Resource Curse and Sustainable Development in Petroleum States of Africa: The Case of Nigeria

Victor Ojakorotu¹ and Olawale R. Olaopa²

North-West University, Department of Politics and International Relations, Mafikeng, South Africa
E-mail: ¹<vojakoro@yahoo.com>, ²<olawale.olaopa@gmail.com>


ABSTRACT There has been a plethora of research and policies aimed at salvaging Nigeria from its inability to benefit from the significant amount of proceeds from its endowed resources without success. This is largely due to reliance on a degree of institutional capacity, which is widely absent thus making the country susceptible to various challenges. The objective of the paper is to show the importance of both human and psychological factors in determining the ability of a resource-endowed state to sustainably develop. Using secondary data analyses, it contends that while scholars’ view of the problem of resource curse as an economic challenge and building strong institutions cannot be ignored, these require human beings with the capability for development, political commitment or will and positive attitudes in addition to government support in the area of effective policy formulation and implementation of codes of conduct and ethics for enhanced mineral resources utilization.

INTRODUCTION

Poverty and lack of development are global problems (Craft 2014). This is responsible for a plethora of literature that exists on the concept of development in development studies and therefore ample attention has been paid to the problem of its definitions (Nkwede et al. 2013). Nkwede et al. (2013) agrees that the term development is conceptually difficult to handle yet it is the cornerstone of all economic growth, especially in the discourse of sustainable development. This position coincides with that of Prados de la Escosura (2014), which sees economic development as a process that expands the control ordinary people can exercise over their own lives. This means that economic development is about much more than just economic growth; it is about a wider concept of living standards which includes escaping from poverty but also entails various other aspects of life such as the ability to participate fully in society (Craft 2014). It is on this note that Obasanjo and Mabogunje (1991) posit that development emphasizes people as the object of attention and is no longer just about growth in the volume of goods and commodities but to be thought of as a process concerned with people’s capacity in a defined area over a defined period to manage and induce positive change; that is, to predict, plan, understand and monitor change and reduce or eliminate unwanted or unwarranted change.

One of the definitions of development, which captures all aspects of human and societal endeavors is that which was given by Nwali and Nkwede (2010) that development at the individual level implies a progressive increase in skills and capacity to earn income and gaining greater freedom for action, which is expressed in creativity for the attainment of both material and psychological wellbeing of the people. This position is in line with that of Obasanjo and Mabogunje (1991) that development entails:

(a) Knowledge and understanding
(b) Access to information – statistical and non-statistical
(c) Technological creativity
(d) Possession of the right kind of organization and skill

It is argued here that it is the combination of the above four factors that ensures the capacity of people to achieve sustainable growth and that it is not just rushing ahead to spend windfall gains from a non-renewable resource like petroleum, the type of action that has been the bane of Nigeria. Regardless of the plurality in the conceptualization of development, the fact still remains that development is greatly anchored in the effective and efficient utilization of the human and material resources of a nation. It is with this in mind that this paper attempts to relate the endowment of resources in Nigeria to its underdevelopment. This paper is therefore a quest to determine how its resources have resulted in
the underdevelopment of the country. Arising from these, there is a need to address the following study questions if the objectives of this study are to be achieved:

The Study Questions

1. What are the imperatives of sustainable development?
2. What is resource curse (the term used to describe the failure of resource-rich countries to benefit from their natural wealth (Macartan et al. 2008)), and is this the major challenge to sustainable development in Nigeria?
3. Are there any efforts being made to resolve the challenge of resource curse in Nigeria?
4. What hope is there for development in Nigeria via resource endowment?

Objectives of the Paper

1. Analyse the necessities and essentials of sustainable development
2. Give a critical analysis and explanations of the term ‘resource curse’ show how this has remained the major challenge to sustainable development in Nigeria
3. Review efforts made to resolve the challenge of resource curse in Nigeria
4. Recommend ways for ensuring sustainable development in Nigeria through its resource development

METHODOLOGY

The study adopted evaluative and assessment methods, with the use of secondary data to explain the lingering controversies that surround oil resource endowment and the challenge of both human and infrastructural development in Nigeria. The methods attempted to unveil the various arguments for and against resource curse and the scholarly attempts at salvaging the situation in Nigeria with their respective limitations.

