



Crude Oil, Resource Curse and the Splintering of Nigeria into National Pieces

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Abstract: Since 1956 when crude oil was first discovered in commercial quantity at Oloibiri, the Niger Delta region in Nigeria has remained the country's crude oil producing area. Crude oil is the chief source of revenue for Nigeria, yet, according to the UNDP's Human Development Report 2015, the region with a Human Development Index (HDI) of 0.514 remains the least developed crude oil producing region in the world. This means that the region is underdeveloped, hence the feeling of injustice, neglect and marginalization among its people. Another UNDP Niger Delta 2006 Report states that the entire Nigeria is also underdeveloped and riddled with material poverty. It is the concern of this study to find out why despite the revenue boom from oil, Nigeria has remained underdeveloped and how this can affect the unity of the country? This is coming as a result of the intensity of the underdevelopment of Nigeria and the region in particular and the prevalence of insecurity in the country. We examined the natural resource literature of the resource curse to explain and gain insight into why despite the revenue from crude oil, Nigeria has remained underdeveloped and how this underdevelopment can result in a national crisis that can collapse the country. Secondary sources were used to access data for analysis. Qualitative data analysis method was used to analyze data. The study finds that the continued underdevelopment of Nigeria and the Niger Delta in particular can lead to a national revolt capable of splintering Nigeria into national pieces. It is the recommendation of the study that the political leadership of Nigeria should quickly provide good governance that can take the Niger Delta and indeed the entire country out of the cold hands of underdevelopment.

Key words and terms: Natural Resources, Resource Curse, Niger Delta, Unity of Nigeria

1. Introduction

Crude oil is a natural resource and like all natural resources, it is available to man for use. Its usage comes with moral, economic, political and environmental implications especially in Third World economies. In Nigeria, crude oil exploration started in 1937, and its discovery in commercial quantities in 1956 and continued exploitation in the Niger Delta region have been on till date (Tamuno, 2011: 1-12). Revenue from the sale of oil belongs totally to the Federal Government of Nigeria based on its laws. A little amount of the revenue (13%) is shared to the oil producing Niger Delta States; but to the people of the region, that is not enough to develop the area and therefore they see this as unjust and iniquitous (Tamuno, 2011: 9). Hence they demand for resource control, fiscal federalism and self-determination. Based on the monumental literature on the Niger Delta, this whole struggle and agitation has been summarized as the Niger Delta Question. The issues in this question include the feeling of injustice, marginalization and inequity; neglect of the despoiled and degraded environment; lack of quality infrastructure; ravaging poverty, unemployment and underdevelopment (Tamuno, (2011: 321-325).

Year in year out, Nigeria has always been classified under the UNDP's HDI Reports as an underdeveloped country despite the huge oil revenue at its disposal. According to Ross (2003:2): "Why has Nigeria's remarkable oil wealth done so little to raise incomes and alleviate poverty?" This study is interested in finding out why Nigeria

has not been able to use this revenue to develop the country? What are the implications of this inability on the survival of the country as a political society? The key concern of this study is that if Nigeria does not become developed and move its people out of poverty, the rest of Nigeria may combine with the already volatile Niger Delta and constitute a formidable mass movement that can collapse the country, as it happened in the former Union of Soviet Socialist Republics (USSR) in December, 1990 (Beissinger, 2009). This study will explore answers to these questions using the natural resource curse theory by looking at its literature, its implications for a natural resource dominated economy towards its development and the other possible factors that will be instigated by the Niger Delta struggle to tear Nigeria into pieces.

2.0 Literature Review

2.1 What is a Natural Resource?

Natural resources are materials or physical things that no man created; they exist from nature and have been there right from the beginning of life on earth. Therefore they include everything we can see and those we cannot easily see but exist. The issues that make these free gifts of nature important are their location, ownership and utility. Hence, most definitions are about these issues.

According to the Organization for Economic Co-operation and Development (OECD), natural resources are natural assets occurring in nature that can be used for economic production or consumption. This definition dwelt on the value or utility of natural resources. Again that they can be used for economic production implies

that they can be processed into other goods needed by man. Also it stated that natural resources “occur in nature”, that means, they are not created by man or did not pass any process of creation by man. However, the definition is limited by location and ownership. Another view by the UNESCO states that:

Natural resources, in a broad sense, include everything that is derivable for the use of man from any part of the universe. In the physical sphere they include energy from sunshine and gravity as well as mineral deposits and the rain. In the biological sphere they include domesticated as well as wild plants and animals; and they include human resources too (UNESCO, 1964: 2).

