



## Managing Nigeria Without Oil

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### ABSTRACT

The fate, fortune and future of Nigeria, its people, its climate, its economy, its performance continue to resonate in terms of the complexities, the twist and turns, the content of the past, the pregnancy of the present, the poignancy of the future. To take care of its main pivot, the oil industry, requires a bold effort to interrogate the myriad of issues plaguing the socio-economic, political and always evolving environment. The oil industry is the kernel, the milestone, the pillar of the Nigerian economy. This has been so for approximately five decades. Prior to the 1970s, Nigeria completely derived its foreign revenues 'from agricultural export and solid minerals as the economic base for the regional governments.....in the promotion of import substitution....'<sup>1</sup>. The oil industry accounts for 2.5% of total foreign exchange earnings, the crescendo jumped to 58.1% in 1970s, to 93.6% in 1975, on to past 98% in the first half of the 1980s<sup>2</sup>. It also contributes over 80% of government revenues. Overall, oil and gas production from the Niger-Delta has generated an estimated \$600billion since the 1960s. The foundation for the current Nigerian economy classified as 'sloggy' and 'bodacious' proposed a N6.08 trillion spending comprising a recurrent expenditure of N4.8trillion (70%) and capital expenditure of N1.8trillion (30%). It bears projected oil revenue of only N840billion and included a N900billion domestic borrowing, N984billion external borrowing with a debt servicing of N1.36trillion,<sup>3</sup>; in 2016. This paper attempts an overview of some current issues facing the oil industry in Nigeria on the backdrop of the plethora of happenings largely troubling in a dizzying intensity, including Budget 2016, the implications of which can make or break the 170million people of Nigeria, their hopes and aspiration or at least can reshape their peace and comfort and effect or afflict the sub-region.

**Keywords:** Gargantuan Debts, oil industry, money, corruption, Ceaseless Consumerism

### INTRODUCTION

The pressure for a less opaque and transparent oil industry has become virtually inescapable judging by the fusillade of condemnations and accusations unleashed by stakeholders over the last few years on the governance and misgovernance in Nigeria's oil sector. Some argue that '80% of Corrupt Cases in Nigeria are concentrated in the Oil Sector. The argument of Chinedu Okoronkwo<sup>4</sup>, (2015) President of the Independent Petroleum Marketers Association (IPMAND) was that '..... if the Federal Government will stop oil corruption then it would have been able to reduce corruption by 80%'. Agriculture was the main revenue generator sustaining the economy and the population, it was sufficient for the regional premiers (1954-1966) to perform historic feats of accomplishments in their regions<sup>5</sup>. The Center for American Progress insists that "Oil dependence is a dangerous habit" to the extent that:

<sup>1</sup> Adetula V A O; Federal Governmentability in Nigeria: Abuja and the Rest of Us in Ayoade J A A, Akinsanya A A O & Ojo JB eds 2014; Nigeria; Descent Into Anarchy and Collapse; 2014; Ibadan, John Archers Publishers.

<sup>2</sup> Ite Aniefiok et al; 2013; Petroleum Exploration and Production, Past and Present Environmental Issues in the Niger-Delta; American Journal of Environmental Protection 1:4 (2013) pp 78-90.

<sup>3</sup> .Oshikoya Temitope<sup>3</sup>; 2016; The 2016 Budget and Oil Prices:<https://www.stearsng.com/article/10155...6/2/2016>

<sup>4</sup> Chinedu Okoronkwo; <http://www.naij.com/517114-80-corruption-nigeria-concentrated-sector-html..Sept 2015>

<sup>5</sup> Revenue & Industry Date; <http://oilrevenue.org/category/revenue-industry-data>

- (a) It increases the gap between inputs and outputs,
- (b) Burning of oil tends to aggravate global warming and threatens the global warming deterioration,
- (c) Regimes and elite who benefit from rich energy resources seldom share the revenues with their people so it heralds tension and crises,
- (d) The foreign policy agenda of the selling country is often affected and polluted by those of the buying countries to whom the sellers often feel beholden,
- (e) Persistent lowering of oil price has negative implications for oil dependent countries including Venezuela, Nigeria, Iraq, Iran and Russia, a main repercussion is deficit budgeting<sup>6</sup>, (Bernard Hartanan & Saj Sam; 2016),
- (f) Nigeria is bedeviled and bedrugged by the poverty scourge, some claim that over 60% of Nigerians are poverty-afflicted whilst the country has become richer and richer' thanks to the exploitation of its oil resources', there has been no real change in Nigeria as living standards for decades<sup>7</sup> (POVERTIES; Poverty in Nigeria, Rich Country, Poor People, Apr 2013),
- (g) There is official realization that the situation of the oil industry is decrepit and gruesomely bad. 'Nigeria's Minister of State for Petroleum Dr Emmanuel Ibe Kachikwu on Thursday lamented that the country's oil sector was poorly handled for the past 25 years'<sup>8</sup> (Emmanuel Uzodinma Feb 18, 2016). Part of the causation for this was that 'our cost of production of crude oil as well as its importation of fuel remain the highest in the world',
- (i) The escalation of attacks on Nigeria's oil pipelines have grown as gorily as to cause' crashes in OPEC output to a 20-year low'<sup>9</sup> Adewale Sanyaolu; The Sun newspapers, 1 Jan 2016, ' Attack on Nigeria's oil asset crashes OPEC output to 20 years low,
- (j) Prior to the fusillade of attacks by Niger-Delta-Avengers, the Central Bank Governor had lamented that 'Nigeria was losing N256bn monthly to Oil Price Crash' this average inflow of foreign exchange had fallen by N1.3bn per month, correspondingly, federal allocation to states had dwindled by an average of N2bn each month whilst imports' bill kept rising ref OGTV Headlines; Nigeria losing N256bn monthly to Oil Price Crash CBN-Emefiele Nov 22, 2015. In summary, the economy had expanded 2.8% in 2015, Oil production fell to 2.16m barrels a day from 2.17 b barrels in the 3<sup>rd</sup> quarter..... the industrial sector contracted 3%, extending its recession'<sup>10</sup> (Elisha Bach-Gbogbu & Paul Wallace; AMEST Mar 9, 2016),
- (k) It has been impossible to assess and to confirm the amount stolen from the country's oil earnings. Ezekwesili recently talked of N400bn similar to figures Nuhu Ribadu former Economic & Financial Crime Boss repeatedly cited 'whilst in office, Dr Paragrino Brimah<sup>11</sup> added 'that Nigeria's Oil Wealth is Being Plundered on Daily Basis' and that 'Nigeria earned 100billion dollars in oil revenue for the year 2012 which is more than all the aid given to the entire Sub-Saharan Africa but corruption and lack of transparency of the civilian administrators denied growth, as the earned revenue is being plundered.

