike Indonesia, the Nigerian reform was initiated without the trigger of a systemic banking collapse. Indeed, the Central Bank of Nigeria's proactive mandate in late 2024, requiring all banks to



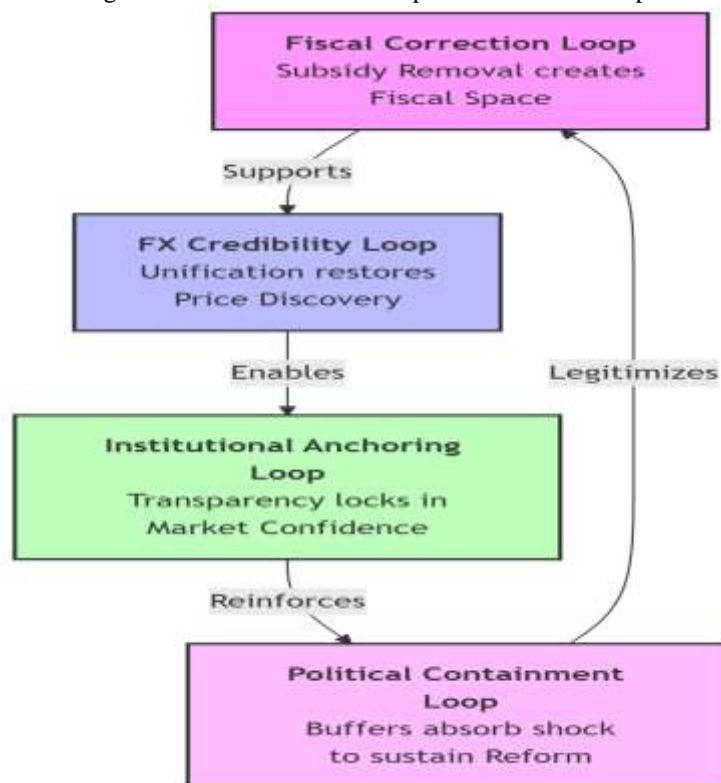
recapitalise by March 2026 or face merger/liquidation, demonstrates a strategy of fortifying the financial sector before stress becomes systemic. Furthermore, unlike the authoritarian context of early Asian tigers, this reform was executed within a competitive electoral democracy. Thus, the Nigerian case enriches comparative reform literature by providing a model of an endogenous, democratic, oil-dependent adjustment

that integrates de-dollarisation without waiting for a total systemic rupture.

8.6 Conceptual Model Synthesis

The theoretical model derived from this study can be visualized as four interacting feedback loops. Stabilisation is achieved only when these loops operate broadly in unison:

Figure 3: Tinubunomics Conceptual interactive Loops



Destabilisation occurs when any single loop weakens significantly; for example, if political containment fails (Loop D), the fiscal correction (Loop A) becomes politically untenable, triggering reversal. This systems-based framework advances reform modelling beyond linear macroeconomic equations to capture the dynamic complexity of democratic governance.

8.7 Policy Implications

The study yields actionable implications for policymakers in resource-dependent democracies.

8.7.1 Reform Sequencing Guidance

Policymakers should reject the binary choice between shock therapy and gradualism. Front-loaded correction is feasible and often

necessary, but only if institutional anchoring mechanisms are launched simultaneously, not sequentially. Furthermore, a robust communication strategy must manage public expectations regarding the "J-curve" lag between pain and gain.

8.7.2 Inflation Management

Inflation containment in this context requires more than interest rate adjustments. It demands the resolution of supply-side bottlenecks (energy, logistics) and clear coordination between fiscal and monetary authorities. Without these structural interventions, shock reforms risk entrenching permanent cost-push inflation.



8.7.3 De-Dollarisation Strategy

Countries should pursue Transactional De-Dollarisation (focusing on specific sectors like energy) rather than symbolic reserve diversification. The goal should be to allow domestic industry to settle key inputs in local currency, thereby reducing the structural demand for foreign exchange.

8.7.4 Democratic Reform Sustainability

Finally, macroeconomic logic alone cannot sustain adjustment in a democracy. Reforms must embed social protection buffers and active coalition management from the outset. Neglecting the political "containment" function is as fatal to reform as neglecting the fiscal deficit.

8.8 Broader Implications for Africa

These findings hold profound relevance for the broader African continent. Many economies, including Ghana, Angola, Kenya, and Zambia, share Nigeria's characteristics of commodity dependence, foreign exchange fragility, and political pluralism. Tinubunomics offers a testable, transferable framework for these nations, suggesting that the integration of currency sovereignty with fiscal correction offers a viable pathway out of the "permanent crisis" trap.

8.9 Limitations and Future Research Agenda

While this study establishes a robust theoretical framework, it remains provisional. Future research should prioritize: (1) multi-country panel estimations to test the "Democratic Shock-with-Anchoring" model across different institutional settings; (2) econometric modeling of inflation persistence under specific fiscal shock conditions; and (3) longitudinal analysis of industrial localisation productivity gains. Ultimately, only data spanning multiple electoral cycles will determine whether Tinubunomics represents a durable paradigm shift or a transitional stabilisation episode.