This definition gave a composite of natural resources to include energy from sunshine and gravity, mineral deposits, rain, plants, animals and human beings. It went further to indicate that natural resources are located in the universe and that they are for man’s use, which attests to their utility significance. The location is not specific: where exactly the resources are located? Thus the definition is deficient in location and ownership.

On the part of the World Trade Organization (WTO), it defined natural resources as “ stock of materials that exist in the natural environment that are both scarce and economically useful in the production or consumption, either in their raw state or after a minimal amount of processing” (WTO, 2010:46). Again this definition emphasized economic sense and usefulness of natural resources and is deficient in the rest issues about natural resources. What else would one expect from WTO as a trade manager!

This research will define natural resources as useful raw materials located in a defined political society (community, state or country), owned by that society and capable of been processed into other forms of commodities to meet the needs of man. Natural resources are capable of ensuring the stability of the ecological systems where they exist. Examples of natural resources are, natural water, crude oil, limestone, diamonds, platinum, coal, cotton plants, unprocessed gas, copper, trees, bauxite ore, iron ore, gold, manganese, cobalt and fishes.

2.2 Ownership of a Natural Resource

Natural resources should be owned by people who own the land and area where such resources are located. From the history of economic minerals, ownership of natural resources is important because they are valuable materials which can be used to develop society and sustain the ecosystem. That value is only most useful if society relate natural resources to man. From natural resources, so many other goods can be produced and that is why they are called capital assets. Thus they can facilitate the development of a country in a faster and robust ways. Also, countries that are very rich in lucrative natural resources are respected in international politics (Ololade, 2010: 3) These are some of the reasons ownership of natural resources has become critically important. So who owns the natural resources located in an area?

According to Ololade (2010: 3),

Ownership of resources has been given international recognition in a vast set of international regimes from the United Nations General Assembly (UNGA) Resolution 1803 of 1962 to the Rio

Declaration on Environment and Development of 1992; it has even been recognized to be a sovereign right of a nation...UNGA 1803 of 1962 in Article 1 provides that “the right of the peoples and nations to the permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the wellbeing of the people of the state concerned”. While the Rio Declaration which follows in line with the Stockholm conference, provides in Article 2, that “States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction” (Ololade, 2010:3).

It is clear from these conventions that it is the state or nation or the general government that has the sovereign right to the ownership of natural resources domiciled in the state. To make this right effective, states enact or promulgate laws that enable them exercise this right and authority over the natural resources in their states.

As a result, in Nigeria, the following laws were put in place to hand over natural resources, especially mineral resources, to the Federal Government of Nigeria (FGN):

- The Minerals/Petroleum Decree, 1969
- The Land Use Decree, 1978
- The Oil Pipelines Decree, 1991
- The Petroleum Decree, 1991

- The National Inlands Waterways Authority Decree, 1997 (Tamuno, 2011:24)

However the UNGA Resolution 1803 of 1962 specifically stated that “the right of the peoples and nations to the permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the wellbeing of the people of the state concerned”.

The crux of the matter here is both in ownership and development effect of natural resources on the wellbeing of the people where such resources are found. In the case of the Niger Delta people of Nigeria, they question the underdevelopment around them. This has led to the continuous fight and struggle against the FGN for denying them their right over the revenues accruing from crude oil. Why is the FGN not able to develop the region with the oil revenues? The study will use the Resource Curse Theory to explain this problem.

2.3 The Resource Curse theory

One of the most prominent theories of natural resources is the Resource Curse Theory also known as “The Paradox of Plenty”. The term “resource curse” was first coined by British economist Richard M. Auty in 1993 in his article titled: “Sustaining Development in the Mineral Economies: The Resource Curse Thesis”. The theory describes the “failure of many natural resource-rich countries to benefit fully from their natural resource wealth, and for governments in these countries to respond effectively to public welfare needs” (NRGI, 2015: para. 1). NRGI observes that

“while one might expect to see better development outcomes after countries discover natural resources, resource-rich countries

tend to have higher rate of conflicts and authoritarianism, and lower rates of economic stability and growth, compared to their non-resource-rich neighbors” (NRGI, 2015: para. 1).