<sup>6</sup> Bernard Hartanan & Saj Sam; Mar 28, 2016; What Low Oil Prices Really Mean, Harvard Business Review; <http://hbr.org/2016/03/what-low-oil-prices-really-mean.....5/23/2016>

<sup>7</sup> POVERTIES; Poverty in Nigeria, Rich Country, Poor People, Apr 2013, <http://www.poverties.org/poverty-in-nigeria.html>

<sup>8</sup> Emmanuel Uzodinma; Feb 18, 2016; Daily Post, Nigeria's oil sector mismanaged for past 25 years –Kachikwu.

<sup>9</sup> Adewale Sanyaolu; The Sun newspapers, 1 Jan 2016, ' Attack on Nigeria's oil asset crashes OPEC output to 20 years low,

<sup>10</sup> (Elisha Bach-Gbogbu & Paul Wallace; AMEST Mar 9, 2016); Nigerian Growth Slow to 2.1% as Oil, Manufacturing Suffer

<sup>11</sup> Brimah Peregrino; 2016; How Nigeria's Oil Wealth is Being Plundered on Daily Basis; Wealthresult.com

## CONCEPTUAL THEORY

It is often argued that countries with natural resources tend to grow more slowly than resource-poor countries, that resource-abundant countries tend to have retarded export growth Jeffrey D Sachs & Andrew M Wainer (2001)<sup>12</sup>. A competing theory suggests that countries which are dependent on primary commodity exports tend to have increased risk of conflict, this fits in with the grievance theory which brings in the presence of greater ethnic and religious diversity, (Paul Collier & Anke Hoeffler 2002)<sup>13</sup>.

The oil-curse or oil-doom has meant mass poverty where many people are struggling daily for survival without assistance (or with ineffectual assistance) from the State. However, there are residual bases for Nigerian poverty prior to the oil curse in question: Illiteracy, disease, corruption and misgovernance. The question may frequently sprout, why the petrifying concern about oil as a commodity, a money-spinner, as a glue that binds Nigeria together, as the most important factor in Nigeria's federalism, as an indispensable cause celebre in the history, the past, the present and the future. Nigeria's future is starkly unpredictable just as the fate of oil cannot be predicted with any iota of certainty. However, Analysts, Economists and Politicians can reach into speculations, meditations, projections based on retrospections and introspections to assess the level of prosperity and that of poverty of the country. It could only matter when comparison is deployed amongst relevant indices and amongst countries or institutions, consequence would scarcely affect savings-prone countries like Saudi Arabia, Arab Emirates, Kuwait and Qatar not to mention highly prudent non-OPEC member Scandinavian countries.

Commonly, analysts regard Nigeria and Africa as patently underdeveloped. Some attribute the Nigerian and African quagmire to 'mental laziness', others think there are potential 'Advantages in breaking up Nigeria' sometime described as a "nightmare"<sup>14</sup>, Lawrence Chinedu Nwabu; 04/01/2013, 'Final Solution; De-Amalgamation and the Advantages of breaking up Nigeria'. This tallies with the proposition by Olaniyan and Ogunyemi in Nigeria's Dis'amalgamation<sup>15</sup>: A Chronicle of the Codes and Conduct of its Advocates; in (Ayoade JAA, Akinsanya A A & Ojo JB eds; 2013).

It is considered a fortunate happenstance to discover crude oil in commercial quantities, this happens in many countries of the world. Like all fortunes, there is usually a price to pay. At least for Nigeria, three major repercussions following this stupendous crude oil fortune are deduced:

- The windfall has failed to positively impact on the lives and environment of the citizenry, the nation in a positive and meaningful way.
- The windfall has produced an unbridled culture of squandermania as the political elite engage a strategic design and political fight to ensure that they corner much of the proceeds of the oil wealth.
- Whilst the fight and the grabbing are proceeding, virtually all alternative sources of revenue and new ideas have been side-lined or abandoned entirely.
- The sharing leaves in its wake endemic and unmanageable internal and societal crises of profound intensity.

Yet that same product has accounted for 80-90% of Nigeria's foreign exchange earnings. Oil sales/foreign exchange earnings, escalated from 2.5% in the early 1970s to 58.1% in 1970, to 93.6% in 1975 to 98% in the first half of the 1960s<sup>16</sup>, (Ita Aniefiokenu, 2013). It also contributed over 80% of government revenues. Overall oil and gas production from the Niger Delta has generated an estimated N600bn since the 1960s. It is important to recall that Nigeria's 1960 official independence from British rule was amidst an extra-ordinarily glorious era of social economic, industrial, education, agricultural, and infrastructural

<sup>12</sup> Jeffrey D Sachs & Andrew M Wainer; 2001; The Curse of Natural Resources, *European Economic Review* 45/287

<sup>13</sup> Paul Collier & Anke Hoeffler; 2002; Greed & Grievance in Civil War; CSAE WPS/2002/01, World Bank

<sup>14</sup> Lawrence Chinedu Nwabu; 04/01/2013, 'Final Solution; De-Amalgamation and the Advantages of breaking up Nigeria'

<sup>15</sup> Ayoade JAA, Akinsanya A A & Ojo JB eds; Nigeria; Descent into Anarchy and Collapse; Ibadan, John Archers p 29-57.

<sup>16</sup> Ita Aniefiokenu: Petroleum Exploration and Production, Past and Present Environmental Issues in the Nigerian Niger Delta, *American journal of Environmental Protection* 1. 4 (2013) p. 78-90.

governance by the Western, the Eastern and the Northern Regions. The three original regions had tenures between 1954 (Lyttleton Constitution) and 1966 when the Military abrogated the prevailing federalism and substituted Unitarism albeit ill-fatedly. That era described as Nigeria's Golden Era, saw momentous achievement of the West, East and Northern Regional Leaders who continued to be colossally applauded for their mission, assiduity, integrity, and commitment to the development of their people.

The plethora of social economic achievement ascribed to the triad were based on the factors of:

- The availability of a 50% derivation principle for statutory allocation of national revenues from the regions.
- This national revenue was based substantively on Agricultural products, Cocoa and Timber in the West, Palm oil and Palm kernel in the East, Groundnut and Cotton in the North.
- The factor of mission, vision and integrity to achieve for their regions on the part of the three Premiers although that vision was exclusively regional, rather than national.

The story of Nigeria prior to 1966 was one of peace and tranquility at least on the economic and business front. However, the political realm had seen a strong volatility since 1961 ascribable to individual ambitions of regional leaders for prime ministership of the whole country; 1962 with the Action Group crisis, the 1962 and 1963 national census crises, the heated political climate in the Western Region as precursor to the 1964 general/national elections and the aftermaths, and the 1965 chaotic West Regional Election, the immediate catalyst for the January 15, 1966 Military Coup.

