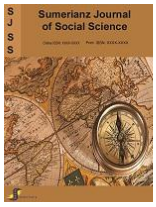
Sumerianz Journal of Social Science, 2019, Vol. 2, No. 6, pp. 61-67
ISSN(e): 2616-8693, ISSN(p): 2617-1716
Website: https://www.sumerianz.com



Original Article Open Access

Oil Wealth, Democratic Governanace and Development in Nigeria: The Predicaments of a Rentier State

Oladiran Afolabi*
Department of Political Science and Diplomatic Studies, Bowen University, Iwo, Nigeria

Dr. Badmus Bidemi G.
Department of Political Science, University of Ibadan, Distance Learning Centre, Ibadan, Nigeria

Abstract
This paper examines the syndrome of rentier state and the seeming 'curse' of oil which is supposed to be a blessing and how it encourages and strengthens bad governance at the detriment of democratic ethos and undermining developmental programmes in Nigerian. Paradoxically, both renewable and non-renewable oil resources that are predominantly found in the Niger Delta areas of the Nigeria, has tremendously contributed to the high rate of poverty in that region, due largely to the ecologically unfriendly exploitation of oil and the politics associated with the exploitation and governance of the oil resource in Nigeria. Thus, oil rents and institutional weakness has continuing to form a vicious cycle in the Nigerian state. The available evidence suggests that the extent of corruption is higher in the country and since the 1990s, the Niger Delta region where Nigeria oil large domicile has become a theatre of violent conflicts; manifesting in the form of kidnapping of oil workers, illegal oil bunkering, vandalization of oil pipeline and high level of militancy involving lots of small arms and light weapons. By implication, the country has not been able to escape from the rentier state syndrome as huge sunk of the oil wealth are derived from rent seeking with grave implications on democratic governance and socio-economic development of the Nigerian state.
Keywords: Oil wealth; Rent seeking; Democracy; Development; Rentier state syndrome.

1. Introduction

There is a general notion among scholars that resource wealth such as oil prolongs or even fosters authoritarian forms of rule. The paradox of plenty of natural resources – more especially oil in many nations has rather seemingly become a curse to many of the state whose economic strength depend on these resources as the mainstay (Auty and Richard, 2001; Humphreys and Macartan, 2005; Ross and Michael, 2003; Sachs and Warner, 1995). There have been persistent claims that abundance in natural resources, particularly oil, encourages hostilities and acrimony through a number of causal mechanisms. Natural resources provide both motive and opportunity for conflict while rent seeking from these natural resources(oil in this case) slows down growth and renders state's indigenous institutions weak , thus creating indirect causes of conflicts and distorting the development pattern in the state. It seems as if it has become conventional that natural resources in general are a 'curse' rather than a 'blessing' to the nations they are endowed with. This evidence is rather closer to us as it can be seen in the Niger Delta region of Nigeria.

The growing literature on the 'resource curse' (Auty and Richard, 2001; Sachs and Warner, 1995), and the 'paradox of plenty' (Karl *et al.*, 1997) has been linking resource abundance and dependence to corruption, authoritarianism, economic decline, bad governance and insurgencies. In the study of peace and war, resource abundance is said to provide both finance and motive for armed conflict ('greed and grievance') as well as to create indirect economic and institutional causes of violence (Fearon and James, 2005; Humphreys and Macartan, 2005; Ross and Michael, 2003).

It is the vein of the foregoing that this paper discussed the rentier state syndrome and the seeming 'curse' of what is supposed to be a blessing and how it causes and/or strengthens bad governance while weakening democratic ethos and leading to underdevelopment of the Nigerian state.

2. The Rentier State Concept

Historically and conceptually the term and concept of rentier state was first mentioned in the study of patterns and problems of economic development in pre-revolutionary Iran by Hossein Mahdavy in 1970. It was expanded to cover more States in the Arab world, and popularised by Hazem Beblawi and Giovanni Luciani in 1987. These scholars specifically gave the rentier state its popularity and clarity. Accordingly, a rentier state was considered to be that in which at least 40 per cent of the total government revenue consists of economic rents (Bablawi and Luciani, 1987), particularly derived from natural resources.

