

## Dwindling Global Oil Prices: Curse or Blessing in Disguise for the Nigerian State?

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### Abstract

*The study investigated the recent turmoil in global oil prices. The historical research method/approach was adopted with the use of secondary sources of data. The oil and gas industry is strategic to national development and growth of the Nigerian economy. In the 1940s up to the early 1960s, Nigeria relied heavily on the agrarian economy or agricultural produce as the mainstay of the Nigerian economy. In those good old days, there was healthy rivalry among the three main regions of Nigeria; the western, eastern and northern regions with each region producing agricultural products for which they have comparative advantage. Then the Nigerian economy was economically vibrant with high level of employment, high standard of living and low cost of living. With the discovery of oil in commercial quantity at Oloibiri in present day Bayelsa State in 1956; oil became the mainstay of the economy. As a mono-product economy, since the discovery of oil, there has been neglect of other sources of revenue over the years with heavy reliance on crude oil revenue. Annual budgets have always been predicated on oil revenue projections. The recent discovery of shale oil by the United States of America could be viewed as a turning point, necessitating a downward demand for crude oil in the international market coupled with over production by Saudi Arabia as well as the fall in demand by Asian countries like China which has led to the drastic fall in global oil prices. As of the time of writing this paper, Nigeria's crude oil hit \$80 per barrel for the first time since it fell drastically in 2014. The price fell to as low as \$28 per barrel at the beginning of 2016. Many observers are of the view that this is a lesson for Nigeria. There are mixed reactions as to whether the current situation is a curse or blessing for the Nigerian State. The authors are of the view that the dwindling global oil prices could be a blessing in disguise rather than a curse for the Nigerian State. It is recommended that government at all levels should urgently diversify the Nigerian economy from oil to non-oil sectors such as solid minerals, agriculture, tourism, textiles and steel industries. The time to diversify the Nigerian economy is now and enough of lip-service by various past governments. In the same vein, government may have to be prudent and eschew all forms of financial profligacy. There is a need to drastically prune down the bloated size of government if Nigeria is to achieve sustainable economic development.*

**Keywords:** Global, Oil Prices, Curse, Blessing, Nigerian State.

### 1. Introduction

The oil and gas industry is strategic to national development and growth of the Nigerian economy. In the 1940s up to the early 1960s, Nigeria relied heavily on the agrarian economy or agricultural produce as the mainstay of the economy. In those good old days, there was healthy rivalry among the three main regions of Nigeria; the western, eastern and northern regions with each region producing agricultural products for which they have comparative advantage. Then the Nigerian economy was economically vibrant with high level of employment. With the discovery of oil in commercial quantity at Oloibiri in present day Bayelsa State in 1956; oil became the mainstay of the economy (Abu & Chidi, 2012).

As a mono-product economy, since the discovery of oil, there has been neglect of other sources of revenue over the years with heavy reliance on crude oil revenue. Annual budgets have always been predicated on oil revenue projections. In 2008 when oil price fell from a peak of \$147 to about \$46 per barrel, the budget witnessed significant cuts in budgeted revenue and expenditure (Akpan, 2009; Oriakhi & Osaze, 2013). The recent discovery of shale oil by the United States of America could be viewed as a turning point, necessitating a downward demand for crude oil in the international market coupled with over production by Saudi Arabia as well as the fall in demand by Asian countries like China which has led to the drastic fall in global oil prices. As of the time of writing this paper, Nigeria's crude oil hit \$80 per barrel for the first time since it fell drastically in 2014. The price fell to as low as \$28 per barrel at the beginning of 2016. This situation has led to a drastic fall in oil revenue among Organisation of Petroleum Exporting Countries (OPEC) of which Nigeria is a strong member with far reaching repercussions for the economies of such countries and the global economy. The unprecedented decline in oil prices since mid-2014 is having a

significant impact on the Nigerian economy as well as the global economy. Oil price volatility has been found to have had a more direct effect on the exchange rate of the Naira than probably any other economic variable, this is because crude oil export earnings accounts for 90 per cent of Nigeria's foreign exchange (Oriakhi & Osaze, 2013). The significant fall in oil prices since mid-2014 is likely to increase the economic activity of many European countries and the Americas (UK Economic Outlook, 2015). However, for the developing and oil producing countries; the obverse is likely to be the case.