Sources and Method of Data Collection and Data Analysis

Specifically, the paper relies on secondary sources of data derived from textbooks, journals, official publications, conference papers, Internet sources and relevant/related documents on the subject matter. The data was analyzed using content analysis, the logical and organized analysis of the content of a text.

Theoretical Foundation

Disagreements exist among economists on whether growth and development are enhanced or hindered in economies that acquire large natural rents from the scarce resources they own (for example, the arguments provided by Wantchekon 1999; Smith 2004; Herb 2005). These have led to various theories, including linkage theories, two-gap and three-gap models, export instability theories, booming sectors’ theories, and the Dutch disease theory, on how such wealth can be translated to sustainable development (Ogunleye 2008). However, this paper adopts the linkage theory as the only theory of windfall effects that is appropriate to its analyses and discussion. This is considered to be the most appropriate theoretical analysis that brings in the impact of oil income on economic development. It is based on models which assume that the important means of translating oil wealth into sustainable development is through investment of the income in other catalytic sectors of the economy and is to expand infrastructure, to improve the welfare of citizens in all respects and to increase the growth of the economy (Ogunleye 2008).

Specifically, the linkage theory as developed by Hirschman (1981), states that “development depends, not so much on finding optimal combinations for given resources and factors of production, as on calling forth and enlisting for development purposes resources and abilities that are hidden, scattered or badly utilized” (Hirschman 1958). The theory shows that in given social, political and economic contexts, certain characteristics of the leading activity of the system are conducive to its providing such a stimulus. The effects of the interaction between a leading sector and other sectors are divided into production linkage, consumption linkage and fiscal linkage (Ogunleye 2008). Therefore, given the centralization and control of the Nigerian economic activities, particularly the oil windfalls and development of the economy, by the government, the fiscal linkage theory will be explored. The argument in the paper is that for oil to be a blessing, the revenues accrued should be productively invested rather than consumed or lavished on white elephant projects. However, in a system like Nigeria, which depends majorly on oil and mineral resources, productive
investment of accrued oil revenues poses a very serious challenge.

OBSERVATIONS AND DISCUSSION

Resource Curse in Nigeria: Issues and Challenges

To have some grasp of the root of Nigeria’s development challenges caused by the discovery of oil resources, it would be interesting and appropriate to discuss, in a synoptic manner, Nigeria’s economy during and after the discovery of oil. The marine environments of Nigeria are naturally endowed with crude oil. The 1903 British mineral survey company’s mineralogical studies carried out on Nigeria began the history of oil production in the country.

Specifically, the oil minerals exploration started in Nigeria in 1908 when a German company, the Nigerian Bitumen Corporation, was attracted to the tar sand deposit for exploration activities. Long after World War 1, Shell-D’Arcy, a consortium of Shell and Royal Dutch, resumed oil exploration in 1937 in Owerri, on the northern part of the Niger Delta. The company began production in 1958 with an average production of 6000 barrels of oil per day (bopd) (Akinjide-Balogun 2001). On June 5, 1956, after drilling 28 wells and 25 core holes, all dry, the new operator, Shell-BP, struck oil at Oloibiri, now in Rivers State (Online Nigeria n.d.). At this time, the government’s interest and concern in oil exploration and exploitation, as variously argued, was initially limited to the collection of royalties and other dues accruing to it from the oil companies and to making rudimentary laws to regulate the activities of the oil industry (Akinjide-Balogun 2001). This could be the reason why some studies have observed that the Nigerian government has no real discernible policy on petroleum to guide the activities in the sector (Nwokeji 2007; McPherson 2008). An examination of Nigerian statutes reveals that the major constituents of the law directed at regulating oil exploration and production activities dates back to the mineral oils act of 1914 (Medugu 2012).