For over thirty years, academics have used the Rentier State concept to explain the socio-economic and political dynamics in many developing countries. Amongst the instances that readily come to mind are: Iran (Mahdavi, 1970),

*Corresponding Author

(Badiei and Bina, 2002), Arab Saudi (Hertog and Steffen, 2007), Gulf States (Gray, 2011), Central Asia (Gawrich *et al.*, 2010), Africa (Gray, 2011), Arab Uprising (Benli, 2014). The political resource-curse literature links the lack of democracy in oil-rich developing countries to their richness in oil. This is an offspring of the rentier state theory, according to which high economic rents from natural resource production allow the state to bypass development and boost its autonomy from the society. Proponents argue that oil wealth sustains autocratic rule and hinders democracy by enabling the incumbent leaders and /or elites to tax less while spending more on patronage, repression of dissent more vigorously, and hampering the socio-economic changes that are believed to have positive effects on democracy in the long run (Anderson, 1987; Bablawi and Luciani, 1987; Jensen and Wantchekon, 2004; Karl *et al.*, 1997; Ross and Michael, 2001).

Rent as been defined by Dunning (2008) as “the excess over the return to capital, land, and labour when these factors of production are put to their next best use”. According to the rentier state theory, “the two central effects of dependence on economic rents are economic inefficiency and, as a consequence, the obstruction of socioeconomic development” (Beck, 2007). With regard to the political effects, the rentier state theory proposes that (oil) rents have a stabilizing effect on authoritarian rule (Bablawi and Luciani, 1987; Ross and Michael, 2001).

The rentier state theory was initially based on empirical findings in the Middle East, Beck (2007) later told us that the proponent of the rentier state theory opined that it is universally valid. Essentially, the rentier state theory attributes connection of oil rents and authoritarianism to the following factors: Firstly, it is presumed that oil rents foster the formation of stabilizing patronage networks, widespread clientelism,and assistentialistic distribution policies, all of which lessen the pressure from the population to democratize and may additionally result in the de-politicisation of the society. Secondly, the abundance of revenues generated by the oil sector means that national rulers do not need to tax the population. This again may disburden the political elite of demands from the population for political participation and accountability on the part of the elites (Mähler, 2010).

Although the stability of authoritarian regime is one of the focus of the rentier state theory, but violence is not exclusively its focus. We can observe from the earlier stated fact that looking at the Nigeria delta region which is largely our jurisdiction, recent studies illustrate that, resource wealth makes it easier for authoritarian rulers to use violence in the form of political repression, for example, because it enables the financing of a massive security apparatus (Karl *et al.*, 1997; Ross and Michael, 2001). On the basis of the above argument, one can deduce that, given the percentage of what Nigeria spend from its annual budget to secure the support of indigenouschiefs and elites, as well as to maintain law and order in the Niger Delta, especially as a result of armed militancy who were seriously calmed during President Jonathan’s administration due to the amnesty programme, it becomes evident that, there is to some extent, a connection between oil abundance and authoritarianism.

3. Oil Wealth and National Development

There is considerable empirical evidence to back up the claim that how a state earns its income influences its trajectory of development (Auty and Richard, 2001; Sachs and Warner, 1995; Sachs and Warner, 2001) failure to democratize (Jensen and Wantchekon, 2004; Karl *et al.*, 1997; Ross and Michael, 2001) and inefficient implementation of public policies (Auty and Miksell, 2000; Karl *et al.*, 1997). Economic dependence on oil is often suggested to pose particular challenges, because of the extraordinary rents attached. High economic barriers for entry, infrastructural requirements and custom all facilitate high levels of state control over oil extraction, thus securing large income for the state.Oil-rich states hence tend to be distributive states, where the primary choice facing governments concerns the distribution of rents internally (Collier and Hoeffler, 2006; Karl *et al.*, 1997).

It has been argued that oil wealth is seemingly tied to civil war and it is largely via policy failures in the allocation of revenue. Oil rents are argued to lead rulers to under-invest in the state’s infrastructural strength, as access to rents make them less dependent on a socially intrusive state apparatus to raise revenue through taxation (Karl *et al.*, 1997).

Historically, looking at the economy of Middle Eastern countries, the period of 1951-1956 is seen as the landmark since a massive amount of foreign currency and credit generated from petroleum revenues came into the state’s coffers, thus, turning some oil-producing countries into Rentier States (Yates, 1996). This revenue then enabled the Middle Eastern states to expand state services rapidly (Mahdavi, 1970). By this, the state assumes power to direct and manage the overall economy, and control means of production. Politically, and historically, ‘Estatism’ facilitates newly independent states at that time to foster their legitimacy, and state’s presence in the society through various means (Kamrava, 2005).