IX. CONCLUSION: SYNTHESIS AND FINAL ACADEMIC POSITIONING

This study has interrogated the mechanics of macroeconomic adjustment within the volatile context of a resource-dependent democracy. By operationalising the concept of "Tinubunomics," the research moves beyond descriptive analysis to evaluate whether a sequencing-based reform strategy can generate stabilisation and institutional credibility under conditions of acute political stress. The investigation was structured around four pivotal inquiries: the impact of sequencing on

stabilisation (RQ1); the efficacy of partial de-dollarisation (RQ2); the political sustainability of fiscal correction (RQ3); and the comparative distinctiveness of the Nigerian trajectory relative to historical precedents in Indonesia, India, and Brazil (RQ4).

9.1 Synthesis of Empirical and Theoretical Findings

9.1.1 The Primacy of Sequencing Coherence (RQ1 & RQ3)

The empirical evidence illuminates a critical interaction effect: sequencing coherence, rather than the sheer velocity of adjustment, is the primary determinant of stabilisation trajectories in democratic settings. The simultaneous deployment of front-loaded fiscal correction (subsidy removal) and exchange rate unification produced a classic "J-curve" adjustment. While this precipitated a short-term acceleration in cost-push inflation, consistent with pass-through theory (Blanchard, 2017), it concurrently reduced exchange rate fragmentation and narrowed the parallel market premium.

Crucially, the findings suggest that stabilisation is conditional. Fiscal correction without concurrent FX unification would likely have intensified arbitrage incentives, while FX reform without fiscal consolidation would have exacerbated deficit monetization. The study thus advances the proposition that institutional anchoring serves as the indispensable transmission mechanism linking fiscal discipline to market credibility. Furthermore, contrary to the "war of attrition" hypothesis (Alesina & Drazen, 1991), structural fiscal correction proved politically sustainable. This resilience was not accidental but was mediated by Political Containment Capacity, specifically, the alignment of the executive-legislative coalition and the deployment of social buffering interventions.

9.1.2 Functional De-Dollarisation as Vulnerability Mitigation (RQ2)

Regarding external sector vulnerability, the data supports the efficacy of functional de-dollarisation. The strategy of domesticating crude oil settlement and diversifying trade invoicing has measurably reduced transactional foreign exchange pressure. However, this finding is nuanced; while these measures mitigate liquidity stress, they do not eliminate structural exposure to the global dollar cycle (Gopinath et al., 2020). The theoretical contribution here is precise: de-dollarisation functions most effectively not as a geopolitical posture, but as a pragmatic macro-stabilisation



instrument that reduces the domestic currency's sensitivity to exogenous shocks.

9.1.3 Comparative Distinctiveness (RQ4)

Placed in comparative perspective, the Nigerian reform episode emerges as a distinct typological case. Unlike the post-1998 Indonesian reforms, which were crisis-imposed under IMF supervision following a systemic banking collapse, the Nigerian trajectory was endogenous and proactive. Unlike Brazil's Real Plan, which utilized a nominal currency anchor to break hyperinflation, Nigeria's approach relied on supply-side institutional tightening. The case thus enriches the comparative literature by documenting a "non-collapse" stabilisation episode executed within a politically contested democratic framework, distinguishing it from the authoritarian developmentalism often cited in sequencing literature.

9.2 Theoretical Positioning: The Democratic Shock-with-Anchoring Model

Consequently, "Tinubunomics" emerges from this analysis not as a parochial political descriptor, but as a transferable theoretical construct. This study formally introduces the Democratic Shock-with-Anchoring Model, defined by the integration of four interacting variables:

1. **Immediate Fiscal Correction:** To resolve solvency crises.
2. **Concurrent Exchange Rate Unification:** To restore price discovery.
3. **Distributed Credibility Anchoring:** To substitute for weak institutional insulation.
4. **Political Containment Capacity:** To manage the distributive backlash of adjustment.

These constructs expand the boundaries of development economics by rigorously bridging the often-separate domains of macroeconomic sequencing and democratic governance.

9.3 Normative Neutrality and Limitations

It is imperative to maintain academic neutrality regarding the ultimate success of these reforms. This paper does not posit that stabilisation is complete, nor does it offer normative endorsement. The process remains transitional and path-dependent. Longitudinal evidence across future electoral cycles will be required to determine whether this trajectory represents a durable paradigm shift or a temporary stabilisation episode vulnerable to political reversal. The framework

presented here is, therefore, provisional and intended for rigorous empirical testing.

9.4 Broader Policy Implications

For resource-dependent democracies, the implications are threefold. First, fiscal distortions can be corrected without regime collapse, provided that political containment capacity is robust. Second, exchange rate unification is a prerequisite for reducing rent-seeking and enhancing transparency. Third, institutional anchoring must be simultaneous with, not sequential to, macroeconomic adjustment.

9.5 Final Academic Claim

In conclusion, this study establishes that reform durability in emerging markets is not merely a function of technocratic design but of the strategic alignment between sequencing logic and political containment. Tinubunomics represents an analytically coherent, exportable framework for understanding how democracies can navigate the perilous transition from fiscal fragility to structural stability. By integrating the mechanics of currency sovereignty with the imperatives of political survival, this research offers a novel blueprint for stabilisation in the Global South.

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