The Nigerian economy has had a distorted history and disastrous development from independence till the present. Between 1960-1970 and 1970-1978, the oil boom era lured labor away from the rural sector to the urban centers and made the economy become a net importer of basic food items. Through 1988-1997, the period of structural adjustment and economic liberalization, the Gross Domestic Product (GDP) has been fluctuating (Siyanbola 2014).

As argued by Siyanbola (2014), on just about every conceivable level, Nigeria’s performance since independence has been dismal. In Purchasing Power Parity (PPP) terms, Nigeria’s per capita GDP was USD 1,113 in 1970 and is estimated to have remained at USD 1,084 in 2000. The latter figure places Nigeria amongst the 15 poorest nations in the world for which such data is available (Sala-i-Martin and Subramanian 2003; UN 2010). Nigeria, unfortunately, fares much worse on measures of poverty and income distribution. According to Sala-i-Martin and Subramanian (2003), between 1970 and 2000, the poverty rate, measured as the share of the population subsisting on less than USD 1 per day, increased from close to thirty-six percent to just under seventy percent. They argued further that:

In 2000, when oil revenues were USD 325 per capita, per capita GDP remained at the 1965 level. In other words, all the oil revenues—USD 350 billion in total—did not seem to add to the standard of living at all.


Since 1960, a lot of structural changes have taken place in Nigeria. Specifically, agriculture and oil production accounted for sixty-two percent of the GDP in 2007 while services, wholesale and retail trade, manufacturing, and building and construction accounted for 16.2, 16.2, 4.0 and 1.7 percent, respectively (Anyanwu 2008 as cited in Siyanbola 2014). The economy could therefore be regarded as largely agrarian and primary in nature.

However, following an April 2014 statistical ‘rebasing’ exercise, Nigeria has emerged as Africa’s largest economy, with 2013 GDP estimated at USD 502 billion. Oil has been a dominant source of government revenue since the 1970. Regulatory constraints and risks have limited new investment in oil and gas, and Nigeria’s oil production contracted in 2012 and 2013. Despite its strong fundamentals, oil rich Nigeria’s development has been hindered by an inadequate power supply, weak infrastructure, delays in the passage of legislative reforms, restrictive trade policies, an inconsistent regulatory environment, a slow and ineffective judicial system, unreliable dispute resolution mechanisms, inse-
security, majorly pervasive corruption and serious unemployment (Siyanbola 2014). Efforts at economic diversification and strong GDP growth over the last decade or so have not translated into a significant and substantial decline in unemployment and poverty levels to lead Nigeria to become one of the twenty largest economies in the world by the year 2020 (See also, Sala-i-Martin and Subramanian 2003). This is in spite of the government’s plans to increase transparency, continue to diversify production, and further improve fiscal management. It appears therefore that the discovery of oil, which initially seems to be a blessing, is a curse to the country. This is exemplified by the inability of the country to sustain its development from the revenues accrued therefrom, as well as by various issues and challenges arising from the discovery and exploitation of oil.

Although new petroleum discoveries are very vital for meeting the rising energy demand in the world’s fastest growing economies of developing Asia including China and India (US Department of Energy 2016), for the countries, especially Nigeria, where these discoveries were made, new concerns arose over whether they could avoid the curse associated with mineral wealth (Weinthal and Luong 2006). Countless studies document the correlation between abundant mineral resources and a series of negative economic and political outcomes, including poor economic performance and authoritarian regimes, across the developing world (Davis 1995). One of the numerous empirical examples of countries that have squandered their mineral wealth and actually made their citizens worse off is Nigeria. Thus, despite its vast oil wealth, Nigeria is among the 15 poorest nations in the world.

Nigeria and the Contradiction of Oil Mineral Wealth

What has induced scholars’ several research studies of oil mineral-rich countries in the developing world is that, since the discovery and exploration of oil, particularly in the 1970s, these countries have consistently underperformed their mineral-poor counterparts on a variety of economic and political indicators, including economic performance, good governance, income equality and democracy (Weinthal and Luong 2006).