In most rentier states, weak institutions for social control in turn hamper government capability to efficiently monitor and suppress dissent before it turns violent, thus increasing the feasibility of rebellion (Humphreys and Macartan, 2005). Also, the extraordinary rents under governmental control are said to give rise to perverse incentives for private rent-seeking among political elites. The spoils associated with government positions in oil-rich states in turn heighten the prize of state capture and cause ordinary politics to deteriorate into violent struggles over appropriation of rents. It also suffices that armed conflicts in resource-rich states are held to be the end result of the unsound macroeconomic policies and hampered economic growth that follow from rent-seeking on public assets and volatile government revenue (Auty, 2004).

Currently, about 30 developing countries are dependent on production and export of oil and gas with two new producers in Africa – Ghana and Uganda - coming on stream. In addition, 12 developing countries are dependent on hard minerals, such as copper and diamond (Gelb, 2010), which arguably have political effects similar to that of oil. Many among these countries seem to be affected by the “resource curse” in general, which is manifested in three main effects: (a) heavy distortions in the economy, deindustrialization, and poor economic growth outside the resource sector, i.e. the so-called "Dutch Disease", (b) exacerbated domestic tensions that sometimes lead to civil conflict, and (c) entrenchment of autocratic regimes, i.e., the "political resource curse."

Arguably, there are also observations that the negative effect of oil wealth on the type and structure of the political/democratic governance a country institutes or practices may be valid in some geographic areas, such as the Middle East and North Africa (MENA – on whose experience the rentier-state theory originally flourished), while being incorrect or irrelevant in other areas (Dunning, 2008; Herb and Michael, 2003; Oskarsson *et al.*, 2009). In other geographic areas, some suggest, oil wealth has actually contributed to survival of democracy (Dunning, 2008). Others argue that the relationship between the two variables can be positive, not negative, cross-nationally (Gurses, 2009). Still others suggest the relationship is simply spurious and political regime dynamics is determined by factors other than oil (Horiuchi *et al.*, 2008).

Various statistics prove that East Timor for instance is a Rentier State. In term of total GDP, according to National Account (2000-2011), since 2005, the Petroleum Sector has taken over non-oil in term of proportion to Timor's GDP. In 2011 alone, 76.9% of the GDP came from the Petroleum Sector. In term of the state's revenues, in 2012, 96% of state's revenues was from Petroleum, and in 2013, 94% of the state's revenues was from Petroleum (Ministry of Finance of RDTL, 2013). In term of Public expenditure, in 2010, 2011, and 2013, domestic revenues contributed 12.7%, 10.18% and 11.5% respectively, which means that the rest was from the Petroleum Fund Account Ministry of Finance of RDTL (2013). While more than 95% of state's revenues are from oil, the oil industry is independent from the domestic economy. Another way of looking Timor as a Rentier State is to compare the percentage of the state's annual expenditure as the non-oil GDP. In 2011, 2012, and 2013, public expenditure was 97.2%, 88.72 and 107.3% respectively of non-oil GDP in every given year. Despite significant rises in per capita income, over the past several decades, all oil-dependent countries have seen the living standards of their populations drop – and sometimes drop very dramatically.

4. Oil Wealth and Democratic Governance

There is the view that is based on the stable Oil-rich autocracies of the Middle East which long perplexed political scientists; to the effect that oil resources are considered to be detrimental to Democracy. Many of these rentier states experience ever growing per-capita income and yet remain firmly autocratic. Rentier states are unlikely to develop stable democracy for three reasons: first, large incomes from natural resources free the state from the obligation to tax its citizens, or at least reduce this burden significantly. This reduces the dependency of the state on its own people and hence its accountability to them. Also, people who do not pay taxes request less representation in politics and care less about state activities, since it is not 'their' – 'taxpayers' money which is spent or misused. Secondly, vast revenues from natural resources enable the government to fasten its grip on political power, by either buying off or suppressing opposition by force. Also, since the state has vast resources to distribute, it is able to create a dependent but loyal class of citizens who themselves have no interest in a change of the political system since this could endanger their own economic wellbeing.

