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Suffering in the Midst of Plenty: Rentier Economy and Challenges of Good Governance in Nigeria

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OBIORA, C.A.
Department of Political Science,
Anambra State University, Nigeria.

OKONKWO, C.N.
Department of Political Science,
Madonna University Okija, Nigeria

Abstract
The rentier status of the Nigerian economy has become one of the challenges faced in ensuring good governance for her citizens. This study evaluated the implications of a rentier economy on Nigerian socio-political life. The study adopted observation method of data collection which enhanced the usage of secondary sources of data. The relative deprivation theory was utilised as the framework of analysis around which the study was done which helped the study proved among other things that aggression and violence are consequences of frustration and relative deprivation of the socio-political and economic needs of the people of Nigeria. This is as a result of an oil dependent and rentier economy which allows the monopolisation of the economy by the political elite, thereby denying the masses their inalienable share of the boom. The study, therefore, believes that the rentier posture of Nigerian economy has a link with the prevailing socio-political crises in Nigeria. The study recommends diversification of the economy and Industrialisation and deemphasizes dependence on the volatile oil economy which stunts her economic growth and create socio-political crises in Nigeria.

Keywords
Rentier, Socio-Political Crises, Economy, Diversification, Crude oil

Introduction

Nigeria appears to be a crisis-prone nation. Before its emergence as a nation state in I960, one conflict or the other had occurred which were tactically prevented while some conspicuously manifested. The same scenario manifested during the post-independent era. Although, some may see these crises as aspects of human relations and/or an inevitable essence of existence, however, the nature and the areas of their manifestations during pre and post-oil boom differ.

Historically, prior to the emergence of crude oil as the mainstay of Nigerian economy, however, there was less struggle for power and resource control since every region was developing its own area from its God-given endowment without any interference from the central government. In other words, all the regions had the power to harness its resources for its developmental purposes (Ovaga, 2013:250). In corroboration to the above assertion, Attah (2004:42) notes that in 1954, there was an arrangement placed as a condition by the North and supported by the Western region, that each region must control its

Corresponding Author:
Obiora, Charles Arinze. Department of Political Science, Anambra State University Email: arinzeobiora2002@yahoo.com

resources and then contribute a certain percentage towards the maintenance of common service at the centre. The then Eastern region accepted the arrangement in the spirit of compromise, and interest of the unity and stability of the country.

By implication, the country was sustained economically by agriculture; the revenue accrued from agriculture seemed to have generated more than 80 per cent of the Gross Domestic Product (GDP). The three major cash crops produced then, corresponded with the three regions, groundnut, cocoa and palm oil were derived from the North, the West and the East respectively (Obikeze & Obi, 2003:43). This economic arrangement made the component regions to be vibrant and relevant in the scheme of things to the extent of influencing the then economic policies and programmes of the central authority. This was in consonance with the adage that 'he who pays the piper dictates the tone' because the central government was dependent on the regions' revenue for its sustenance and survival.

Nowadays, the reverse is the case as each state has abandoned its natural resources endowment to grab the lion share of national oil revenue at the centre. This situation has clearly led to the feeling of bitterness and acrimony among Nigerians, instability and even fear of disintegration, which to the dismay of Nigerians have devastated the economy of the country. By extension, the issue of national economic development is no longer given priority in the development agenda of Nigeria; rather people from various geographical locations are busy strategizing on how to grab the lion shares of revenue from the national purse. Emphatically, the fight between two Sudanese countries over who controls the oil deposit in the South is a living experience that should draw the attention of Nigeria (Ovaga, 2013:250).

It is important to note that the whole paraphernalia of Nigerian economic posture changed with the discovery of crude oil in the 1960s. The change stemmed from the fact that with the oil, the agrarian and productive economy transformed into Vent economy' whereby the sustenance of lives of the citizens is decisively based on the rent generated from the natural resources of the country such as oil. Worthy to note in this volatile, orchestrated and fragile economy is that the resources are non-renewable in all ramification, diversification appears to be a waste of time and precious resources, all efforts are channeled towards sharing of the national cake without mere thought of baking of the same. Paradoxically, this development reduced the relevance of the component units to near nothingness, because it changed the component units from being assets to liability to the federal government. Consequently, the centre becomes so attractive that the citizens apply all available efforts and strategies they can muster to occupy the seemingly lucrative position in the scheme of things.