Scholars, including Auty (1993), Auty and Gelb (2001) and Sachs and Warner (1995) have argued and established that the more intense a country’s reliance on mineral exports (measured as a percentage of GDP), the more slowly its economy grows. This is corroborated by the statistical data given by Auty and Mikesell (1998), that from 1960 to 1990, GDP per capita in mineral-rich countries increased 1.7 percent compared to 2.5-3.5 percent in mineral-poor countries. Similarly, from 1970-1993, mineral-rich countries grew by only 0.8 percent PCGDP compared to 2.1-3.7 percent in mineral-poor countries. The economy of Nigeria and of countries in Latin America provide good examples of economies of mineral-rich countries with stagnant growth and development, compared to some other mineral-poor countries like Hong Kong, Korea, Singapore and Taiwan, whose economies maintained phenomenal growth rates from the early 1960s to the 1990s (Wade 1990; World Bank 1993). Similar examples can be found among members of the Organization of Petroleum Exporting Countries (OPEC) who have also experienced nearly universally low or negative annual growth rates (World Bank 2001).

Specifically, Nigeria, despite the abundance of oil mineral wealth and significant revenue from the sale of its petroleum products, still incurs increasing debt to the extent that a significant portion of the oil revenue goes into debt servicing every year (See, Lewis 1984; Philip 1994). For instance, the World Bank (2004) classification showed twelve of the world’s most mineral-dependent countries and six of the world’s most oil-dependent countries as “highly indebted poor countries”. It is interesting to note that, out of the listed top ten most indebted countries in Africa that are major fuel exporters, Nigeria is in the sixth position (CIA 2003; World Bank 2004). Outside Africa, similar patterns can also be found. Ecuador, for instance, one of the smallest countries in South America, in 2002 was ranked seventh in the region for external indebtedness, just below Brazil, Argentina and Venezuela and had the highest debt per capita (CIA 2003).

The discovery of oil mineral resources in Nigeria has also been identified with the state of poor governance and high levels of corruption that are both systemic and endemic in the country. This is not unconnected with the ranking of the country at a very low level by World Bank Governance Research Indicators and the Trans-
One would have expected that Nigerian citizens would be better off in terms of their living standards given the country’s oil minerals’ endowment and its greater revenue from oil exportation. The reverse is the case in that Nigeria and Nigerians are even worse off when it comes to their living standards. For example, the 2006 Human Development Report shows that 70.8 percent and 92.4 percent of Nigerians lived on less than USD 1 and USD 2 a day, respectively, during 1990-2004, forty-three percent lacked sustainable access to improved sanitation, fifty-two percent lacked sustainable access to improved and clean water, and its infant mortality was among the highest in the world. Thus, Nigeria was ranked 159th on the Human Development Index out of the 177 countries ranked (Ogunleye 2008). According to NBS (2009), the majority of the citizens are living below poverty level. In fact using all socioeconomic indicators (poverty, child mortality, and income inequality), Nigerians are worse. What is more disheartening is that, since the discovery of oil, Nigeria has become the largest producer in Africa of both crude oil and gas and among the ten largest producers in the world (CIA 2010). This has made the Nigerian state susceptible to autocratic, authoritarian and undemocratic regimes since independence. The country having had the majority of its years (about four decades) of independent governance dominated by military rule, is yet to be free from all indices of undemocratic rule in spite of her so-called return to democracy in 1999. The political environment has always been cloudy and characterized by various undemocratic tendencies exemplified by election annulment, the third term syndrome, intergovernmental crises, election rigging, the arbitrary postponement of elections, lack of political tolerance, and victimization of any opposition and censorship of opinion, among other political vices. All these are given credence by several studies exploring the hypothesis that mineral-dependent countries tend to have authoritarian regimes and their findings that mineral wealth not only impedes democratic transitions but also prevents the consolidation of democracies (Jensen and Wantchekon 2004), and conversely promotes the consolidation of authoritarian regimes (Wantchekon 1999; Smith 2004). With the exception of Herb (2005), who argues, in contrast, that the negative effects of oil rents on democracy have been overestimated, oil wealth in particular, according to Ross (2001), has been identified as inhibiting democratization, especially in oil-poor and low-income countries, thus indicating that even a little “oil does hurt democracy”. In fact, of the 20 major oil exporters in 2000, only Mexico and Venezuela, both of which have experienced long periods of dictatorship, could be classified as democracies (Weinthal and Luong 2006).