The objective of this study is to examine the recent down-turn in global oil prices and to ascertain its implications in terms of curse or blessing for the Nigerian State. The historical research method/approach was adopted with the use of secondary sources of data. According to Harris (2001), secondary data are data collected and recorded by someone else which could be used by others in their studies. The justification for adopting this method is that it is cheaper than the primary source of data collection and ideal for historical analysis (George, Shadare & Owoyemi, 2012; Zikmund, 1984).

## **2. Literature Review**

This section examines the historical background of the oil industry in Nigeria, the Nigerian economy and the resource curse as well as the review of the variability in global oil prices

### **2.1 Historical Background of the Oil Industry in Nigeria**

According to Olayiwola (2009), oil and gas operations commenced in Nigeria in 1956. A brief historical excursion indicates that oil exploration started in 1908 in Lagos and Okitipupa coastal areas both in Western Nigeria by the Nigerian Bitumen Company established by a German Consortium. Between 1908 and 1956, various exploration and exploitation continued in various parts of Nigeria. In 1956, oil was discovered in commercial quantity at Oloibiri, present day Bayelsa state (Ihua, Ajayi & Eloji, 2009); in the Niger Delta region of Nigeria by Shell D'Arcy. This development heralded Nigeria's membership of Organisation of Petroleum Exporting Countries (OPEC) in 1971.

The exploration of oil and gas is predominantly concentrated in the Niger Delta where multinational companies and a few of the indigenous oil companies are engaged in production and exploration of oil and gas. The oil and gas industry comprises the upstream, the downstream and service sectors. The upstream sector focuses on mining, exploration, production and exportation and is dominated by multinational companies (Ogbeifun, 2009). The downstream sector is involved in refining of crude oil into usable products through distillation, conversion and other special treatments to arrive at petroleum products and gas. It is also involved in distribution of products. The downstream sector has been constrained by unenviable state of the refineries, which have been producing at minimal capacities despite huge expenses incurred on turnaround maintenance of the crisis-ridden refineries (Aigbedion & Iyayi, 2007). Petrochemical plants and fuel stations belong to this sector. The service sector provides technical and consultancy services to aid the upstream sector in drilling, exploration and production activities.

The Nigerian government is a major investor in the production activities of the upstream sector and its activities are co-ordinated mainly by the Nigerian National Petroleum Corporation (NNPC). The Department of Petroleum Resources (DPR) acts as the regulatory agency for the oil and gas sector. Aside from the NNPC and the DPR, the Ministry of Energy, the Federal Ministry of Environment, the Federal Inland Revenue Service and the Niger Delta Development Commission are the principal government agencies responsible for oil and gas matters in Nigeria (Abu & Chidi, 2012).

### **2.2 The Nigerian Economy and the Resource Curse Thesis**

The resource curse thesis or paradox of plenty thesis is described as a situation where natural resource rich countries do not get the economic and social benefits of the wealth generated from the exploration or mining of natural resources they are blessed with by nature (Costa & Santos, 2013 as cited in Chukwuma, 2015). According to Roll (2011, p. 11), "the resource curse thesis posits that countries rich in natural resources are less well off in terms of economic growth and development more generally than countries without such an abundance of natural resources." Nigeria is rich in natural resources. Nigeria's crude oil and natural gas reserves are in excess of 37 billion barrels and 187 trillion standard cubic feet respectively, yet such resources have not translated into economic growth and development for the country as well as better living condition for the citizenry. Since political independence from Britain in 1960, Nigerians have continued to grapple with economic hardships occasioned by mismanagement of God-given resources (oil), policy somersaults and a corrupt political élité. Thus, oil wealth in Nigeria is seen as a curse rather than a blessing on both livelihoods and the economy (Chukwuma, 2015).

The Nigerian economy can be said to be suffering from the “Dutch Disease”. Economies with abundant natural resources are vulnerable to the so-called “Dutch Disease.” Prior to the discovery of oil, agriculture was the dominant sector of the Nigerian economy. However, the discovery of oil and gas led to the total neglect of the agrarian economy. This phenomenon is named following the experience of the Dutch economy in the 1960s (Beine, Bos., & Coulombe, 2012; Davis, 1995). After natural gas was discovered in the North Sea, increased production of gas led to the neglect of other economic activities such as manufacturing and agriculture. In Nigeria, some observers have commented that Nigeria has more cubic of gas than crude oil deposits. However, the management of natural gas leaves much to be desired as there has been much wastage of natural gas through gas flaring over the years.