The purpose of this atavistic and primitive struggle for power is to be at the decision-making position which will enhance unfettered appropriation of the natural wealth of the nation. The lopsided stance of the nation walks in tandem with the inherent crisis. This is so, because the access or ascendancy to the decision-making position is not crisis-free, for it involves or attracts public interest which makes the journey to appear to be 'do or die' affair in Nigeria. Some unscrupulous men in society adopt nefarious strategies such as rigging of elections and assassination of political opponent to ensure their successful enthronement to the position of the public life.

Cursorily, the failure of successive political leaders to compensate the owners of the land which were being exploited and the equitable distribution of the oil wealth to the citizens through good policies and programmes appeared to have made the crises inevitable as, the former felt that they were neglected while the latter believed that what belongs to the general populace was appropriated by a few individual in society. As a result, they formed militant groups such as MEND, MASSOB and Boko Haram just to make the polity ungovernable because they felt relatively deprived.

Regrettably, exporting natural resources, as widely thought, is not such a good thing. This is particularly true when these exports compose a large share of GDP, or profits from these exports make up much of government revenues. The economies of natural resource exporters, it is said, are beset by a 'resource curse' that retards growth. In politics, there can be no 'representation without taxation' and thus democracy, healthy level playing ground and the attendant relative crises-free polity is well nigh impossible (Herb, 2002:4). This paper is set out to study the seemingly endemic socio-economic and political crises in Nigeria within the purview of rentierism as we believe that the post-oil socio-economic and political crises in Nigeria are engendered by rentierist character of the economy. For the purposes of clarity, the work will be anchored on the following captions: introduction, conceptualising rentierism and socio-political crisis, theoretical framework, organic challenges to rentier states, rentierism and characters of Nigerian State, rentier economy and crisis of economic development in Nigeria, rentierism and the challenges to good governance in Nigeria, the conclusion and recommendations.

Conceptual and Theoretical Explanations

Rentierism

The theory of the rentierism is a complex of associated ideas concerning the patterns of development and the nature of states in economies dominated by external rent, particularly oil rent (Yates, 1996:10). Essentially, the concept of rentier state was postulated by Hossein Mahdavy. In his view, he maintains that rentier states are those countries that receive on a regular basis substantial amounts of economic rents. Also, it is an economy in which rent plays a major role, and that rent is external to the economy (Mahdavy, 1971:428).

Luciani (1987:70) utilises the concept of 'state autonomy' as his point of departure and proposed a categorisation which defines state by their allocative and productive functions. According to him, a productive state is one that relies on taxation of the domestic economy for its income and in which economic growth is, therefore, an imperative. While an allocative state does not depend on domestic source of revenue but rather is the primary source of revenue itself in the domestic economy. The policy of productive state is, therefore, designed to increase economic growth while an allocative state fails to formulate anything deserving the appellation of economic policy (Luciani, 1987: 70).

In another development, Bablawi et a/. (1987:11) delineates four characteristics which will be present in order for an economy to be classified as 'rentier' thus: first, an economy in which rent situations predominate. He argues that there is no such thing as a pure rentier economy and concurred with Mahdavy's view that the determination of when an economy becomes rentier is a matter of judgement. Second, the origin of this rent must be external to the economy. Domestic rents, even if they were substantial enough to predominate, is not sufficient to characterise the Vent economy' because economic rent is a factor income that only results from production (labour), investment (interest), and management of risk (profit), that is, internal forces of production. Third, in a rentier state, only the few are engaged in the generation of rent, while the majority are involved in its distribution and consumption. Therefore, an open economy with high levels of foreign trade is not rentier, even if it depends predominantly on rent (example, tourism), because the majority of society are actively involved in the creation of wealth.

Finally, the government must be the principal recipient of the external rent in the economy. This last characteristic is closely related to the concentration of rent in the hands of the few (Yates, 1996:14). In addition, the key feature of rentier state according to Luciani is that external rent liberates the state from the need to extract income from domestic economy.