It is not an understatement to argue that Nigeria and other mineral-abundant countries are more prone to poor economic performance, unbalanced growth, corruption, income inequality, and authoritarian regimes. It is certainly alarming and disheartening, especially given the initial optimism about their future prospects. This is particularly so in that in the 1950s and 1960s many development economists argued that these countries would grow much faster than their resource-poor counterparts precisely because their mineral wealth would provide them with the necessary capital to industrialize and diversify their exports (See for instance, Baldwin 1966; Hirschman 1958).

However, what is worrisome and even more striking is that by the 1990s a scholarly consensus emerged that these countries’ vast wealth had been the root cause of their severe political and economic problems, often referred to as the ‘resource curse’ (Wantchekon 1999; Ross 2001; Smith 2004; Jensen and Wantchekon 2004; Weinthal and Luong 2006). These scholars, according to Weinthal and Luong (2006), emphasized two main aspects of the resource curse. First, the economic consequences that rapid booms and the volatility of commodity markets
have for sustained growth, and second, the negative impact that reliance on external rents has on governance, state capacity, and democracy, which is exacerbated by boom and bust cycles. These two aspects, as they relate to Nigeria will be synoptically discussed below.

Aspects of the Resource Curse as it Relates to Nigeria

Windfalls and Economic Growth

According to Weinthal and Luong (2006), the most prevalent cause attributed to poor rates of economic growth in mineral-rich countries is Dutch Disease, a term originally coined to refer to the short lived problems that the Netherlands faced when it discovered huge gas reserves off its northern coast in 1959. They argued further that, the direct effects of export booms, whether due to a rapid rise in exports or to a decrease in commodity prices, is a common source of economic stagnation across mineral-rich states. This is so because these windfalls lead to an appreciation of the real exchange rate by shifting production inputs to the booming mineral sector and non-tradable sector, thereby reducing the competitiveness of the non-booming export sectors and precipitating their collapse (Weinthal and Luong 2006).

In Nigeria, as a result of oil mineral discovery, there has been a shift of attention onto oil exploration, exportation and the retail trade, services, and construction sectors at the expense of the agriculture and manufacturing sectors. This has accelerated domestic inflation, which is responsible for the rise in the real exchange rate. These short-term macro-adjustment problems result in long-term effects on growth by reducing the country’s economic diversity and increasing its reliance on exports from its natural resource sector (Weinthal and Luong 2006). In fact, Nigeria is illustrative of how fast Dutch Disease effects can transform the domestic economy. Cocoa, groundnut and rubber, which are the products of agriculture, which was the mainstay of the country’s economy, have declined from approximately sixty-four percent of GDP in 1960 to less than fifty percent of GDP in 2007 (Anyanwu 2008 as cited in Siyanbola 2014). Successive governments have tried to formulate and implement various anti-inflation policies and measures including Green Revolution, Operation Feed the Nation, Structural Adjustment Program, and Subsidy Reinvestment Program among others, to cushion the effects of inflation without too much success.

The windfalls from the phenomenon of Dutch Disease did not only retard economic growth in Nigeria, but what is equally worthy of note is that the windfalls also provided the incentives for unproductive investments, rent-seeking, and corruption of political elites. For instance, the export boom exerts pressure on governments to share increased revenues with the public, often by investing in unproductive public work projects that are motivated by politics rather than profit, or by subsidizing food, fuel, failing industries and even government jobs, particularly the Udoji payment of 1972 (See, for example, Auty 1990; Gelb and Associates 1988; McMahon 1997). Other prominent examples include Nigeria Machine Tools, Osogbo Steel Rolling Company and most especially the Ajaokuta steel mill that Nigeria built in the 1970s to appease the Yoruba region, which “has absorbed over USD 3 billion”, (Ascher 1999) and yet, “has still not produced a commercial ton of steel” (Sala-I-Martin and Subramanian 2003). In addition, it has been argued that the politics of Nigeria has been shaped fundamentally by getting access to the revenues from oil. The Biafran war of the late 1960s, for instance, was in part an attempt by the eastern, predominantly Ibo region, to gain control over the oil reserves. Successive military dictatorships have plundered the oil wealth, the most notable being General Abacha, and stories of transfers of large amounts of undisclosed wealth abroad are legion in Nigeria. The rise in government expenditure, following the surge in oil revenues, reflected an attempt by the North to appropriate oil revenues, and was manifested in the large share of the civil service being accounted for by Northerners (Sala-I-Martin and Subramanian 2003).