This means that resource-rich countries suffer from unpleasant outcomes that militate against their development, while non-resource rich countries do not. To further explain the resource curse, Alex Perry (2010: para. 2), asserted that resource cursed countries

often develop more slowly, more corruptly, more violently and with more authoritarian governments than others. Think oil in Nigeria, blood diamonds in Sierra Leone and Angola, tin in Bolivia. What should be a blessing turns out to be an incentive for conflict and corruption and, in the wrong hands, a source of ruin (Perry, 2010).

To support Alex Perry (2010) that this curse is mainly with underdeveloped countries like Nigeria, Sierra Leone, Angola and Bolivia, Ross (1999: 298) states that:

Three-quarter of the states in sub-Saharan Africa and two-thirds of those in Latin America, the Caribbean, North Africa, and the Middle East still depend on primary commodities (natural resources) for at least half of their export income. For these countries the “resource curse” is an urgent puzzle” (Ross, 1999: 298).

Consequently the countries most affected and afflicted by the natural resource curse are underdeveloped countries from the regions listed above. Why are the natural-resource rich developed countries not affected and afflicted by the curse? As provided by Perry (2010) above, developed countries would not allow “corruption, violence and authoritarian government” convert

their natural resources rich nature into “source of ruin”. Another dimension of the theory is that this curse appears not to be with non-natural-resource-rich countries. Why? The answer is the absence of the “Dutch Disease”, a subset of the resource curse. In other words, this disease affects resource-rich economies. The disease simply refers to “all economic hardships associated with natural resource exports” (Ross, 1999: 306).

In summary, Oviasuyi and Uwadiae (2010: 117) state the

Nigeria is the world’s 13th largest oil producer, and the 6th largest in OPEC. In the domestic sector, from 1970 to 1999, oil generated almost \$231 billion for the Nigerian economy, constituting between 21 and 48 percent of GDP. Nigeria has an estimated oil reserve of 32 billion barrels – sufficient for 37 years at the current rate of production. Between 2000 and 2004, oil accounted for around 79.5 percent of total government revenues and around 97 percent of foreign exchange revenues. This rise in oil wealth has not translated into significant increases in living standards in Nigeria. In fact, the rise in poverty and inequality coincides with the discovery and export of oil in Nigeria... this has led to widespread acceptance that Nigeria has suffered from the resource curse (Oviasuyi, 2010: 117)

Thus, Nigeria suffers from resource curse.

2.4 The Effects of the Resource Curse

The resource curse affects the economic, social and political lives of the state. The “Dutch Disease” is a prominent explanation of the economic effect of the resource curse. Basically, the “Dutch

Disease” describes an economic situation where

a large increase in natural resource revenue can hurt other sectors of the economy, particularly export-based manufacturing, by causing inflation or exchange rate appreciation and shifting labour and capital from the non-resource sector to the resource-sector. This is known as the Dutch disease (NRGI, 2015 as cited above).

According to the International Competitiveness of the Russian Federation Journal, the origin of the Dutch Disease was that:

In the late 1950s the appreciation of the Dutch currency (guilder), which followed the gas export boom, caused inflation which in turn, brought about reductions in competitiveness and profitability of the manufacturing and service sectors. ... the total Dutch exports crashed relative to GDP during the 1960s. Shortly, the expansion of gas exports in the 1960s not only crowded out the other manufacturing exports, but also reduced markedly the total Dutch exports relative to GDP.

The effects of the disease are found in the contracting manufacturing and agricultural sectors, increase in unemployment, worsening inflation and exchange rates (Ross 1999 as above), to which he said the Dutch Disease:

“Describes the combined influence of two effects that commonly follow resource booms. The first is the appreciation of a state’s real exchange rate caused by the sharp rise in exports; the second is the tendency of a booming resource sector to draw capital and labour away from a country’s manufacturing and agricultural sectors, raising their production costs. Together, these effects can lead to a decline in the export of

agricultural and manufacturing goods and can inflate the cost of goods and services that cannot be imported (Ross, 1999 as above).