Convincingly, rentier state is a state whose major source of revenue does not arise from taxation on productive activities - agriculture, industry, services - undertaken by its economically active population. Instead, the rentier state lives by collecting a convenient income from sources into which it invests little or nothing. Rent comes in without opportunity costs, and if it comes in as centralized as in the case of oil, it is even more convenient, from the treasury's point of view (Harneit-Sievers, 2004).

By and large, the overview of the concept of rentier economy brings to the fore the differences in revenue generation of the nation and demarcated the level and/or the extent that will classify a nation into a rentier group. By implication, the classification stems from the level of revenue accruing from external rents basically natural resources such as oil which seems to translate into impediments to economic development.

Socio-Political Crises

The word 'crisis' (plural crises) has its origin from Greek word 'Krisis' which means 'decisive moment (krinnein 'decide'). It can also be defined as critical or decisive moment, a period when things are uncertain, difficult or painful, a time when something very important for the future happens or is decided and generally when action must be taken to avoid complete disaster or breakdown. Medically, a crisis moment is when a patient suddenly gets worse or even better (Chiluwa, 2011:90).

In a broader perspective, Nnoruga (2000:132) argues that crisis is 'poverty, prostitution, occultism, corruption and unemployment; he equally maintains that it represents armed robbery, abuse of office and communal clashes. To him, these social malaises generally culminated in violence, killings and insecurity which are the hallmarks of the kind of crisis that is widespread in Nigeria.

In ruminating over the causes and the consequences of socio-political crisis in Nigeria, Vasudev (2002), opines that the socio-political crises in Nigeria are often as a result of fear of ethnic domination, discrimination, or religious persecution and when such fear becomes so overwhelming, it then manifests in conflict, hostility and violence. Also, in Nigeria, it has been as a result of religious intolerance, boundary disputes, resistance to a perceived injustice/exploitation and other political reasons. Ethnic and religious conflicts represent a convergence of events that results in a new set of circumstances. Consequently, during crisis, social and economic activities are disrupted and the effects shape the future of the parties involved (Vasudev, 2002).

Be that as it may, we have used "socio-political crisis" in the context of this study to include all forms of social disorder and lawlessness including social uprising, political assassinations, ethnic/religious violence, and national disasters. It also includes financial scandal and corrupt practices involving political officers especially during the aberration of military dictatorship in Nigeria.

Relative deprivation theory of political violence was utilised as the framework of analysis of this study. This theory was propounded and developed by scholars such as Dollard etal. (1939), Runciman (1966), Gurr (1970), Davis (1972), Moyer (1976) and others. The central proposition of the theory is among others that aggression and violence are as a result of frustration and relative deprivation of socio-political and economic needs of the people.

Dollard et al. (1939), who were the first to propose the theory, postulate that frustration leads men to act aggressively. Also, that the primary sources of human capacity for violence rest on frustration-aggression mechanism. According to them, anger induced by frustration is motivating forces that dispose man to aggression. Furthermore, the interference with goal directed behaviour creates frustration which in turn leads to aggressive responses usually directed against the reported frustrated agents.

Analytically, however, Rundman (1966) discusses the preconditions of "relative" deprivation as follows (where Person A feels deprived of object X): Person A does not have X; Person A wants to have X; Person A knows of other people who have X; Person A believes obtaining X is realistic. In another development, Gurr (1970) explains in his work Why Men Rebel that instead of an absolute standard of deprivation, a gap between expected and achieved welfare creates collective discontent. According to him, this theory also applies to individuals who find their own welfare to be inferior to that of others to whom they compare themselves. Gurr (1970) explains political violence as the result of collective discontent caused by a sense of relative deprivation. He states that the concept of relative deprivation further dates back to ancient Greece when Aristotle articulated the idea that revolution is driven by a relative sense or feeling of inequality, rather than an absolute measure. According to Gurr (1970), 'For Aristotle, the principal cause of revolution is the aspiration for economic or political equality on the part of the common people who lack it, and the aspiration of oligarchs for greater inequality than they have, that is, a discrepancy in both instances between what people have of political and economic goods relative to what they think is justly theirs."