In addition, because windfall rents are concentrated in government and easily obtained, they exert pressure to engage in rent seeking and corruption, both of which harm economic growth (See, for example, Leite and Weidmann 1999; Khan 1994; Mauro 1995; McMahon 1997). The case of Otedola and Faruk Lawan in the oil subsidy bribe scandal in 2012 provides a good example of how mineral rents became a source
of patronage for the Nigerian elites. As a result of the windfall, particularly during the Gowon regime, led to a statement that ‘Nigeria’s problem is not about money but how to spend it’ and this led to the reckless spending on the Festival of Arts and Culture (FESTAC) celebration of 1977, which was a distraction for both individuals and governments from long term developmental goals.

Volatility and Economic Growth

According to Weinthal and Luong (2006), another chief concern is the effect that the extreme volatility of commodities, also known as “boom and bust” cycles, can have on economic growth. Although market volatility is a problem for all exporters of primary commodities, it especially plagues oil exporters because the economic importance of oil makes this particular commodity both a valuable and an attractive political weapon. Some of the economic impact identified by Weinthal and Luong (2006) includes unpredictable revenue streams, because widely fluctuating export revenues lead to fluctuating levels in overall government revenues (Mikesell 1997). These “frequent upward or downward adjustments of fiscal expenditures are costly” in the opinion of Katz et al. (2004) because they simultaneously discourage private investment and wreak havoc on the government’s budget, thereby impeding its ability to sustain investment and public goods provision. Moreover, once expenditures become entrenched, it is harder for governments to make budget cuts. Rather than reversing their spending patterns during busts, they often opt to borrow, and hence incur huge debt burdens (Katz et al. 2004: 10; McMahon 1997). The 2014 approval of USD 200 million loan from the USA by the Nigerian National Assembly for President Goodluck Ebele Jonathan is a good example of the situation where government is finding it hard to either cut its budget or reverse its spending patterns due to the fall in the price of oil on the international market.

Political Implications of Nigeria’s Dependence on External Rents from Oil Minerals

The main political consequences of Nigeria’s reliance on external rents have been weakly institutionalized states and skewed state-societal relations. The reasons for this are that the ease of financing state expenditures provides no incentives for government officials to build strong institutions and because their ability to rely on an external revenue source engenders rigid and myopic decision making (Karl 1997; Mitra 1994). This is especially in the area of building a viable tax regime because rulers do not feel compelled to extract revenue from domestic sources to fill their coffers (Beblawi and Luciani 1987; Karl 1997). In actual fact, the lack of a viable tax regime has been consistently identified with not only impeding broad economic growth but also undermining state capacity and democratization (Shafer 1994; Karl 1997). Thus, Nigeria inevitably became a rentier state, which seeks to exert social and political control over its population by creating and maintaining economic dependencies through their sole authority to allocate and redistribute income obtained from natural resource rents (Beblawi and Luciani 1987; Delacroix 1980). The case between Obasanjo and Tinubu over the allocation of local government funds to Lagos state between 1999 and 2003 tends to suggest this. It has a lot of consequences and implications for state-societal relations. For instance, the reliance on external rather than internal sources of income has both weakened the Nigerian state and impaired the development of societal opposition because it reduces the need both for the leaders to be accountable to the public and for popular demands for representation. Not only this, the government spends more energy, time and money to sustain patronage networks and/or providing huge subsidies to the population to garner social and political support, rather than on developing institutionalized mechanisms of responsiveness. This became glaringly obvious during the recent Federal Government’s nomination of Mr. Musiliu Obanikoro to the Senate. Regardless of the opposition to the nomination by both the All Progressives Congress (APC) and the people from Obanikoro’s constituency, the Presidency was still determined on his nomination as Minister of the Federal Republic in order to sustain Musiliu’s patronage and loyalty to the ruling party, the Peoples’ Democratic Party (PDP).