### 2.3 A Review of the Variability in Global Oil Prices and Nigeria’s Crude Oil Production and Export

At this juncture, it is necessary to have a cursory look at the fluctuations of global oil prices as affected by the crunch of the Nigeria’s oil demand in the international market over a period of time. To achieve this effectively, it is also very important to identify the specific periods concerned in terms of the years mostly affected, the relative price of the crude oil per barrel produced or sold during these years and their margin of differences. It is remarkable to note that the Nigeria’s crude oil is classified as “Bonny Light” and “Sweet”, largely free of Sulphur and is the largest producer in the Organisation of Petroleum Exporting Countries (OPEC) (Mbah, 2015). This high quality of Nigeria’s crude oil is attributed to its high demand in the past in the international market. The United States of America (USA) was formerly the highest buyer as over 40 per cent of the Nigeria’s crude oil revenue was generated from the USA. The USA has drastically reduced the purchase of crude oil from Nigeria and increased its purchase from countries like Canada and Saudi Arabia. Similarly, the East Asian countries of China and India as well as Brazil in Latin America that used to be Nigeria’s main customers have reduced their quantity of purchase and demand. The changes in demand and supply chain have affected crude oil prices downwards. Iran’s return to the international oil market after it was sanctioned by major world powers is another remote cause of instability in the global oil price. The assumption was that the return of the “Iran heavy” in the international oil market increased the quantity of oil already competing in the international market. This also contributed to the price fluctuations. It is therefore in view of the above variations that, this section reviews the global crude oil price fluctuations as it affects Nigeria between 2006 and 2015 as shown in Table 1. From Table 1, it is apparent that the unprecedented decline in crude oil prices began from mid-2014.

**TABLE 1: NIGERIA CRUDE OIL PRICE FLUCTUATIONS (US\$ / BARREL) PRODUCTION (mb/d) AND EXPORT (mb/d) 2006-2015**

YEAR 2006			
Month	October	November	December
Description			
Crude Oil Price (Bonny Light)	59.44	60.10	65.46
Domestic Production	2.38	2.34	2.36
Crude Oil Export	1.93	1.89	1.91
YEAR 2007			
Month	October	November	December
Description			
Crude Oil Price (Bonny Light)	78.25	78.11	75.11
Domestic Production	2.28	2.15	2.05
Crude Oil Export	1.83	1.70	1.60
YEAR 2008			
Month	October	November	December
Description			
Crude Oil Price (Bonny Light)	75.31	54.31	44.36
Domestic Production	2.26	2.14	2.06
Crude Oil Export	1.81	1.69	1.59
YEAR 2009			
Month	October	November	December
Description			
Crude Oil Price (Bonny Light)	78.28	78.11	75.11
Domestic Production	2.28	2.15	2.05
Crude Oil Export	1.83	1.70	1.60
YEAR 2010			
Month	October	November	December
Description			
Crude Oil Price (Bonny Light)	84.42	86.71	93.00
Domestic Production	2.88	2.50	2.58
Crude Oil Export	2.43	2.05	2.13

YEAR 2011			
Month	October	November	December
<u>Description</u>			
Crude Oil Price (Bonny Light)	111.12	113.92	111.46
Domestic Production	2.36	2.32	2.27
Crude Oil Export	1.91	1.87	1.82
YEAR 2012			
Month	October	November	December
<u>Description</u>			
Crude Oil Price (Bonny Light)	108.92	111.05	111.49
Domestic Production	2.19	2.03	2.21
Crude Oil Export	1.74	1.58	1.76
YEAR 2013			
Month	October	November	December
<u>Description</u>			
Crude Oil Price (Bonny Light)	112.29	111.14	112.75
Domestic Production	2.23	2.09	2.11
Crude Oil Export	1.78	1.64	1.66
YEAR 2014			
Month	October	November	December
<u>Description</u>			
Crude Oil Price (Bonny Light)	83.50	80.42	63.28
Domestic Production	2.21	2.18	2.23
Crude Oil Export	1.76	1.73	1.78
YEAR 2015			
Month	October	November	December
<u>Description</u>			
Crude Oil Price (Bonny Light)	62.06	57.01	47.09
Domestic Production	1.97	2.18	2.12
Crude Oil Export	1.52	1.73	1.62

Source: Nigerian National Petroleum Corporation (NNPC) Reuters (2015)

### 3. Corruption in the Oil and Gas Industry in Nigeria

Corruption is no doubt one of the problems facing African countries. According to Aina (1982), with respect to Nigeria the practice of corruption is prevalent at every level, polity, administrative, as well as the upper and lower levels of the bureaucracy. Corrupt practices occur in nearly all ministries, departments and agencies. The practice is more widespread with each passing day; urgent solutions are required to ensure the survival of Nigerian society. It is hoped that the fight against corruption by the present administration under President Muhammadu Buhari will go a long way to salvage the ugly state of affairs with respect to corruption in this strategic sector of the Nigerian economy. Poverty persists in Nigeria because of the mismanagement of resources and corruption in virtually all sectors of the Nigerian economy.