To Davis (1972), the outbreak of violence is a function of frustration that results from a short term decline in achievement, following a long-term increase that generates expectation about continuing increase. Therefore, he is of the opinion that violent revolutions do not occur during periods of prolonged, abject or worsening situation. Be that as it may, Moyer (1976) avers that normal tendency towards violent aggression is increased by frustration of desire. According to him, when a goal presumably attractive to two or more individuals is made available in such a way that it can be obtained by one of them, the end product is frustration for the loser. These frustrated actors in the political system can become terrorists. Therefore, an individual or group resort to violent or terrorist act out of frustration in order to be heard.

By the way of application, the dependent of the nation on oil wealth which is controlled by the Federal Government of Nigeria made the struggle for the federal political position intense and crisis-prone. This is so because the political gladiators adopt all nefarious strategies even if it involves trampling or at the worst killing of people in order to occupy the post. Consequently, the occupants of the political positions begin to devise policies and programmes that are geared towards allocation of the oil wealth in order to compensate the cronies. At this backdrop, taxes from the citizens become immaterial, thereby making the state to be autonomous. Correspondingly, this autonomous nature of the state makes accountability equally immaterial because it is he who pays the piper that dictates the tune.

Essentially, the political leader neglected the geographical source of the oil which was devastated and degraded by oil exploitation and gas flaring, this social nonchalance on the part of the government made the people of the littoral zones to feel deprived and frustrated as a result, they formed militant group so as to make their voice heard by the government. Another straw that broke the carmel's back was the employment of mediocrity; this is a situation whereby a less qualified person is employed to the expense of a qualified person because of influence and corruption. In response to this, the latter feels deprived and resort to violent crisis.

However, the Boko Haram crisis in the Northern Nigeria appears to be a consequence of the deprivation of the masses of their economic rights as citizens. By extension, the more Nigerian economy is dependent on rent from oil, the more the intensity of the struggle for the decision-making position, the more allocative the economy will be, the more the socio-political crisis in the polity, the less productive the populace will be, the less the need of taxes from the populace, the less the government interest and efforts to diversify the economy, and the less the actualisation of the economic growth and development.

Organic Challenges to Rentier States

Economic Challenges

Generally, rentier states have some economic challenges in common. Being dependent on oil exports, they suffer from macroeconomic instability because world oil prices are notoriously volatile (they can swing from USD 20 to almost 100 per barrel and back within a few years). Amuudsen (2010:17) notes that Petro-states are often hard hit by the booms-and-bursts nature of the oil market, because few make any long-term planning for price stabilisation. The booms are creating incomes beyond absorption capacity and leads to over-heating and rampant inflation, whereas the bursts lead to economic standstill because the cash disappears.

Moreover, another challenge of rentier states is the appreciation of the local currency, with ensuing inflation. This again is an incentive for imports and a disincentive for local production. In particular, agriculture and manufacture will suffer from this. At the same time, the oil industry creates very few jobs locally. In other words, oil is stunting the development of a diversified, private sector economy. Also, the rentier states experience a challenge of debt burden. Even when the absorption capacity is low, the interest rates are high and warnings are voiced by international agencies; rentier states keep borrowing with future oil income as collateral (Scares de Oliveira, 2007: 34-35).

In fact, they are borrowing their own money at onerous interest rates, and they are doing so for political reasons. Lastly, oil cursed states have lower economic growth than comparable non-oil dependent countries, and they foster increasing social and economic inequalities, which are an important source of conflict. Particularly, in on-shore production areas, and certainly in enclaves, there can be severe environmental degradation and violent social protests. The Cabinda enclave in Angola and the Delta region in Nigeria are cases in point (Amundsen, 2010: 18).