The related level of corruption that has be-deviled Nigeria as a rentier state has become possible because the majority of the population has been effectively disenfranchised. Those who run the natural resource sector have been able to exert disproportionate influence over government policies (Weinthal and Luong 2006).
The cumulative impact of external rent reliance is, therefore, not just weakly institutionalized states and skewed state-societal relations but also corrupt, authoritarian regimes.

**Are There Any Efforts to Resolve the Challenge of the Resource Curse in Nigeria?**

If natural resources do indeed lead and are fundamental to a decline in growth and development in Nigeria, what then can be done to mitigate or offset this impact? Natural resources, according to Sala-I-Martin and Subramanian (2003), are an endowment, an unalterable geographical feature of the economic landscape. It would seem that countries that have them are stuck, destined to institutional decline and poor growth. This notwithstanding, can there be a way out of natural resource endowment mismanagement? A lot of academic research and works aimed at explaining the empirical correlation among mineral-rich countries and the level of development or underdevelopment, the implications and a list of remedies for the situation, have been recommended (Delacroix 1980; Beblawi and Luciani 1987; Gelb and Associates 1988; Auty 1990; Khan 1994; Mauro 1995; McMahon 1997; Leite and Weidmann 1999; Sala-I-Martin and Subramanian 2003; Weinthal and Luong 2006; Ogunleye 2008; Akinwale 2012). This gives hope for both human and infrastructural development in the country through revenue endowment.

The most widespread solutions proffered by scholars emphasize macroeconomic policies, economic diversification, natural resource funds, transparency and accountability, and direct distribution as mechanisms for managing mineral wealth wisely (Ahmadov and Gulyev 2016). Others include developing strong institutions that support transparency and technological advancement in different sectors. While Nigeria and many other mineral-rich countries have implemented one or more of these solutions, success has been limited to only a few exceptional cases in countries like Botswana, Chile and Malaysia. The reason is that these solutions either presuppose strong state institutions as argued by Akinwale (2012), which are widely absent in Nigeria and other parts of the developing world, or assume state ownership over mineral wealth and thus the need for external actors to constrain the state (See Weinthal and Luong 2006). It is on this note that Weinthal and Luong (2006) recommended private ownership due to its efficacy to foster institutions that more effectively constrain state leaders, encourage them to invest in institution building, and respond more successfully to commodity booms and busts.

Although, the emerging consensus is that robust and strong political institutions are critical to successful efforts at effectively managing the link between mineral wealth and its accompanying negative implications and outcomes, the efficacy of private ownership in ensuring efficiency and effectiveness in the distribution and utilization of proceeds from the endowed mineral resource is also critical. Notwithstanding this, the paper suggests stakeholders’ political commitment exemplified by a change in attitude for optimal resource utilization and fiscal discipline, which are rarely discussed in the literature. The researchers’ research indicates that the two factors are critical in building and fostering strong institutions and a better privatization policy that will guarantee sustainable development in the mineral-rich countries. This will resolve the challenges of imbalance between the supply and demand of human capital by accelerating the development of human resources and skills needed in the sector while a positive change in the attitude of the human capital will reduce corruption demonstrated by poor attitudes towards government work, divided loyalty or double interest, gross inefficiency, resistance to change, among others. With all these in place, citizens will be more efficient, leaders are more effectively constrained, and encouraged to invest in the mineral and institution building. All these will enable all stakeholders be transparent, accountable, more involved and respond more successfully to the challenges of oil mineral booms and fluctuations.