Generally, the issue of corruption in Nigeria is like a cankerworm which has eaten deep into the fabrics of almost all the sectors of the economy. Suffice it to say that corruption cases are more pronounced in the oil and gas sector of Nigeria. This is because of how attractive and the “thinking philosophy that oil is money”. Everybody wants to make money from oil business, which eventually has resulted in over dependence on oil at the detriment of other viable untapped sectors of the economy. No regime or government in Nigeria can be exonerated from the issue of corruption. Successive governments in Nigeria starting from the government of General Yakubu Gowon to the immediate past democratic government of Dr Goodluck Ebele Jonathan are culpable. The oil and gas industry is replete with an avalanche of corrupt practices ranging from oil theft and pipe line vandalisation, illegal diversions of crude oil as well as refined petroleum products, falsification of crude oil production figures as well as the falsification of financial records to name a view. The Nigerian National Petroleum Corporation (NNPC) has been incessantly accused of not making remittances to the office of the Accountant-General of the Federation as and when due. This has led to several audit queries. As of the time of writing this paper, the NNPC, Customs, Federal Inland Revenue Service (FIRS) were listed among the 17 agencies that the Federal Executive Council (FEC) has

ordered to refund the sum of ₦8 trillion unremitted revenue to the Federal Government. This was reported in the Guardian Newspaper issue of the 18<sup>th</sup> of May, 2018. The on-going restructuring of the NNPC is expected to curb some the corrupt practices in the oil and gas industry. Worse still, in the oil and gas industry in Nigeria, multinational companies monopolise the exploration and exploitation of crude oil. Both the government and the host communities do not know the rate at which natural resources are depleted. Government only goes by the figures supplied by such companies. This situation is disheartening and appalling.

#### 4. The Nigerian State (Government) and the Utilisation of Oil Revenue since Independence

For an entity to be called a State, the following elements must be present: definite population, defined territory, government and sovereignty. There is difference between the concepts of State and Government. Government on the other hand is constituted by a group of people who manages the affairs of the State. The striking feature between the two concepts is that State is enduring and lives beyond individuals or citizens while government which is not a permanent entity comes and goes at the pleasure of the electorates (Anyim, 2014). For this study, the Nigerian State is used interchangeably with government. Table 2 shows Nigerian leaders that have managed the affairs of the government since independence.

**TABLE 2: NIGERIAN LEADERS SINCE INDEPENDENCE**

SN	Name	Period in Power	Type of Government	Reason for Leaving Office
1	Sir Abubakar Tafawa Balewa(Prime Minister)	1 <sup>st</sup> Oct.1960- 15 <sup>th</sup> January,1966	Civilian	Coup
2	Dr. Nnamdi Azikwe (President)	1 <sup>st</sup> Oct, 1960- 15 <sup>th</sup> January, 1966	Civilian	Coup
3	General Johnson, T.U. Aguiyi-Ironsi	15 <sup>th</sup> January,1966 – 29 <sup>th</sup> July, 1966	Military	Coup
4	General Yakubu Gowon	29 <sup>th</sup> July 1966-29 <sup>th</sup> July 1975	Military	Coup
5	General Murtala Muhammed	29 <sup>th</sup> July 1975- Feb. 13 <sup>th</sup> 1976	Military	Assassinated
6	General Olusegun Obasanjo	13 <sup>th</sup> Feb. 1976- 1 <sup>st</sup> Oct. 1979	Military	Called elections and retired
7	Alhaji Shehu Shagari	1 <sup>st</sup> Oct. 1979- 3 <sup>rd</sup> Dec. 1983	Civilian	Coup
8	GeneralMuhammaduBuhari	3 <sup>rd</sup> Dec. 1983- 27 <sup>th</sup> August 1985	Military	Coup
9	General Ibrahim Babangida	27 <sup>th</sup> August1985- 26 <sup>th</sup> August 1993	Military	“Stepped aside”
10	Chief Ernest Shonekan	26 <sup>th</sup> August 1993- 17 <sup>th</sup> Nov. 1993	Civilian	“Resigned”
11	General Sani Abacha	19 <sup>th</sup> Nov.1993- 8 <sup>th</sup> June 1998	Military	Died in office
12	General Abdulsalami Abubakar	8 <sup>th</sup> June 1998-29 <sup>th</sup> May 1999	Military	Called elections and retired
13	Chief Olusegun Obasanjo	29 <sup>th</sup> May 1999- 29 <sup>th</sup> May 2007	Civilian	Served maximum of two terms
14	Alhaji Umaru Musa Yar’Adua	29 <sup>th</sup> May 2007- 5 <sup>th</sup> May 2010	Civilian	Died in office
15	Dr. Goodluck Ebele Jonathan	6 <sup>th</sup> May 2010- 29 <sup>th</sup> 2014	Civilian	Lost election for second term bid
16	President Muhammadu Buhari	29th May 2014 to date	Civilian	Incumbent President