Political Challenges

The political consequences of oil wealth have been equally negative for many rentier states, and most important is the impact on institutions and the quality of governance (Scares de Oliveira, 2007: 35). Statistically, economies relying heavily on exports of natural resources score particularly low on a wide array of governance indicators. It has been demonstrated that oil dependency tends to hinder democracy. A rentier state derives all or a substantial proportion of its national revenues from the rent of indigenous resources. The rent usually stems from natural resources such as oil, but can also be derived from other strategic resources such as uranium, military bases, or development aid (Melhum etal., 2006: 1119-1120). Thus, a rentier state is relatively independent of extracting revenue from domestic taxation, as the resource wealth precludes the need to extract income from their citizenry. Because governments in rentier states have their own guaranteed source of income, they have revenue autonomy from their subjects, an unusual degree of independence, and the power to decide who gets what from the oil rents. The creation of rents in the economy leads to rent-seeking and a 'rentier mentality'. A state freed from the burden of taxing the domestic economy will fail to develop politically because, in the absence of taxes, citizens have less incentive to place pressure on the government to become responsive to their needs. Instead, the government can 'bribe' the citizenry with social welfare programmes and subsidies, and buy political support by allocating advantages strategically (Amundsen, 2010:18).

Moreover, because control of the rent-producing resources is concentrated in the hands of the authorities, it may be used to alternately coerce or co-opt the population, and the distinction between public service and private interest becomes increasingly blurred. With the state as the sole and definitive end-point for oil revenues, it is to the state edifice that political actors coalesce for access to funds. Given the rentier economy, the centrality of the state, and the lack of alternatives, ambitious individuals will seek to get hold of a 'piece of the cake' by striving for a position within the core of the state apparatus. Typically, this gives origin to an inner circle of main beneficiaries chosen on a religious, ethnic, family or political basis that profits disproportionally from the opportunities created by oil wealth (Scares de Oliveira 2007:33).

Rentierism and Character of the Nigerian State

The onus of this segment of the study is to unveil the characters of Nigerian state. To begin with, colonial period marked the beginning of the statehood in Nigeria. The Nigerian state derived its character from the imperialist incursion into Africa for the sole purpose of meeting capitalist challenges of extending economies of Europe. To enhance easy access to the resources in the colony, it was necessary for the colonizers to employ force and arbitrariness to keep in line the local populations. As a result, therefore, the ensuing post-colonial Nigerian state is essentially a colonial legacy with its bequeathed element of exploitation, domination, suppression and dependency (Ake, 1996: 3).

In all ramifications, the dependency character bequeathed to Nigerian political elite through the exploitation of both natural and human resources by the Western overlord appears to have changed its original dimension to rentierism. The rentier state theory derives its character from the international division of labour and trade comparative advantage doctrine of capitalism, which are all off-shoot of dependency. Dependence on foreign capital and competition formed the choruses of the Breton Woods institutions before the new independent states of the Third World countries to maintain mono-cultural economy and open up for foreign investment (Toyo, 1997:63).

In another development, the Nigerian state has been characterized as a prebendal state. A prebendal state is a systemic opportunity whereby offices of state are often captured by individuals and their support groups and exploited to favour their interests within the marketplace of civil society as well as in the appropriation of the resources of the state itself (Utume, 2000). By and large, the dependent character of Nigerian state culminated in rentierism which made the country to be dependent on oil rent, this also intensified the struggle for power and equally made prebendal politics inevitable. However, the next segment of the study will dwell on rentier state and the crisis of economic development in Nigeria.

Rentier State and Crises of Economic Development in Nigeria

As noted earlier, there are four essential characteristics that would determine a rentier state: (1) if rent situations predominate; (2) if the economy relies on a substantial external rent and, therefore, does not

require a strong domestic productive sector; (3) if only a small proportion of the working population is actually involved in the generation of the rent; and, perhaps most importantly, (4) that the state's government is the principal recipient
of the external rent (Beblawi,1987: 85).