The optimism about Nigeria’s potential to become among the top 20 global economies by the year 2020 was confirmed by the economists at Goldman Sachs, a leading United States investment bank (Peters 2009). To achieve this goal, the government should engage in strategies that will build the capacity of its human resources in its priority areas, in this case, the oil sector. Without adequate investment in developing the human capital by increasing the knowledge, skills and capacities of people, the possibility of the growth of that nation might be minimal (Gyang 2011).
The human resources of a nation refer to the totality of its population, which determines the potential labor force of the nation. Investment in human resources determines the type, quality, availability and productivity of the nation’s manpower. It involves socioeconomic development strategies (European Commission 2007). Education has been an instrument toward the development of human resources in Nigeria. In the education sector and in technical education in particular, the reform of policies has been an attempt to meet up to the global world economies, which is encapsulated in the vision 20:2020 (Gyang 2011), which states that Nigeria would attain sustainable socioeconomic development by the year 2020.

Historical evidences from the United States, the former Soviet Union, Denmark and Japan proved that advanced countries depended on education for their rapid economic growth. There were significant relationships between their economic growth and the level and kinds of education provided to their workforces (Miachi 2006). For Nigeria and other developing countries, education in science, technology and innovation (STI) is the most appropriate strategy for sustainable development (See for example, Olaopa et al. 2012, 2013; Canuel 2016). Similarly, an increase in the Gross National Product (GNP) depends on the national expenditure on education. For example, Harbison and Myers (1964) found, in his research, a significant statistical relationship between the levels of human capital development and the levels of GNP. Although, there are challenges facing the education sector and some of the strategies to the achievement of goals of utilizing STI for sustainable development in Nigeria, there is an urgent need for the Nigerian government to live up to expectations in this regard and put the country on the track of rapid economic growth to break the cycle of resource curse and to achieve its vision 20:2020.

With respect to the political commitment and will of all concerned, all citizenry, including the leader and the led must have a change in their attitude towards the development of the country. Most of the behavioral tendencies and factors such as belief systems, kinship webs, favoritism, lack of a reward system, weak leadership, lack of relevant training and job security coupled with a lack of working tools and equipment (Ayoola 2012), which are the cause of the negative attitudes of the general public in Nigeria, must change. One of the ways to do this is through self-discipline and control and strict adherence to societal moral and ethical standards. In fact, in its bid to revamp the dwindling image of the public service for higher work performance and continued public service relevance, government has underscored certain code of ethics (discipline, loyalty, integrity, courage, industry, neutrality, impartiality, confidentiality, kindness, respect feeling and rights of others, cooperation, courtesy, and avoidance of delay) germane to the conduct of government business and which all public servants must imbibe (Ayoola n.d.). What remains is the individual’s commitment and appeal to morality, conscience and reason in order to ensure effective resource utilization and sustainable development.

CONCLUSION

It has been argued by various scholars that being blessed with plentiful natural resources can and should be a source of prosperity and not a problem. Where resource endowment has presented challenges, as can be seen from the various discussions on Nigerian experience, scholars and policymakers alike are of the opinion that the situation can be salvaged through a broad array of policies. These, however, seem to be insufficient as they rely on a degree of institutional capacity that is widely absent in mineral-rich countries. They are therefore prone to suffer from various negative economic, political and social outcomes.

While one cannot downplay the propensity of these solutions to ameliorate the problem of resource curse in Nigeria and other developing countries, this paper is of the belief that the opinion of scholars earlier identified tended to view the problem as a matter of economic problem alone and jettisoned both the human and psychological aspects of the subject matter. For instance, strong institution and technological development requires human beings whose capability for development is critically needed to staff and control the established institutions. In like manner, the political commitment and will of these people and positive attitudes are also essential for effective institution building. This will insulate all stakeholders in resource management from various problems associated with resource en-
downment and the resource curse, will create people with a positive attitude to work and will guarantee higher organizational performance. Thus, with time and government support in the area of policy formulation and the implementation of a code of conduct and ethics, a conducive environment would be created for the building of necessary and strong institutions and the private ownership required to turn mineral wealth into a blessing rather than a curse.

NOTE


REFERENCES