### **Monstrous Episodes of Waste and Consumerism**

The discovery of oil in the early 70's got Nigeria's leaders into a state of stupor, the astonishment and feel-good hysteria led to the Gowon goof, 'money is not our problem but how to spend it', then to humongous projects and hyper feeling of someone who has just won a multi-billion dollar jackpot. The Center for American Progress asserted that 'Oil Dependence is a Dangerous Habit'<sup>17</sup> Rebecca Lefton & Dan J Weiss (2010) but that habit has plagued Nigeria uniquely steadily for decades. Many questions steer up as to why it is difficult to objectively protect and seek to perpetuate the durability of a product that produces virtually the entirety of Nigeria's foreign exchange earnings, 30% of Nigeria's GDP and 80% of government revenues. (Ogbonna GN and Appair Ebimobuwei 2012)<sup>18</sup> assessed the importance of crude oil to the economic development of Nigeria claiming that a \$390million fiscal revenue was realized between 1971 and 2005 or 4.5 times the gross domestic product (Ogbonna GN & Appain Ebimobuwei; 2012 Apr). Total revenue generated into the Federation Account from 2000 to 2009 came to N34.2 trillion, whilst non-oil was N7.3 trillion ie 82.36% and 17.64% respectively. Still the economy has been bedeviled by sustained underdevelopment, poor income distribution, endemic corruption, unemployment, relative poverty. The country has remained one of the poorest in the world particularly the Niger-Delta described as the most environmentally degraded region of the world (Ekaette; 2009). Nigeria with all its oil wealth has performed poorly, with GDP per capita today, not higher than at independence in 1960.

Increase in natural resources income does not result in increase in economic growth or benefits to the citizenry (Sachs & Warner 1997<sup>19</sup>, Collier Hoffner 2002, Nafziger 1984). Nigeria's income is brazenly mismanaged whilst basic national institutions, electricity, energy, road, transportation, political, financial systems, investment environment have been decreasing and inefficient, the infrastructure is poor, talent is misused, poverty, famine and disease afflict many Nigerians (Chironga et al 2011). Predictions by Nafziger 2006 and Ibaba 2005 that Nigeria could become one of the 20 leading economies of the world before 2020 have become no more than a mirage.

In Wealth Result.com, Dr Peregrino Brimah said quoting Nigeria's Oil Minister that 'the theft of oil revenue needed for national building amounted to terror', a huge amount of Nigerians' earned revenue is looted before it reaches the nation. Presidential spokesman Reno Omehi denied the revelations about

<sup>17</sup> Rebecca Lefton & Dan J Weiss; Jan 13, 2010; Oil Dependence is a Dangerous Habit; Center for American Progress, <https://www.americanprogress.org/issues/green/report/2010/01/13/7200/oil-dependence-is...3/19/16>

<sup>18</sup> Ogbonna GN & Appain Ebimobuwei; 2012 Apr; Empirical Evidence, Arabian Journal of Business & Management Review vol 1 no 9 Apr 2012.

<sup>19</sup> Sacks Jeffrey D & Warner Andrew M: 1997; The Curse of Natural Resources, European Economic Review 45(2001) pp 827-838

‘looting of over 800million dollars from oil revenue paid to Nigeria<sup>20</sup>, Times on 12 Nov published a 7billion dollar hole in Nigeria’s oil revenue retrieval, NNPC is implicated with Swiss Oil Dealers. A Switzerland anti-corruption NGO<sup>21</sup> <http://www.evb.ch/en/25021690.html> claims that Nigeria is the only major oil producing country that sells 100% of its oil via private intermediaries, thus losing extra revenue through barons and cabals. The multibillion fuel subsidy scam robs Nigeria of more than 2trillion, no one has been held accountable for any of these elephantine pilferages (heist). Minister Okonjo-Iweala stubbornly denied that the nation is broke as do all arms of the FG. Total foreign debts stand at \$6.7billion. No money in the economy. Domestic debt stands at N6.1trillion, but Nigeria is making more and more businessmen oil oligarchs and billionaires in dollars, Nigeriaworld Feature Article<sup>22</sup>, (the controversy between Mrs.....) 2013/feb/

‘In 1992, Nigerian National Petroleum Company (NNPC) had a gap of \$2.7billion, or 10 percent of the country’s total GNP between what international experts say it earned and what it claims it took in. The assumption is that that money had been diverted to offshore accounts of the leadership. To make matters worse, even though Nigeria is the world’s sixth leading producer of oil, there is a gasoline shortage. Gas stations are usually out, and consumers who want gas have to buy it on a black market often controlled by some policemen or soldiers and pay several; more times the official price’.

The tragedy of a mismanaged oil sector has gripped Nigeria for years. “Legal Metrology Nigeria 20/04/2012 reported the CEO of Nigerio Nig Ltd Mr Yagbagi Sani a consultant to the Federal Government as asserting that a loss of N2.2 trillion annually to inaccurate measurement system adopted across all sectors of the economy especially the oil and gas sector. In spite of this declaration he found a skeptical worry that there was (on the part of the Federal Government) ‘no real commitment to transparency (and accountability) by the relevant authorities especially in oil and gas’. The Nigerian Extractive Industry Transparency Initiative (NEITI) has been saying for several years about the mismanagement of the sector and the need to bring integrity into the operations of the sector.

Beyond the issue of inaccurate measurement of oil is the ‘direct stealing of crude oil for which there seems to be no real solution’. ‘While the pipelines in the USA are manned by coastal guards and in other countries, by the Army and the Navy, ours have now been handed over to some ex-militants to police. It is therefore little wonder that an International Energy Agency (IEA) Report said the Federal Government and local and international oil companies now lose an estimated \$7billion (1.05 trillion) to oil theft annually, almost the amount unveiled by the FG in its medium external borrowing plan. Blocking some loopholes and drainpipes could save the country valuable fund towards key projects in critical and productive sectors. “Information about Nigeria’s biggest industry is an opaque myriad of numbers. No one knows which ones are accurate or how much Nigeria actually produces.