The economic behaviour of a "rentier state," according to Yates (1996: 21), embodies a break in the work- reward or causation rewards of income and wealth for the rentier do not come as result of work but rather as the result of chance or situation because, during the time of an oil boom, the government has windfall profits that can lead to massive spending schemes, including for non-productive investments, and that can promote corrupt practices, in turn undermining transparency and accountability in the public sector (Smith, 2007). This social epidemic of the rentier state also involves a widespread behaviour and often a mentality among the population. For example, most Nigerian citizens tend to see the oil revenue that pours into state coffers as something of a dichotomy - it is everyone's and no one's - so individuals clamour for a share of the "national cake" rather than earn an income largely generated through employment (Adogamhe, 2011:229). This situation has been described by Karl (2008:284) thus: «

> *...because "petrodollars" are not "their" money, citizens are not motivated to ensure that state revenues are well spent; they are not engaged; and they seldom demand better monitoring of the utilization of revenues. Like their rulers, they too often become addicted to their share of oil rents even as a type of permanent disconnect between the state and its subjects sets in.*

In the same vein, this includes the failure to build a viable tax regime because they do not feel compelled to extract revenue from domestic sources to fill their coffers (Weinthal and Luong, 2006: 36). For instance, available statistics indicate that the Federal Government of Nigeria in the last ten years (1999-2009) generated about the sum of 34 trillion naira in revenue. Proceeds from taxes accounted for 17 trillion naira. However, much of this amount was proceeds from oil taxes because non-oil tax proceeds contributed as little as 3 trillion naira during the period under review (Okwe, 2010:3). This has presented a difficult situation for the government's plan to de-emphasize the overdependence on oil revenue to fund the budget. The dependence on external rent not only frees the state from the need to extract taxes from the domestic economy for wealth creation but also "unwittingly diminishes 4ts own administrative capacity" (Yates, 1996: 33).

According to Benn (2006), in Humphery eta/. (2008: 11):

> *... the tax system is crucial for accountability, when citizens pay tax, they demand services back." Taxation can become a powerful incentive for the Nigerians to demand accountability from the federal government. If domestic tax proceeds are not channelled to the provision of the public good, the Nigerian taxpayers are most likely to resist the federal governments efforts to impose taxes. The fact that the federal government is less likely to rely on their citizens for financial support has resulted in weak linkages between the government and citizens. When citizens are untaxed they sometimes have less information about state activities and the public, in turn, is less likely to demand government accountability.*

Furthermore, fluctuations in the oil market prices often create macroeconomic instability and, as a result, the government is plagued with inconsistent policies and service deliveries due to budgetary shortfalls. The Federal Government's budget is almost entirely based on rentier income, causing Nigeria's economic and political development to be held hostage to the volatility of the world's oil markets. It makes pretence of Federal Government budgetary debate. The Nigerian oil industry, like that in virtually all major oil-exporters, is not labour-intensive. Therefore, it employs only a few unskilled workers since Nigerian technology is far behind the industrialized countries. As a result, the oil industry, which accounts for at least 80 per cent of the Nigerian GDP, is also responsible in part for high rates of unemployment in Nigeria (Adogamhe, 2011:229).

Thus, the Nigerian working population consists mainly of foreigners employed in the oil industry and the civil servants who work for the federal and state governments. The rest of the Nigerian population, which is able to work, largely remains either underemployed or unemployed. The oil industry has consumed the cottage industries (such as groundnut pyramids, cotton, hide and skins, rubber, cocoa, and palm oil industries) that once bankrolled the Nigerian economy in the early 1960s. These cottage industries were owned and managed by Nigerians in the private sector rather than by the Federal Government. Thus, despite record-high oil prices and unprecedented inflows of oil revenues, Nigeria is rated as among the 15 poorest countries in the world (World Bank, 2006:65).

Also, the military dictators mortgaged Nigerian oil as collateral for borrowing billions of dollars from foreign banks at exorbitant interest rates. Until recently, the Nigerian national debt stood at $35 billion. The problems of excruciating poverty, ecological degradation, and underdevelopment have contributed to violent resource-based, religious, and ethnic conflicts throughout the country (Omeje, 2006). GDP per capita is $400 per year, 60 per cent of the population lives on the less than $2 per day, 78 out of every 1,000 infants dies at birth, 35 per cent of the population under five years of age is malnourished, and barely 50 per cent of the adult female population is literate and so on. The record is dismal, yet over the past 35 years, oil rents accruing to Nigeria have amounted to an estimated $300 billion (McPherson and Macsearraigh, 2007:192).