With respect to Nigeria, a major exporter of crude oil, the country suffers these economic disabilities till date. The country’s manufacturing sector is underperforming, its agricultural sector is in comatose, rate of unemployment is high, inflation is galloping and exchange rate is very high and bad political leadership; thus all the symptoms in the theory can be found in the Nigerian economy. The Dutch Disease is the key economic ailment that frustrates the economic development of an afflicted society and enthrones the reign of a disarticulated economic regime which impedes economic development.

Ross (1999) further identified other economic effects arising from the resource curse as decline in terms of trade, volatility in international resource prices which causes instability in the international natural resource market, poor economic linkages between resource and non-resource sectors.

Resource curse also affects countries politically. Ross (1999) and Ploeg (2010) identified the following political effects on the state: cognitive problem, growth-impeding interests and weakening of state institutions. Cognitive problem arises in a natural resource exporting state when its leaders (public and private) become enmeshed in the revenue boom that they no longer can discern what useful things to do with the huge revenue. Ross (1999) states that cognitive effect creates resource-caused “myopic sloth, or myopic exuberance in policy makers”. For example, according to Ross (1999), development scholars such as Wallich and Levin accused leaders of a sugar-

exporting state of approving and following a development part that is distorted by a “sugar mentality” which led to lax economic planning and insufficient diversification. Ross also reported that Nurske and Watkins suggested that resource rents lead to “irrational exuberance, producing a get-rich-quick mentality among businessmen; a boom-bust psychology and shortsightedness among policymakers, marked by bouts of excessive optimism and frantic retrenchments”. According to Ross (1999: 309), the idea was made popular in the Six Books of a Commonwealth by Bodin, who explained that:

men of a fat and fertile soil, are most commonly effeminate and cowards, whereas contrariwise a barren country makes men temperate by necessity, and by consequence careful, vigilant and industrious.

Finally, Ross (1999) concluded on the cognitive effect saying that “easy wealth leads to either paralysis or shortsighted euphoria among policymakers”. From these positions and reflecting on Nigeria, one can simply say that Nigeria is richly blessed with the effects of resource curse.

There is also the social effect of the resource curse. It states that “resource booms enhance the political leverage of non-state actors who favour growth-impeding policies” (Ross 1999: 310). Ross posits that this argument works best “when non-state actors have first claim on any resource rents”. Examples of such policies in Nigeria are import-substitution and subsidy policies. Thus, such “growth-impeding” policies are policies that will retard economic growth and leave more resources in the hands of interest groups whose ultimate ambition is selfish.

There is also the state-centered effect of the resource curse. The state-centred effect states that when government depends mostly on resource rents, such governments tend not to levy taxes on citizens and become less accountable to the people and that this situation weakens state or public institutions (Ross, 1999). According to Ploeg (2010), many development scholars (Bourguignon and Verdier, 2000; Isham, 2003; Sala-i-Martin and Subramanian, 2003; Robinson, 2006; Acemoglu and Robinson, 2006 and Mehlum, 2006) posit that natural resource dominated economy weakens state institutions through increased institutional corruption, blocking of technological and institutional improvements and prevents the redistribution of political power towards the middle class. This situation prevents the adoption of growth-promoting policies and worsens the quality of institutions since it allows governments to pacify dissent, avoid accountability and resist modernization. Other means of weakening state institutions include granting of privileges to cronies, making access to political power more expensive, and bribing voters with well-paid but unproductive jobs. Finally, natural resource bonanza encourages productive entrepreneurs to shift to rent seeking and become rent grabbing-friendly institutions.

Further study by Ascher (1999: 405-412) reveals that “natural resources suffer from exceptionally poor governance, since state officials can easily manipulate their use to meet unpopular, controversial or illegal objectives” and showing “how clashes among government agencies have led to results ranging from Indonesia’s deforestation to the collapse of the

Mexican water system, from the destruction of cocoa farms in Ghana to the waste of Nigeria's oil wealth”.

What can be discerned from these scholars is that natural resources can yield sudden abundant revenues and that failure to manage it effectively and efficiently is due to natural resource curse.

2.5 The Politics of Crude Oil in Nigeria

As at 2017, sixty-one (61) years after crude oil was discovered in commercial quantity in Oloibiri, Bayelsa State, Nigeria, crude oil has remained the chief sustainer of Nigeria's economy and has afflicted the country with the resource curse. Yet, the process and politics of crude oil administration by the Nigerian state have consistently yielded underdevelopment in the region and the country at large.