## REVENUE ALLOCATION AND FISCAL RESTRUCTURING

Has been a constantly nagging issue in Nigerian federalism especially since 1946 when federalism emerged from Governor-General Richard’s Constitution. Until 1967 Civil War, the principle of derivation tended to occupy a pride of place amidst multiple criteria dynamically applied for strategic and intergovernmental relations in Nigeria. ‘Under the Phillipson (1946), Hicks-Phillipson 1953 and Chicks Commissions, 50% derivation was recommended and applied, whilst under the Chicks Commission 1958, derivation was increased to 100%. Specifically, solid minerals proceeds enjoyed 100% derivation between 1957 and 1958 (Raisman Commission). During this period, all the royalties coming from minerals were allocated to the Northern Region because tin and columbite, the only two minerals being exploited were located in the North. However, by 1958, when petroleum (oil) became a major source of income, the Raisman Commission, recommended that derivation from petroleum be down-graded from

<sup>20</sup> check link <https://www.gov.uk/government/speeches/prime-minister-david-camerons - spe...Premium>

<sup>21</sup> <http://www.evb.ch/en/25021690.html>

<sup>22</sup> Nigeriaworld Feature Article, (the controversy between Mrs.....) [nigeriaworld.com/article/2013/feb/172html](http://nigeriaworld.com/article/2013/feb/172html). Feb 17, 2013

the existing 100% to 50% and this was adopted by the founding fathers and reflected in the Independence and Republican Constitutions.....the sharp decrease in the derivation element of allocation of petroleum was based on the fact that the mineral was located in the minority area of the country.’ (Ayoade JAA, Akinsanya Adeoye A, & Olatunde J B; 2014); Nigeria; *Descent into Anarchy and Collapse?* Ibadan, John Archers Publishers Ltd.

The World Bank Report 2010<sup>23</sup> stated that because of corruption 80% of Nigeria’s energy revenue benefits only 1% of the population, thus 99% of Nigerians do not benefit from oil revenue. Nigerian per capita income stands at \$2,748 as against Ghana’s 10,748 and Cameroon’s \$10,758. The greater the dependence on oil export, the worse the growth performance. Increase in earnings influences excessive government expenditure and increases money supply and inflation thus causing the ‘boom and burst’ cycle.

Yet Nigerian state ‘does not have many resources. A full 82% of its revenue comes from either the sale of oil or taxes on the profits of the operations of the multinational petroleum companies. When oil prices plummet- as they have frequently since the early 1980s- so does the government’s income’.

Derivation is the highly constant albeit most contentious and dispute-prone criterion for distributing national resources in Nigeria’s federalism (Chijioke Sam Ugure, Eme Okachukwu Innocent, & Emoh Ikechukwu Jeffy, Jan 2012)<sup>24</sup>; ‘a state of origin of any particular revenue would receive more than any other state from the revenue accruing from within its geographical boundary or area of jurisdiction ‘taking care of the goose that lays the golden egg’<sup>25</sup>, Obi in Onuoha & Nwenebo 2007, 135. In any case at the time of amalgamation of the two regions, derivation was in vogue. Each of the regions collected revenue from its internal resources mainly from agricultural cash or export crops, taxable import and excise duties. Nigeria’s resource control agitation amounts to verbal war of liberation which can be said to be multi-dimensional as between the oil minorities and the federal and state and between oil producing and non-oil producing states (Obi 2005)<sup>26</sup>. There is always the need for equity, justice and transparency against the backdrop of negative externalities that oil-prospecting, exploration and production ceaselessly generate.

### **Gargantuan Debts, Speculative Ambitions all inside Ceaseless Consumerism**

The widespread saga of gloom, doom and disaster befalling Nigerian three tiers of Government did not just start now, but trends and tides solidify and escalated such as to earn the sobriquet by Gregory Austin Narrative on Nigerian Steward skewed federalism in the *Guardian* of 16<sup>th</sup> of April 2016. To him some 30 of the 36 Nigerian States “have technically failed”<sup>27</sup>. Having spurned earlier warnings from experts including Charles Soludo, former Economic Adviser to President Obasanjo, Soludo chided State Governors for hiding the truth from their citizenry about the gory status of their economy. He accused the State Governments of having signed away their future statutory allocations to contractors whom they owed. In the process of the State Governors’ evacuations of the dollar balance in the excess crude account, the feeding source of the lately created Sovereign Wealth Fund, the states, with connivance and capitulation from the Federal Government, were burning up the present and the future of the Nigerian Economy.

A whopping N41.6trillion is what Nigeria generated as revenue from crude oil and taxes as well as duties between fiscal year 2011 and 2014; the Three Tiers shared a whopping N29.26trillion with Federal Government taking 52.58% the States 26.72%, Local Governments 20.60%, additionally, oil producing

<sup>23</sup> World Bank Report 2010; [www.worldbank.org/eb/country/nigeria/overview](http://www.worldbank.org/eb/country/nigeria/overview)

<sup>24</sup> Chijioke Sam Ugure, Eme Okachukwu Innocent, & Emoh Ikechukwu Jeffy, Jan 2012; *Issues in Nigerian Fiscal Federalism. The Relationship Between the Principle of Derivation and Resource Control*; Kuwait Chapter of Arabian Journal of Business & Management Review 1(5).

<sup>25</sup> [https://en.wikipedia.org/wiki/The\\_Goose\\_That\\_laid\\_the\\_golden-gooseegg-htm](https://en.wikipedia.org/wiki/The_Goose_That_laid_the_golden-gooseegg-htm)

<sup>26</sup> Adeola Adams; 2014; *Patterns & Trend Analysis of Violence on Oil Production and Oil Distribution from 2006 to 2014*;

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<sup>27</sup> Gregory Austin Narrative on ‘Nigerian Steward’ skewed federalism in the *Guardian* of 16<sup>th</sup> Apr 2016

states shared 13% as proceeds. Yet the states had reached up to 1.86trillion comprising contractors liabilities, loans owed to banks, bonds, Pension and Gratuity payment. The debt profile and tendency of the States had become staggering and mind boggling. Yet there are systemic controls to checkmate such reckless culture of indiscipline. A Nigerian Tribune report (front page of Monday Jun 27, 2016)<sup>28</sup> providing the Internally Generated Revenue as compared to monthly figures of Gross Federal Allocation showed that some half of the 36 states are starkly unviable and potentially insolvent.

Federal Government's previous insolvency was effectively solved by the debts pay back and the debt forgiveness by the creditors during the Obasanjo Regime, although, more and fresher debts are being acquired currently both local and foreign. For the state, it is a state of gloom, doom and despondency. Thirty States are unable to pay workers salaries, are indebted to local and national contractors. A large component of debts at all levels is inherited from preceding governments and cannot be questioned or repudiated. Most state governments repudiate directly or indirectly almost all inherited projects refusing to continue projects inserted by Predecessor Regimes. However, the myriad of financial obligations arising from contractual agreements by preceding regimes cannot be easily disowned without incurring stiff legal, economic and political consequences and liabilities. Meanwhile, Nigeria because of the supercilious obsession with crude oil income exclusively, adopted the policy (Or Non-Policy) of mismanagement, inconsistency and poorly conceived government policy so much so that Nigeria is no longer a major exporter of cocoa, groundnut, peanut, rubber and palm oil<sup>29</sup>. A dramatic decline in groundnut and palm oil production took place. Once the biggest poultry producer in Africa, Corporate poultry output has been slashed from 40million birds annual to about 18million.