However, while the institutional overhang of the rentier state continues to serve the interest of ruling elite and oil multinationals, rentier money continues to impede the type of reform policies that would lead to the better governance and effectiveness of the Nigerian state (More, 2004). Therefore, Nigeria must transform from its rentier status to deal with the crisis of economic stagnation as well as achieving a level of effective public governance (Melhum et al., 2007: 1-20).

Rentier Economy and Challenges of Good Governance in Nigeria

The concept of good governance according to the International Monetary Fund (IMF) and the World Bank, consists of a wish-list of reforms, practices, and outcomes that are generally associated with the spread of democracy, the rule of law, efficient bureaucracies, accountability and transparency, free market economies, and independent judiciary (Birve, 2009:92-93).

Obikeze (2013:381-82) opines that:

> *... governance is said to be good if it is participatory, consensus oriented, accountable, effective and efficient, equitable and inclusive and follows the rules of law. Thus, these characteristics ensure that corruption is*

> *minimised, that the views of minorities are taken into account and that, the voices of the most vulnerable in society are heard in decision-making.*

The concept has undergone recent modification by emphasizing democracy's needs for supportive institutions and processes such as impartial judiciaries, transparent public agencies, and meaningful citizen participation (Weiss, 2000:795-814). Therefore, good governance implies effective political institutions and responsible use of political power and management of public resources by the state. Also, the United Nations Development Programme sees good governance as "the exercise of political, economic and administrative authority to manage nation's affairs at all levels" (UNDP, 1997:2-3).

Essentially, the various attempts to measure the quality of governance indicators continue to face conceptual and ideological challenges (Arndt, 2008:275-97). The World Bank categorizes six measured indices of good governance as follows: (1) voice and accountability; (2) political stability and lack of violence; (3) government effectiveness; (4) regulatory quality; (5) rule of law; and (6) control of corruption. Going by the above indices delineated by the World Bank, the question becomes, has the Nigerian reform agenda resulted in a more efficient, cost-effective, and responsive public service?

Although, the Nigerian government has introduced a series of innovations in the procurement process to make it more transparent and cost-effective, the key question still remains whether Nigeria's financial corruption vis-a-vis rentier money will be overhauled by these reforms. On paper, the reforms appear appropriate, but considering how deeply corruption is entrenched in Nigeria, one remains somewhat sceptical (Adogamhe, 2011:229).

Axiomatically, one of the challenges facing the Federal Government is whether it can implement and enforce its own reforms. Therefore, despite the public service reforms, the Nigerian government continues to be ranked low on the "good governance" index in relation to other sub-Saharan African countries (DFID, 2005). Consequently, the poor grade on "good governance," which Nigeria continues to receive, reflects the magnitude of the empirical challenges facing the Nigerian government in its efforts to reform the federal bureaucracy. Also, the quality of Nigeria's public institutions is ranked low internationally, and the bureaucratic inefficiency still remains a major deterrent to investment and growth (Famakinwa, 2007).

The process of implementing the reform programme, however, has generated several policy inconsistencies and contradictions that have continued to undermine the achievement of optimal performance and productivity in the Nigerian public sector. Since the governance problems are massive and entrenched, Nigeria still lacks a democratically accountable executive branch, an independent judiciary, a functional legislature, active and informed civic societies, an effective civil service, and open and transparent policy-making processes. The changing of the attitudes of public personnel is also the most difficult aspect of this reform process because of entrenched political and social interests. In consonance with the above, Adogamhe insists that part of this difficulty has been attributed to the fact that, while the public servants are the target of the reform in terms of social dislocations, loss of privileges, and jobs, they also are expected to serve as the agents of the reforms (Adogamhe, 2011:229).

Regrettably, what has become obvious is that the military government, which was supposed to be a corrective regime, failed catastrophically to stamp out financial corruption. As a matter of fact, it plunged Nigeria further into a rentier-state economy. The present reform programme is under the auspices of a so-called democratic form of government. Therefore, the fledgling democratic system of government in Nigeria requires time to mature. What Nigeria needs now is time and the right ideas that can be enacted into laws and put into practice as it has undertaken the major task by constitutionally replacing the military government with a democratic one (the Guardian, October 2, 2010).