The issues in the politics of crude oil in Nigeria include the establishment of state laws (as indicated earlier) that enabled the FGN to take over crude oil as a federal resource. The implication of these laws is that crude oil and indeed any other mineral resource, found in the Niger Delta or elsewhere, belongs to the FGN, which therefore controls all revenues accruable from the resource. Therefore, the regions or states where the resources are located have limited access to oil revenue. This has remained a source of trouble between Nigeria and the oil states which have consistently called for the abrogation of these laws.

Another issue in the politics of crude oil in Nigeria is the volatility in revenue derivation percentage payable to the crude oil producing Niger Delta region. According to Tamuno (2011:6):

The principle of Derivation in Revenue allocation has been consciously and systematically obliterated by successive regimes

of the Nigerian State. We note the drastic reduction of the Derivation Principle from 100% (1953), 50% (1960), 45% (1970), 20% (1975), 2% (1982), 1.5% (1984), to 3% (1992) and 13% (1999-date) (Tamuno, 2011:6).

The derivation percentages determine how much of the oil revenue that should be given to the region or state. From the quotation above, the Niger Delta people have earned 100% in 1953, 50% in 1960, but as at today, it is 13%. This is a major source for accusing the FGN of injustice. The Niger Delta people have argued that the revenue allocated to them from the federation account is not sufficient for the development of the region given its terrain and the devastations caused by crude oil exploitation. Hence their request for resource control. The FGN has refused to accede to such request on the grounds that the remaining 87% would be used to develop other parts of the country. Also the FGN has argued that the revenue allocated to the region could develop the area and that it was the mismanagement of allocations by the political leaders of the region that is responsible for the underdevelopment of the region (The Nation, 2014).

From this politics, concepts like the “economy of conflicts” (Ikelegbe, 2005: 209) and the “blood oil” (Asuni, 2009: 1) have emerged. The economy of conflicts is a political theory which explains how the Niger Delta has been engulfed by the reign of terror, arms and ammunition which facilitate criminal activities by the youths. This reign has become a way of life of the people of the Niger Delta. These youths, with arms, kidnap oil workers for ransom, steal crude oil (refine some and sell some), blow-up oil pipes and so on. Their reason is that they use violence in

order to have access to the mineral wealth deposited in their soil. Asuni (2009: 1) describes blood oil as “The trade in stolen oil, or “blood oil,” which poses an immense challenge to the Nigerian state, harming its economy and fueling a long-running insurgency in the Niger Delta”. A combination of these concepts shows that the Niger Delta has become a beehive of massive arms, ammunition, criminality and conflicts. Can this fight for oil, fight against unemployment and poverty not have a way of influencing insurgency, terror and final attack on the unity of Nigeria? In the politics of crude oil in Nigeria, the issue of the relationship between the ethnic groups is important. History tells us that Nigeria has the Igbo, Hausa and Yoruba as the majority ethnic groups, while the rest are minorities. While the majorities control the central government, the minorities were carved into states and local governments. Meanwhile it is the central government that through its laws, owns, controls and administers crude oil resources; yet crude oil is domiciled and located in the lands of the minority ethnic groups in southern Nigeria. Consequently, on a regular basis, these minorities see crude oil laws made by the FGN as repressive,

marginalizing and uncaring, thereby fostering the agitations against the federal government. These agitations have led to the call for the restructuring of Nigeria to grant self-determination to the states or minority ethnics. The federal government is not ready to accede to this request, rather it has taken some actions to resolve and assuage the anger among the ethnic minority oil producing states. These actions are interpreted by the Niger Deltans as positive or negative. The concern of this study is that this ethnic dimension of the oil politics can combine with the factor of high insecurity in the Niger Delta and lead to disintegration of the country. For example it happened in the Union of Soviet Socialist Republics (USSR) in December 1990 (Beissinger, 2009).