The Paradox of the oil curse is recurrent but not universal. What appears universal is oil dependency as a harbinger of the curse. Tina Rosenberg concludes that finding a hole in the ground that sprouts money can be one of the worst things that can happen to a country. Oil dependent countries to him are prone to "become the most economically troubled, the most authoritarian and the most conflict ridden in the world as oil bearing is the most capital- intensive industry, creates few jobs that obliterate jobs across the economy, causes concentration of wealth and great corruption". He concluded that "the worst governed countries today feature many that are dependent on production of oil – Nigeria, Angola, Chad, Venezuela, Libya, Equatorial Guinea. He makes an exception in Norway's propensity to save and invest and Alaska's culture of using Alaska's Permanent Fund to grant annual dividend fund to pay out to residents derived from saved oil proceeds<sup>30</sup>, (Tina Rosenberg; Feb 13, 2013).

Bolivia from 1997 pays from its oil proceeds monthly pension to its over-aged 65 citizens spending a quarter of proceeds from oil to old citizens who lacked pension payment. Tina claims that more countries have set up a version of sovereign investment fund, probably, one of the most successful is Norway. This and such payments have helped to stimulate the economy, reduced income disparities, reduced poverty of the citizenry. It also facilitates the desire to save for the rainy day.

### **CONSEQUENCES OF INDOLENT & UNIMAGINATIVE OIL BOOM COMPLACENCY**

For several boom decades, Nigeria has 'for very long been partying and engaging fixatedly in a carnival of the absurd and in an orgy of the obscene'<sup>31</sup> (Anthony Okosuni Dec 04, 2014). For decades, developed countries especially foreign traditional buyers of Nigerian crude have busied themselves with arduous research into alternative sources to crude oil. Whilst profound concentration and progress have been made on shale oil, there is now an apparently faster production alternative in fracking. '.....the process of drilling down into the earth before high pressure water mixture is directed at the rock to release the rock at high pressure which allows the gas to flow out to the head of the well. The process is carried out

<sup>28</sup> Nigerian Tribune; Mon Jun 27, 2016, Front page and page 11.

<sup>29</sup> Economy of Nigeria, Wikipedia, the free encyclopedia "Mhtml:file://f:v50516.

<sup>30</sup> Tina Rosenberg; Feb 13, 2013; New York Times 'Avoiding the Curse of Oil-Rich Nations, p.3

<sup>31</sup> Anthony Okosuni Dec 04, 2014; Will Oil Fracking, Waste and Failure to Diversify the Collapsing Economy Lead To A Confederation or Dismantlement? <http://www.nigeriavillagesquare.com/articles/will-oil-fracking-waste-and-failure-to-diversi.....5/22/2016>

vertically or, more commonly, by drilling horizontally to the rock layer. The process can create new pathways to release gas or can be used to extend existing channels’.

The consequence of the steady technological feats is that USA is sharply containing its oil dependency on other countries especially Nigeria. It is proclaimed as ‘the world’s fastest growing hydro-carbon producer, it has outstripped Russia as the world’s largest gas producer. Its oil production has grown by 60% since 2008 and targets ten million barrels in a few years. In any case current projects of shale production activism points to intense results by various countries including Australia, China, Mexico, Russia, the UK and Saudi Arabia to manifest in a few years. These research successes presage a severe demand diminution for Nigeria’s crude arising from the widespread crude glut. Village Square found a befitting consequence in ‘Nigeria’s strange system of treasury-looting, shamelessness, avariciousness drawing together the likes of Emperor Jean Bedel Bokassa of Central African Republic, ex-president Ferdinand Marcos of the Philippines and the notorious billionaire and looter, last General Sanni Abacha of Nigeria, Chinua Achebe reports that through Ogoniland, Shell Oil had pumped billions of gallons of oil from that part of the Niger Delta over the years. Most of the profits ended up in Shell’s boardroom and the Swiss bank accounts of Nigeria’s military rulers. Precious little of the money made it back to Ogoniland where there has been no significant investment in electricity, roads, drinking water, or other desperately needed infrastructural projects. MOSOP also claims that leaks were polluting and poorly maintained pipelines were polluting Ogoni farmlands and the waters its people fished in’.

To sound the collective responsibility of society to the entire corruption phenomenon, Nigeria Village Square asserts that ‘Criminologist posit that the society prepares a crime and the criminal merely commits it’<sup>32</sup>. All over the world, legislators make laws, the Nigerian lawmakers receive allocations for the execution of special projects. State Governors collect budgetary allocations known as security votes which are un-accounted for, they own properties in choicy places in world capitals. Local Government leaders who are expected to strive and seek attractive investments and development for their cities behave as ‘brigands, area boys, who ‘callously devour the commonwealth of the citizenry. In sum, the country remains a humongously retarded and crippled giant. The ensuing economic and income-earning trauma is likely to linger for long. As predicted by Harvard Business Review by Bernard Hartman and Seyi Sam, Mar 28 2016, they<sup>33</sup> assess that ‘US based shale oil producers have improved their drilling and fracturing technology. Shale oil has soared from about 10% of total US crude oil production to about 50% i. e. 4 million more barrels than it did in 2008...’. Whereas the middle east oil producing giants of UAE, Saudi Arabia, Kuwait and Qatar which have amassed enormous wealth could face some stress over the next decade if the current economic scenario in the oil sector prevails, oil-dependent mono-product economies including Venezuela, Nigeria, Iran and Russia would likely transit into substantial deficits over the next five years’.

### **Leadership Debacle**

Many analysts ascribe Nigeria’s inadequacy and flat-footedness to the historical, the Externalist, many others prefer the Internalist argument finding Nigeria’s past and current leadership as holding almost total culpability. Leadership has recurrently featured in debates about the failure of governance, in any case the typical (Ayittey B N George; the Colonialism-Imperialism Paradigm Kaput; <https://www.utexas.colu/conferences.africa/ads/815.html...9/9/2015>) African leaders<sup>34</sup> always carried a proclivity for a myriad of blame-gaming and self-excusatory alibis for their own failures.