In line with the above backdrop, Nwankwo (2009 in Obikeze, 2013: 382) asserts thus:

> *... it suffices to say that a well-functioning democracy, just as good governance is indispensible for equitable development. Development is therefore, the citizens. Key requirements in development like sound financial system, legal predictability, protection of rights, effective investment in infrastructure, advances in the skills and productivity of workforce etc. Thus, the goal of development is to achieve self-sufficiency in the most basic needs of the community, rapid development that will improve the quality of life of the people.*

Drawing from the review above, one can assume that the whole indicators of good governance are marred by economic rent mentality of Nigerian leaders. This stems from their absolute neglect of democratic ideals and principles which mostly inform the incorporation of the masses in the administration of their affairs. By implication, the government is for the people, hence, the people in response, should support the government through the payment of taxes to the government so as to demand accountability of the steward from the occupants of the governmental position.

Conclusion and Recommendations

There is no doubt that the seemingly crises-prone posture of Nigeria has a link with the rentier nature of Nigerian economy. This oil dependency appears to be an encumbrance to economic growth and development because it is oblivious of economic backward and forward linkages. An ideal pro-development and anti-crisis state should be a productive state and not only an altocative state because production precedes and/or determines allocation. For instance, Luciani (1987:70) believes that:

> *... a productive state is one that relies on taxation of the domestic economy for its income and in which economic growth is therefore an imperative. While an allocative state does not depend on domestic source of revenue but rather is the primary source of revenue itself in the domestic economy. Also, the policy of productive state is therefore designed to increase economic growth while an allocative state fails to formulate anything deserving the appellation of economic policy.*

In line with the foregoing, the Nigerian state allocates resources generated from oil rent, neglects revenue from the people, rather embark on frivolous capital expenditure just to command or attract the legitimacy of the people. This ostentatious spending weakens or contradicts the idea of economic diversification that is capable of transforming the economy into a productive one. In the ignorant minds of the leaders, they believe that with the enormous revenue accruing from the oil rent, that Nigeria is rich and developing. Regrettably, this myopic stance of the leaders ignore the fluctuating nature of oil price in the global market and also the consequences of nation's dependent on that economic volatility.

Finally, the precarious nature of Nigerian economy which stems from its dependent on ofl rent or better still rentierism engenders crises. Economically, it breeds dependency, lack of diversification, neglect of agriculture and economic linkages, while politically, it undermines free and fair election and breeds corruption, ethnicity, religious intolerance and other social vices.

We, therefore, suggest that emphasis should be laid on production rather than distribution. This does not mean that Nigeria should truncate oil exploration but it should shift and extend the tentacles towards production ventures. This is so because agriculture is the sure way of achieving sustainable economic growth and development. Payment of taxes should be encouraged because this will give the citizens the needed sense of belonging which will enhance accountability at the end of the day by the government. Diversification should be encouraged in Nigerian economy so as to enhance the decisive economic linkages which are sure way for economic growth and development. This will go a long way to making the whole sectors of the economy relevant and responsive. The neglected agricultural sector should be revived because for man to live, he must eat. Food which is the most decisive needs of man is generated from agriculture. Therefore, the government should make policies that will be favourable to agriculture so as to boost the sector. The revenue allocation formula will be based on derivation so as to make the component unit to exploit their God-given natural endowment. This will go a long way to making the centre to be less attractive. For instance, if the revenue allocation is fashioned in such a way that the resources allocated to a state is based on what is derived from that state, the states will strive to exploit their natural endowment. Democratic tenets should be encouraged among the rulers and the ruled while the principles of democracy such as rule of law, fundamental human rights, periodic free and fair election etc. should be promoted so as to enhance accountability and judicious control of the resources. Furthermore, Nigeria should adopt some elements of neo-mercantilism which will help to protect her infant industries and encourage industrialisation as this was part of the strategies adopted by the Asian Tiger countries before they achieved economic development.

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