**Source:** Various Magazines and Government Records

It was alleged that in the 1970s General Yakubu Gowon the then Head of State proclaimed that money was not the problem of Nigeria but how to spend it. From 1973, there was a global oil boom and bust, generally christened the "oil shock." Subsequently, the world witnessed an oil shock that rippled through Nigeria until the mid-1980s. The excess funds from the sale of crude oil that brought in more dollars could have attracted the military to take over power and the resultant effect on political instability that ensued as there were coups upon coups in quick succession. Corruption also became the order of the day as huge sums of Nigerian oil wealth were stolen by the political élité. The oil shock was initially positive for the country, but for mismanagement and military rule, it became an economic disaster. To this end, successive past governments have not been able to provide basic infrastructure and sustainable development from oil revenue since the exploration of oil over 60 years ago.

**TABLE 3: FUEL PRICE INCREASES IN NIGERIA FROM 1973-2016**

S/N	DATE OF INCREASE	OLD & NEW PRICES	REGIME/ GOVERNMENT	REASONS/ RATIONALE
1	1973	6k to 8.5k	General Yakubu Gowon	None
2	1976	8.45k to 9k	General Murtala Muhammed	None

**Source:** Adapted from Alubo, O. (2007). *Fuelling the crisis: Labour, the state and pump price increases in Nigeria*. Abuja: NLC.

3	1st of Oct,1978	9k to 15k	General Olusegun Obasanjo	Instill discipline among the citizenry, reduce subsidy
4	20th of April,1982	15k to 20k	Alhaji Shehu Shagari	Part of economic stabilization
5	31st of March, 1986	20k to 39k	General Ibrahim Babangida	To reduce subsidy
6	10th of April,1988	39k to 42k	General Ibrahim Babangida	In line with structural adjustment programme
7	5th of Jan, 1989	42k to 60k	General Ibrahim Babangida	Increase for private vehicles only to generate revenue
8	19th of Dec.1989	Price uniformity at 60k for both private and commercial vehicles	General Ibrahim Babangida	To generate revenue to reduce the effect of SAP
9	6th of March,1991	60k to 70k	General Ibrahim Babangida	No real explanation or reason
10	8th of Nov, 1993	70k to N 5	Chief Ernest Shonekan	To assist refineries and marketers offset raising cost
11	22nd of Nov. 1993	N 5 to N 3.50	General Sani Abacha	NLC led a protest
12	11th of June, 1994	N 3.50 to N15	General Sani Abacha	None
13	4th of Oct, 1994	N15 to N 11	General Sani Abacha	NLC peaceful protest
13	20th of Dec, 1998	N 11 to N 25	General Abdulsalami Abubakar	Check smuggling and to ensure availability
14	6th of January,1999	N 25 to N 20	General Abdulsalami Abubakar	NLC led a mass protest
15	1st of June, 2000	N 20 to N 30	Chief Olusegun Obasanjo	To deregulate the down- stream oil sector and raise funds for poverty alleviation
16	8th of June, 2000	N 30 to N 22	Chief Olusegun Obasanjo	Sequel to NLC protest
17	1st of January,2002	N 22 to N 30. But was reduced to N 26 amid NLC protest	Chief Olusegun Obasanjo	To liberalise oil marketing industry, check activities of smugglers, avoid scarcity of products
18	20th of June, 2003	N 26 to N 40. But was reduced to N34 amid NLC protest	Chief Olusegun Obasanjo	Quarantee regular supply, conserve subsidy
19	29th of May, 2004	N34 to N 50	Chief Olusegun Obasanjo	Part of deregulation
20	25th of August, 2004	N 50 to N 65	Chief Olusegun Obasanjo	To prevent long queues at filling station
21	27th of May,2007	N65 to N 75 Price was reduced to N70 after NLC protest	Chief Olusegun Obasanjo	None
22	In June,2007	N 70 to N 65	Alhaji Umaru Musa Yar'Adua	None
23	1st of January, 2012	N65 to N 141. Based on NLC protest, It was reduced to N 97	Dr. Goodluck Ebele Jonathan	Removal of subsidy
23	In 2014	N 97 to N 87	Dr. Goodluck Ebele Jonathan	To cushion the effect of subsidy removal
24	From 2015 to 11th May, 2016	N 87 to N86.50	President Muhammadu Buhari	None
25	11th May, 2016 to date	N 145	President Muhammadu Buhari	Removal of oil subsidy