A relevant position on leadership seeks leadership with ‘wisdom to know the direction to take things’, a philosopher king, a lover of truth who has the ‘highest role in life and is what is needed in a leader’. That

<sup>32</sup> Henry Thomas Buckle; 2013 Nov 15; The Society Prepares a crime, the criminal merely commits it; Public Affairs

<sup>33</sup> Harvard Business Review; Bernard Hartman and Seyi Sam; Mar 28 2016, What Low Oil Prices Really Mean; <https://hbr.Org/2016/03/what-low-oil-prices-really-mean>

<sup>34</sup> Ayittey B N George; the Colonialism-Imperialism Paradigm Kaput; <https://www.utexas.colu/conferences.africa/ads/815.html...9/9/2015>

philosopher-king must be able to steer the country to strive to save for the rainy day. Such savings are usually described as the Sovereign Wealth Fund<sup>35</sup> or a related designation. It comprises the financial assets, the stocks, bonds, property or other financial instruments. Intention is to invest the savings, gained on the difference between the budgeted and the actual prices for oil to earn returns that would benefit future generations of citizens. Nigeria Sovereign Investment Authority: Wikipedia, the free encyclopedia; <https://en.wikipedia.org/wiki/least-of-countries-by-sovereign-wealth-fund>.....5/20/2016. The sovereign wealth so accumulated is managed for investment purpose in domestic and foreign reserves currencies such as the Dollar, the Euro and the Yen. Some countries have one major fund, many have multiple funds simultaneously.

Norway has the world largest and biggest sovereign fund and leads the front line pack:

<b>Country</b>	<b>Fund Value</b>	<b>When Established</b>
Norway	\$900billion	1990
China 1	\$256billion	2005
Singapore	\$344billion	1981
Hong Kong	\$417.9billion	1993
China 2	\$547billion	1997
Kuwait	\$592billion	1953
Saudi Arabia	\$668.6billion	1953
China 3	\$746.7billion	2000
Abu dabi	\$773billion	1976

Several States in the USA have such funds but not the US Federal Government. African participants in the race for a sovereign wealth fund include:

<b>Country</b>	<b>Fund Value</b>
Libya	\$66billion
Algeria	\$50billion
Botswana	\$5.7billion
Angola	\$5.0billion
Nigeria	\$2.96billion
Senegal	\$1.0billion
Ghana	\$0.45billion
Gabon	\$0.4billion
Mauritania	\$0.3billion
Equatorial Guinea	\$0.08billion

The Nigeria Sovereign Wealth Fund was set up in 2014 with a \$1billion seed fund. It was intended for infrastructure building and maintenance of infrastructure, 40% of future generated fund, investment and saving for the future and 20% as stabilization fund to tackle budgetary challenges.

Many issues have arisen and persist about the past, the current and the future of Nigeria based on assets and liabilities, its possessions and its lacks. The superactive nature of dynamics of heterogeneity, the relationship between Nigeria, the management of its oil deposit, the vicissitudes of the nature of crude oil, the mismanagement of our assets, the loss and wasted opportunities for development.

The Centre for American Progress describes oil dependence as a “dangerous habit”. The USA resolved over the last few years to desist from importing fuel from dangerous or unstable governments, thus paying to finance and sustain unfriendly regimes, thus the USA has shifted her attention away from Nigeria as

<sup>35</sup> Wikipedia, the free encyclopedia; <https://en.wikipedia.org/wiki/least-of-countries-by-sovereign-wealth-fund> .....5/20/2016

source of its crude oil onto Canada, Mexico and Saudi Arabia. There were numerous outlandish grotesque circumstances, financial recklessness and inverse opulence during the President Jonathan years apart from routine militarily and unbudgeted spending, whimsical, mind-boggling financial commitments by the Federal Government of Nigeria. One example was the staccato of unilateral announcements of the presidency in 2015 including the appointment of key office holders especially Council Members of newly-established federal universities announced on the eve of his exit from office including the appointment of Vice Chancellors of those institutions. Another was the announcement and unveiling of a 2.4trillion naira Abuja Centenary City Project and its 'ground-breaking ceremony'. Nigerian leaders tend to celebrate announcements of projects whilst thinking about it and devoid of plans for the execution. Completion hardly and scarcely ever happens till years (and several changes of governments) thereafter. In the case of the nine (later increased to twelve), there were severe condemnations by of Academic Staff Union of Nigerian Universities (ASUU) current President, Dr Issa Faggie<sup>36</sup>, who called President Jonathan's new universities as 'illegal' (Omojuwa.com: All universities established by Jonathan are illegal ASUU, 29 May 2015). Former ASUU President Dr Asobie in Osun Defender also condemned the new universities and criticized the former president 'because of his alleged lackadaisical attitude in addressing the nation's multifarious crises'.

As consequence, a potential change of government usually is attended by trepidations, predilections and forecasts that heads would roll. In any case the presidential system of government presents opportunity for an incoming government to review the inherited apparatus, snuffle out those considered unfit or likely saboteurs to the new government. African Seer written<sup>37</sup> by Adekanye Haastrup on 6/5/2016 on 'Change of Power: 5 Celebs that may lose juicy federal appointments' cited Onyeka Onwenu Executive Director/CEO, National Centre for Women Development, Abuja, Ibinabo Fiberesima, Director Board for National Council for Arts & Culture as part of such vulnerable candidates for eviction from some political offices. The appointment into vice-chancellorships hurriedly made in the dying days of President Jonathan's administration were reversed by the new federal government resulting in consequential muddles which still prevail.

### **SOME THINK NIGERIA CAN SURVIVE WITHOUT OIL**

Olisa Agbakoba in the Nation of Dec 30, 2014 claimed 'Nigeria doesn't need crude oil to survive (under Austin Unachukwu). He spoke of appropriate legal framework: No Nigerian vessel carried crude in 2004, the Chamber of Shipping and Nigerian Indigenous Shippers Association, the sector was with some N7trillion and could create 10million jobs. 'Apapa is dead, 30 years ago, it was booming. At least, 30 by-products from the production of one barrel of crude but Nigeria only take 4. No indigenous bank plays a role in crude oil services, The Insurance companies are dead. 30 years ago Marine Insurance was big with UNIK and Royal Exchange Assurance'. All insurance underwritings are done abroad, No effective legal framework for land tenure or industrial farming, without mechanized farming, we cannot grow. We cannot even legally enforce the gas flaring laws, MTN makes more money that all the Nigerian banks put together, yet they refuse to enlist on the Nigerian Stock Exchange. MTN should be forced to declare its annual profit.