2.6 Federal Government’s responses to the Niger Delta crisis

In response to the agitations by the minority ethnic crude oil producing states, the FGN has taken the following actions to respond and assuage the crises and ensure the development of the region. These responses could be interpreted as positive or negative as indicated below:

Table 1: Responses from the Federal Government of Nigeria

Serial number	Positive Responses	Negative Responses/Results
1	Established the Willink’s Commission 1957 to examine the fears of the Niger Delta people before the attainment of Nigeria’s independence in 1960	The killing of Isaac Adaka Boro 1967
2	Created the River Basin Development Authority(RBDA) 1961	Army invasion of Umuechem 1991
3	Creation of Mid-West region and States 1963, 1967, 1986 and 1996 and local councils	Genocide in Ogoni and the killing of Ogoni 13 including Kenule Saro-Wiwa 1994-1995
4	Established the Oil Mineral Producing Areas Development Commission (OMPADEC) 1992	The invasion of Choba 1999 and Odi 2000
5	Granted 13% Special Allocation to oil producing states 1995	The non-implementation of the UNEP Report since

		August 2011*
6	Established the Niger Delta Development Commission (NDDC) 2000	
7	Established the Amnesty Programme 2009	
8	Established the Ministry of Niger Delta Affairs 2009	

(Sources: UNDP Niger Delta Report 2006; Tamuno, 2011 and NEITI Report 2013)

(*The UNEP Report was the report by the United Nations Environmental Programme on the clean-up of Ogoniland. It was submitted to the FGN in August 2011. But the FGN is yet to carry out the assignment and it has become an issue among the Ogoni people in particular and the Niger Delta in general). Source: www.unep.org, 2011.

The obvious conclusion on the politics of crude oil in Nigeria is that it has showcased and made stronger the issues of injustice and marginalization, high-handedness in the responses by the Federal government and has led to high assemblage and stockpiling of arms and ammunition and many criminal activities in the Niger Delta. It also has kept aglow the burning issue of ethnicity. It has probably further frustrated the effective utilization of oil revenue for the development of the country. The mismanagement of crude oil revenue has led to poverty in Nigeria. According to the poverty theory of the social sciences, material poverty is the chief source of anger, restiveness and conflicts in society (Oviasuyi and Uwadiae, 2010). There is a possibility that the poverty induced aggression in the Niger Delta can combine with the poverty in other parts of Nigeria to a total breakdown of law and order and unleash a mass insurrection against the Nigeria state. This precarious situation can facilitate the collapse of the Nigerian state.

3.0 Analysis of the Consequences of Resource Curse on Nigeria

From the literature of the resource curse espoused above, this study can present some textual analyses that will enhance the understanding of why Nigeria has remained underdeveloped. The study will concentrate on the political and economic consequences of the resource curse on Nigeria.

The political effects are the cognitive, growth-impeding and state-centered consequences. According to Ross (1999: 309), the cognitive problem is that in natural resource countries, the leaders always suffer from the “inability to discern what other useful things to do with the revenue boom” and that this inability causes “lax in good economic planning and insufficient diversification”. Many may disagree with this explanation by arguing that Nigeria had economic development plans in the past. Unfortunately, most of the development plans were for infrastructural development and few giant industrial set ups. For example, the steel plants were to produce steel for infrastructural constructions. The refineries were to produce fuel for local consumption, not for exports. The thinking ought to be for local consumption and export. Diversification of the Nigerian economy has been on the drawing board of nearly every regime (both military and civilian). Yet, fifty seven (57) years after Nigeria’s political independence, the economy is not diversified such that many industrial

sectors are able to contribute significantly to development, instead of relying majorly on crude oil.

Ross (1999:309) stated that Nurske and Watkins suggested that resource rents lead to “irrational exuberance, producing a get-rich-quick mentality among businessmen; a boom-bust psychology and shortsightedness among policymakers, marked by bouts of excessive optimism and frantic retrenchments”. The point here is that even when policy makers and business owners think and try to discern, the outcome is mostly irrational because the philosophy behind the discernment is to make quick selfish gains. This is shortsightedness which would lead to reversal and abandonment of programmes and retrenchment of labour. Such abandoned programmes are numerous in Nigeria: the Operation Feed the Nation(1976-1979); the Green Revolution (1980-1983); School-to-land (1984-85); SAP, DIFRRI, Better Life and Poverty Eradication Programme (1985-1993); NEEDS and SEEDS (1999-2007); Seven-Point Agenda (2007-2009); Transformation Agenda, SURE-P, Mass Transit (2010-2015); and so on. All those who worked for and in these programmes have, most probably, lost their jobs. During the General Ibrahim Babangida regime (1985-1993), he created two political parties, the Social Democratic Party (SDP) and the National Republican Convention (NRC). The government built political offices for these parties in all the local government areas in Nigeria. Notwithstanding this, and as at today in 2017, Nigeria’s five major political parties do not have access nor use such offices. This is a waste from oil revenue.