In Table 3, the same group of leaders have engaged in the increase in the pump price of fuel with different reasons in mind to generate local oil revenue. These increases were greeted with protests from organised labour led by the Nigeria Labour Congress (NLC). Such increases have a spiral effect on the cost of living as well as cost of transportation and housing. Yet, in spite of these increases, no meaningful development has been achieved from the oil wealth. It should be noted that despite the reduction in the pump price of fuel from ₦97 to ₦87 in 2014 and the reduction from ₦87 to ₦86.50 in 2015, many petrol stations did not comply with government directives. However, in May, 2016; the pump price of fuel was increased to ₦145 per litre.

### 5. Dwindling Global Oil Prices: Curse or Blessing?

In the opinion of the authors, the unprecedented fall in global crude oil prices could be a blessing in disguise for the Nigerian State rather than a curse. Although the economy is currently facing difficult times but this will be ephemeral. It is expected that the global fall in oil prices will give government at all levels the impetus and foresight to diversify the economy from oil to non-oil sectors such as solid minerals, agriculture, tourism, textiles and steel industries to name a few. Currently, the Nigerian economy is out of recession as crude oil prices in the international market seem to be rising to as high as \$80 per barrel. It is expected that the Federal Government will capitalise on this opportunity and to begin to save for a rainy day by increasing its external reserve, thereby learning some lessons from past mistakes.

In the same vein, another critical lesson to be learnt from the recent fall in global crude oil prices is that government at all levels should be prudent and eschew all forms of financial profligacy. The present political structure of Nigeria which is comprised of 36 states plus the Federal Capital Territory (FCT), 774 LGAs, 469 National Assembly members (consisting of 109 members of Senate and 360 members of the House of Representatives) and many ministers is expensive. Nigeria spent about 70 per cent of its annual budget on recurrent expenditure, while the remaining 30 per cent was devoted to capital expenditure in 2016 fiscal year. Based on the 2016 annual budget of ₦6 trillion, ₦4.2 trillion was budgeted for recurrent expenditure. This amount was meant to service salaries and allowances of civil servants as well as political office holders which is part of recurrent expenditure, while ₦1.8 trillion was budgeted for capital expenditure. With this scenario, it is pretty difficult for Nigeria to achieve meaningful development. The amount spent on running government for exceeds the amount budgeted for capital development and this has been the trend over the years from 2004 to date. This is appalling in view of the decay in critical infrastructure and the sufferings of majority of the citizenry. According to Babatunde and Dandago (2014), capital expenditure is critical in economic development as it serves as a catalyst for promoting government programmes such as education, health care, housing, roads and transportation as well as security. In spite of the huge annual budgets over the years, it has not translated into good quality of life for the citizenry.

## 6. Conclusion and Recommendations

Nigeria is rich in natural resources, yet such resources have not translated into economic growth and development for the country. As a mono-product economy, since the discovery of oil, there has been neglect of other sources of revenue over the years with heavy reliance on crude oil revenue. The Nigerian economy can be said to be suffering from the “Dutch Disease.” There are mixed reactions as to whether the current dwindling global oil prices could be a curse or blessing for the Nigerian State. Thus, in the opinion of the authors, the recent fall in global oil prices could be a blessing in disguise rather than a curse for the Nigerian State. It is recommended that government at all levels should urgently diversify the Nigerian economy from oil to non-oil sectors such as solid minerals, agriculture, tourism, textiles and steel industries. The time to diversify the Nigerian economy is now and enough of lip-service by various past governments. In the same vein, government at all levels should be prudent and eschew all forms of financial profligacy. There is a need to drastically prune down the bloated size of government if Nigeria is to achieve sustainable economic development.

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