Some thinkers think possession of oil resource is not a prerequisite for economic prosperity, "even where a country is not endowed with natural resources, political leadership with a vision can creatively transform it and bring it to international attention"<sup>38</sup> Adebayo Adeolu; 2010; *The Evolution of Politics via Excellence in Leadership*; Ibadan, University Press plc p.1

<sup>36</sup> Dr Issa Faggie; 2016; <http://omojuwa.com/2015/05/all-universities-established-by-jonathan-are-illegal-asuu/.....6/18/2016>

<sup>37</sup> Adekanye Haastrup on 6/5/2016 on 'Change of Power: 5 Celebs that may lose juicy federal appointments'

<sup>38</sup> Adebayo Adeolu; 2010; *The Evolution of Politics via Excellence in Leadership*; Ibadan, University Press plc p.1

## PANACEA, REMEDIES, THE OPTIONS TO OIL DEPENDENCY

There is a frenetic, virtually belated panicky paranoia for alternatives to crude oil, the panic stands as carrying some contrition for past wantonness but much more importantly the desperate need to keep financially and economically afloat, not submerged. Nigeria is unique in many respects; it is also peculiar in its disabilities and shortcomings. It runs a federal system carrying 'a hindrance to democracy and stability' ref Chinua Achebe. The Trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with the Nigerian law or climate or water or anything else. Nigeria has the weakest position in the global economy (Comparative Politics). Nigerian federalism has been bedeviled by 'personalisation of power'; the state is weak and has not been able to make much progress towards reaching any of those goals that have been thrust on it'. For stunted democratization, 'no African country has fared worse than Nigeria'. According to Chinua Achebe, the Nigerian economy is in shambles, and 'most Nigerians live in poverty', 'Nigeria is one of the poorest countries in the world'<sup>39</sup>.

Perhaps the most galling side of Nigeria's oil management style is the utter debauchery of the system of oil block allocations over the past decades. In a well-researched work by Alaba Ogunsanwo in his 'Selected Essays on Politics & International Relations', (2015)<sup>40</sup>, pp 588-596 a starkly overwhelming preponderance of beneficiaries are members of Nigeria's majority tribes, with a paltry sprinkling of Niger-Delta indigenes.

In 1989 alone for example, the price of oil on the spot market dropped from about \$21 to \$14 a barrel in a six-month period. That drop cost the Nigerians almost a third of the export revenues it had been counting on to pay for its import bills and to finance industrial and other developmental projects, the Aladja Mill did not live up to expectations. It never operated at more than 20% of capacity. Ajaokuta Steel Mill was projected to be Africa's largest steel factory, when it was conceived in the boom years of the 70s, it is now a decade behind schedule and could end up being more than \$4billion over-budget when it is finally completed. There were problems with agriculture as well. Despite the grandiose Operation Feed the Nation 1976-79 and Green Revolution 1979-63 and other schemes, most farmers still use traditional agricultural techniques.

### SAVINGS

Contemporary governmental efforts are targeted at re-structuring Nigeria's revenue-generation capacity through a robust diversification of income-sources including plans to produce and to save for the future. For instance, the Nigerian Tribune of Thursday 090616 bears a report 'NEPC targets \$100billion savings from non-oil exports Olusegun Awolowo (Nigerian Export Promotion Council. Presenting 'the Zero-Oil Plan in Cocoa House p 12, he predicted that if Nigerian broadens its export basket, a positive chain reaction ricochets throughout the economy, exports would grow, national output, agriculture, industry, solid minerals, local business, infrastructures, would expand, jobs and investment would follow. NEPC's goal is to earn N100bn from non-oil exports. Export to GDP ratio in China is 24% Brazil 12%, South Africa 31%, Malaysia 76%. Growing non-oil exports six-fold in 9 years as will be a feat but extraordinary action is needed.

The zero-oil plan identified 21 priority countries as markets, for Nigerian products termed 'Export 21'. 11 strategic export products, with high financial value including petro chemicals, palm oil, cocoa, soybeans, rubber, increases in non-oil export volumes to grow by 70million tons. Only three of the top 20 exporters in the world depend heavily on oil exports, even those 3 are fast diversifying, Indonesia makes over \$18bn from only palm oil exports, having taken their first seed plan from Nigeria over 50 years ago. Brazil makes \$17bn from soybeans, Saudi Arabia makes over \$30bn from petrochemicals, Bangla Desh makes \$5bn from T-shirts. Nigeria has at least 37 non-oil exportable products, over 5 years Nigeria would dig deep and move forward and enhance NEPC in strategic diversification of Nigeria's economy.

**MANAGING NIGERIA WITHOUT OIL** as Proposition, a wise or a compulsory Consequence?

<sup>39</sup> Chinua Achebe; 2000;The Trouble with Nigeria; Paperback,

<sup>40</sup> Alaba Ogunsanwo; 2015; Selected Essays on Politics & InterRel; Ibadan, Lead City University Press,pp 588-596

Dependence on a mono-product economy has proved to be a result of misplaced optimism; expectations that an oil-based prosperity would last forever beyond all socio-economic and political evolutionary vicissitudes of the country,

Dependence has created a shallow and presumptuous feeling of complacency, leading to a lackadaisical care-freedom about worries about the uncertainties of the future,

Dependence has given room for a capricious faith in the infallibility of living for today as tomorrow would look after itself,

For not saving during a boom period, a nation and its people face an almost certain doom,

There was a careless relegation and obliteration of the beauty of an agricultural prosperity of the 50s and the 60s which funded the golden era of the 1954 to 1966 regionalism and genuine federalism.

The British and Northern conspiracy to disadvantage the oil-producing states of Nigeria especially during the military regimes have been well chronicled by Prof Isaac Sagay in Ayoade JAA, Akinsanya AA & Ojo JB (2013). Multiple steps were taken by the Northern military establishment to seize advantage over the south along with several threats of secession starting with the 8-point Demand presented in 1953 to counter the Independence for 1953 motion by Chief Anthony Enahoro which was bitterly opposed by the North. This was sequel to the 1950 Ibadan General Conference which secured a 50% representation in the Central Legislature for the North alone, a concession granted by the British rulers. Sagay insists that 'the British rigged the very first Nigeria-wide population census in 1931 in favour of the North such that a permanent majority in the future Central Legislature and consequently a permanent control of power was programmed for the Northern ruling class' Ayoade JAA, Akinsanya A A & Ojo JB p.215. Some manipulation for the 1952 Census was carried out. In any case as asserted by former outspoken Chairman of the National Population Commission Festus Odimegwu and renowned population specialist professor Mrs Paulina Kofo Makinwa-Adebusoye both of whom strongly asserted that previous Nigerian censuses were inaccurate and patently unreliable<sup>41</sup>.

Nigeria has not successfully conducted an equitable acceptably accurate census since censuses' started in 1866. This wobbled and mal-crafted process was aptly described by Sagay as 'British Manipulation of Access to Power' in favour of the North and to disadvantage the South of Nigeria. 'Thus from the very beginning, a permanent majority in population which was intended to translate into a permanent majority in the future Central Legislature and consequently a permanent control of power was programmed for the Northern ruling class' Ayoade, Akinsanya & Ojo p. 215,

The incompetence in governance has led to an inefficient handling of the nation's recurrent annual budget, which is expected to serve as an instrument of vision, mission, targets, to get the country onto a higher plane over time.