On the problem of get-rich-quick mentality among business organizations, the society can easily see it in their operations. For example, Nigerian banks prefer to finance traders who can make fast returns than finance agribusiness. This is one reason agribusiness is not progressing in the country.

According to Ross (1999), the cognitive problem indicates that men who live in good conditions, tend to be risk averse and less industrious. Such good condition is like oil boom with plenty of revenue. At such times, men are consumers of goods, care less and wasteful due to abundance. But in austere times, men tend to be wiser, careful, vigilant, and productive risk takers. Nigeria is in the first category and this explains the consumerist society we have in the country. Nigeria relies on oil money for over 80 percent of the country’s budget financing. A less productive economy is a recipe for underdevelopment and poverty and its attendant class struggles that lead to national conflicts as depicted in the Niger Delta.

Resource curse generates growth-impeding interests and policies. These are actions that are unproductive, but merely meant to serve the interest of those in government. For example, in Nigeria, some of such actions by the government include oil subsidy and SURE-P. Oil subsidy means that the government pays the cost-mark up difference on fuel importation. For instance, if it takes the oil importer \$2 to import a litre of fuel up to Nigeria’s coast, and it takes another \$1 to clear it and another \$0.5 to bring it to the filling station and his profit markup is \$1, the price to sell the liter will be \$4.50. If the exchange rate is N100 per dollar, the selling price of the litre in Nigeria will

be N450. But to Nigerians, this price is too high and this will lead to labour demonstrations. So the government in order to save its face, will agree with the fuel importer to sell at N80 per litre and collect the balance of N370 from the government. It is this N370 that is called oil or fuel subsidy. But towards the end of the Dr. Goodluck Ebele Jonathan's administration, it was discovered by the then Finance Minister, Dr. Ngozi Okonjo-Iweala that the entire fuel selling price determination process was not sincere. This was because, despite the subsidy, fuel was still scarce. So the present President Muhammadu Buhari's government decided to stop paying subsidy and demanded Nigerians to pay for the actual price of N145 per litre they agreed with the fuel importers. Since June 2016, Nigerians have not experienced serious fuel scarcity and this proved the point of growth-impeding actions of government, meant to help the unproductive political "boys". Another example is the SURE-P which the last administration created to reduce the sufferings of Nigerians arising from scarcity of fuel. SURE-P was meant to provide unproductive jobs for political patrons and their aids and assistants. It is the crude oil money that has been able to sustain such selfish irrational unproductive actions that bled the economy. The result is further underdevelopment and poverty of the masses of Nigeria.

Ploeg (2010) posits that revenue boom from natural resources unleash weak state institutions and corruption in the operations of the government, blocks technological and institutional improvements, prevents the redistribution of power towards the middle class, allows the government to pacify dissent, avoids accountability,

resists modernization and grants privileges to cronies. Oil riches ruin long-term preference of the economies of resource rich states, raise the value of being in power and induce politicians to unnecessarily expand public sectors by creating more well paid but unproductive jobs. All these are acts of bad governance which had gone a long way to sustain poverty, restiveness and conflicts in Nigeria. Thus it creates room for mass insurrection and revolt against the Nigeria state.

Natural resource revenue boom encourages enterprises to shift efforts to rent seeking and become rent-grabbing-friendly institutions. The implication of this is the absence of genuine entrepreneurs, contraction of productivity and the expansion of unemployment, low income, poverty and lack which lead to the anger, restiveness and crisis. This is one reason for the steadily rising sectional crises in the North East (Boko Haram), South East (request for Biafra) and Niger Delta (Resource Control) in Nigeria.

Ascher (1999) found that natural resources suffer from exceptionally poor governance. This can be seen at all levels of governance in Nigeria.

On the economic front, the availability of huge revenue from natural resources has the effect of discouraging government from industrialization which will enable more employment and ensures that taxation remains the major source of revenue for the government. When tax is the key source of revenue, it means that people are taxed more, and such people will be interested in what government do with the tax funds. When people perceive misuse of tax revenue by the government, they will demand for accountability. But if crude oil is the

main source of revenue to the government, taxation will not be attractive as an important source of revenue to the government. Consequently, the people would be taxed low and some may easily evade or avoid tax successfully. In such situation, when people perceive misuse of public funds by the government, they may not demand for accountability. This leaves the government to be care less with public funds and become unaccountable. That is why Nigerians are hardly on the streets to demand for accountability and good governance.

Another economic consequence of the resource curse is the presence of too much money chasing too few goods and this equals to inflation. With high level of prices, other sectors of the economy suffer because the crude oil sector which is now attractive and booming with petro-dollars, will buy off most quality labour and attract large chunk of the available capital. Thus the manufacturing, agricultural and other sectors will suffer stagnation. This is the reason other sectors except oil and gas, are not contributing significantly to Nigeria's GDP. The ultimate consequence is a mono-product economy which suffers from price shocks once the price of the commanding natural resource falls. The recent recession in Nigeria is chiefly caused by the drop in the price of crude oil from over \$100 per liter to as low as \$28 by the last quarter of 2016. At such periods total revenue drops and budget implementation by the government becomes very difficult. The bottom line is excruciating hardship and poverty among the people.

Resource curse ensures the continued reliance and export of unprocessed natural resource to other countries.

Nigeria has continued to export crude oil for over 61 years now with the attendant loss of all the bye-products of crude oil which would have enabled the establishment of many gas and petrochemical plants in the country. The massive employment, tax incomes and exports revenue from such companies have all been lost to the continued export of Nigeria's crude oil. The consequences are also in increasing unemployment, youth restiveness and increasing crime rates in Nigeria, which are manifestations of underdevelopment and future crises in the country.

The continued export of unrefined oil is a corollary to the point that such behavior discourages diversification of the national economy as the country prefers easy rent income from the natural resource. Why? The reason is that there is no organic or structural relationship between the natural resource sector and the rest sectors. Ake (1981) referred to such economy as a disarticulated economy. Nigeria's economy is a good example of such an economy. In a structured, diversified and articulated economy, raw materials from one sector is fed into and used by other sectors for further reprocessing to produce more products or commodities. The bottom line is that there is no economic linkage between the rich-resource sector and other non-rich - resource sectors leading to a disarticulated economy which will continue to support underdevelopment and its attendant social crises.

The resource curse causes the economy that relies mainly on the sale of natural resource to suffer from the volatility in international price of the resource. As indicated earlier, when such price falls, it can lead to economic downturns like recession or depression. If the price goes

up, more revenue accrues to the nation and this could be mistakenly seen as economic development. But the mismanagement of such boom through corruption caused by the resource curse brings back the economy to prostration, frustration and underdevelopment.

The social consequences of the resource curse are increasing labour mobility in favour of the urban cities, the depopulation of the rural areas which affects agricultural productivity negatively, and high rate of youth unemployment in the cities resulting in more crimes in the cities. There is always the unplanned effects of the overpopulation and crowding of such urban areas. One of such effects is the high demand for and pressure on the infrastructure in the urban cities. In Nigeria, Lagos and other capital cities of some states are good examples.

By and large, resource curse harms the economy and contributes largely to the continued underdevelopment and material poverty in resource dominated economies like Nigeria's. But the consistent underdevelopment of Nigeria arising from poor political leadership which in itself is a child of the resource curse, is the nexus between crude oil and the collapse of Nigeria. This is the thesis of the findings of this research.

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4.0 Summary and Conclusion

Nigeria is blessed with crude oil as a natural resource. It has been a source of the bulk of government's funding. Despite the huge funds it provides to government, the political leadership of Nigeria has not been able to translate this into the development of the country. This is as a result of the resource curse which inflicts its effects and consequences on the people. One of its afflictions is poor political leadership in the management of the natural resource, which has led to the underdevelopment of the country, more acute in the Niger Delta region where crude oil is produced. As a result, agitations and conflicts in arms abound. Underdevelopment also affects other Nigerians. Can the arms crisis in the Niger Delta ignite a national revolt against underdevelopment and poverty? Can such a revolt lead to the disintegration of Nigeria into national pieces? This study observes that if the resource curse continues under poor political leadership, the possibility of such a revolt against Nigeria is possible. The conclusion therefore is that Nigeria's political leadership needs to urgently tackle the resource curse and commence immediately the remediation of the age-long damages caused by this curse and begin a new Nigeria with keen interest in true development anchored on good governance.

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