## CONCLUSION

The feeling of marginalization, injustice, neglect and suffering based on inequitable and iniquitous resource management in Nigeria has some solid justification. There appears to be a potent propriety in the scenario described by Sagay as 'Oppressive Legal Regime of Oil Production in Nigeria since 1967'. The alleged oppression can be sustained through several situation reports:

- The 50% derivation principle adopted prior to the 1967-70 civil war was abandoned whilst the off-shore proceeds were added to Federal Government share. Oil producing states had 0% (1979-81), 1.5% (1982-92), 3% (1992-1999), and 13% (1999-now) of Percentage Share of Petroleum Proceeds, (Sagay 2013, p 207),
- Sagay insists that Britain deliberately manipulated the 1931 and the 1952 national censuses to favour the North and disfavor the South citing Buchan K M and Pugh J C 1955, *Land and People, Nigeria* (London; University of London Press p 246) as source for the 1931 Census and the 1952 unreferenced figures. In both cases, total figures outclassed the South by 2,938,000 and 2,500,000 respectively. The 1952 Census outcome led to the distribution of seats giving the North 68, the

<sup>41</sup> Festus Odimegwu Jun 11, 2014 'Ex-Popul Comm.Bess explodes, calls for military takeover in Nigeria, Premium Times Jul 2, 2016; Paulina K M Adebusoye; 2014;Attaining a Demographic Dividend in Nigeria, Ibadan Joelad Publ.

East 34 and the West 34 out of 136 seats. In the 1959 General Elections, Governor General James Robertson prematurely called on Sir Abubakar Tafawa Balewa to form the Government even when vote-counting was still going on, uncompleted, (Ayoade, Akinsanya & Ojo p 216).

The socio-economic situation of the Nigeria of the 1950s to 1970s can hardly be fully replicated but there are numerous admirable reminiscences to make a return to the old an imperative, a desideratum. The positive coincidence of visionary, committed and superb achiever-leaders Awolowo, Azikiwe, and Ahmadu Bello operating with 50% derivation regime using a marketing board system to produce a vibrant and productive economic and agricultural base may be unlikely. However, the resentment to a facile, complacent mono-product dependent lethargy coupled with an on-going acute downside of financial and security fortunes of the nation makes a rethinking unavoidable.

The plethora of life's uncertainties makes predictability and futurism forays a risky venture. However some events and phenomena are predictable as products of nature, of life, of the order and sequence of things, of people, of beings. Bob Miglani (2012)<sup>42</sup> exhorted that we start 'taking a new step in times of uncertainty, unpredictability, complexity and chaos although scary'. When we do new things, we stop analyzing, we bloom, we boom, and we embrace the chaos<sup>43</sup>, "the unpredictability of the future means absolutely nothing to the dreams of an ambitious positive mind" Edmund Mbiaka; Goodquotes Daily, Jon Goodroads.

Despite these frailties and uncertainties, the only certainty is an ever-changing world. Circumstances, condition, humans, situations change in highly variable directions. For the oil industry, some things are immutable:

--the fact that crude oil is a wasting asset and could exhaust over time,

--the on-going squandering of Nigeria's oil wealth would persist but end through legal, societal and social sanctions or backlashes,

The key explanations for the unending restiveness and sustained violence and chaos in the Niger-Delta seem as the direct product of the acute relegation and diminution of derivation as the key principle of revenue allocation process. To Kimiebi Imomotimi Ebiefa,<sup>43</sup> the haggling is between 'those who bake the cake, and those who allocate it'. Opponents of derivation also posit that derivation would only exacerbate unevenness of development and mutual acrimony borne out of inequality. On the other hand, the argument for selective derivation-based allocation flows from the gory spectacle of environmental degradation, destruction of the ecosystem and their source of livelihood' Ebiefa; 2012, p.7

'the revenue-sharing formula in Nigeria is undoubtedly skewed in favour of the major ethnic groups to the detriment of the minority ethnic groups in the Nigerian federal system. The revenue sharing mentality has also bred laziness and eroded hard work as a virtue. Most states in the federation have nothing to show for the huge financial allocations they receive from the federal government.....Until the trend is revised to make the productive, the drive for competitive development will be elusive' Ebiefa p.8 The advent of the Military in power made nonsense of our federalism. Based on its hierarchical command structure, the central government became so powerful while the states are relegated and subordinated like the Soviet Federation of old, mere administrative units of the central government. But federalism is the direct opposite of unbridled centralism, the coming together of different entities for the good of all but not the loss of their respective independence'

Trying something new should include Richard Ubah's suggestion through Owede Agbajilere<sup>44</sup> in Business Day of Aug 2, 2015, 'States bailout underscores Nigeria's Feeding Bottle federalism' [www.hopefornigeriaonline.com](http://www.hopefornigeriaonline.com)

That non-viable state should be collapsed naturally into other bigger states. Viable states should annex unviable ones.

<sup>42</sup> Bob Miglani; Embrace the Chaos; Moving Forward in times of Change and Uncertainty;

Washington Post Best Seller, <http://www.embracethechaos.com/2012/in-times-of-uncertainty-and-chaos-som-time>

<sup>43</sup> Ebiefa KI, I Kumokou; 2012; Oil Economy & Resource Allocation Debacle in Nig; Int Journal of Arts & Humanities vol 1 no 1, 2012

The commonly-cited option of a resort to agriculture and mineral resources initiatives contains the caveat that maturation and gestation would take time and focused investment strategy. There would be also an intensity of private initiative rather than governmental dominance except of government offering ‘an enabling environment’,

The task of penitence should require strict regime of parsimony and cost-minimization by bureaucracy at the civil but more particularly at the political level.

The major encumbrance against restructuring or improving Nigeria’s working machinery is the odiously complex task of amending the Nigerian constitution which should form a major plank for prospects of cost-saving. Meaningful reductions of membership of statutory bodies including the Senate (there are only two per state in the USA), House of Representatives, Independent National Electoral Commission, only six in the USA (not 12 and 36 Resident Electoral Commissioners as in Nigeria). Bodies and Commissions listed in the Constitution including switching to the former Parliamentary type Legislating. Reversing past decisions that have become an albatross is no sign of weakness but of valour and rational and national seriousness.

44 Owede Agbajilere in Business Day of Aug 2, 2015, ‘States bailout underscores Nigeria’s Feeding Bottle federalism’ [www.hopefornigeriaonline.com](http://www.hopefornigeriaonline.com)

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