In a democratic context like Nigeria, Angola, Ghana or some other rentier states, the picture is more complex. If the people attribute their benefits rather to the workings of the system than the particular people in power it could entrench democratic governance but if it is attributed to specific politicians, it can also lead to politics hostile to democracy, like patronage and clientelism, this was evident in the past administration in Nigeria where some political class who had benefited from the corrupt system refused and blatantly vowed that the administration must be a continuum. In fact, it could be seen as one of the motivating factor for a supposed statesman to stand in front of the international media hoping to disrupt an electoral process monitored globally.

Also, the second aspect could de-escalate and pacify political competition if it means that minority political stakeholders can accomplish political objectives even when in opposition since there is more space for compromise. On the other hand, it could also lead to the silencing of the opposition, severely damaging political oversight and accountability. The first aspect although remains clearly unfavourable for democracy - even in an already established democracy like many African developing oil nations since it leads to the depoliticization of the masses and paves the ground for corruption and the outright plunder of state coffers.

This happens, because revenues from natural resources generally attract less attention from the public. Hence, there is less pressure for accountability and transparency. This creates space for the diversion of funds into private coffers. In addition, the resource revenues represent a 'cake' that has to be shared. Incentives are therefore high to engage in bribery and similar kinds of corruption to secure one's own share of the cake. Therefore, it comes at no surprise that scholars have linked natural resources with high levels of corruption (Siegle, 2009).

Corruption - the misuse of public power for private gains - a reason for a lack in state performance and development but also a symptom of an underlying flaw in state management is evident in most of the rentier states. In these rentier states, corruption overrides markets and creates new and unintended ones by putting a price-tag on otherwise free government services or goods. It alters official policy goals and almost always introduces vast inefficiency since they offer additional incentives for officials to get active.

Rentier state syndrome is symptomatic and quite damaging; the wealth of oil is linked with stable autocracies, but also with civil unrest and wars like in Nigeria and in Angola. Resource revenues tend to raise expectations. People tend to believe that with Oil, their lives will improve almost instantly. Only if resource revenues are large enough to meet those expectations, they can have the stabilising effect (Basedau *et al.*, 2005). If they are not large enough, the only solution is to assure that expectations are well managed. In addition, it has to be made sure that benefits from the Oil revenues are applied in a socially and regionally just manner, including all segments of society. If certain social groups or regions – especially the Oil producing ones - feel left behind – which is symptomatic of the Nigeria Niger Delta, this can cause unrest. Although Ghana has had a quite peaceful history so far, it is still an ethnically heterogeneous country, providing a potential of friction and polarization. The case of the past elections which came close to escalating into violence should provide for a strong warning that Ghana is not immune against conflict.

It been earlier stated that that resource wealth provides incentives for the construction of "predatory" states (Robinson, 1997). African leaders from Gabon's Omar Bongo to the former Zaire's Mobutu Sese Seko amassed large personal fortunes through control of their countries' resource sectors. The return of Nigeria's petrodollars siphoned by Sani Abacha of Nigeria has never ceased – there has been series of returns and recently, the government of Switzerland called on President Mohammadu Buhari on another set of funds discovered to be Abacha's. In the Gulf states, according to reports estimates of the ruling families' share of total government expenditure which reach as high as 32 per cent in the case of Qatar, Abu Dhabi (25.7%), Bahrain (29.3%, Qatar (32.8%), Kuwait (2.6%), and Saudi Arabia (12.0%). As the model shows, the desire of elites to control the distribution of resource rents can increase their incentives to hold permanent control of the state, which is the most certain way to guarantee continued access to these rents. Elites may well be forced to transfer resource rents to co-opt opposing groups who pose threats to their power; yet such threats may be temporary, and once strikes fail or popular mobilizations recede, elites can guarantee themselves a greater slice of the resource pie. In addition, elites in authoritarian regimes may also be willing to pay a higher cost to repress threats to their power and therefore retain future control of resource rents. This image of authoritarian politics is predatory on the state and cause the highest number of citizens to live in poverty and deprivation.

Auty and Miksell (2000), found that Nigeria's oil notwithstanding, the country'sGDP per capita of US$400 is far below the US$895 projected by the United Nations. Yet over the past 25 years, the country earned an estimated US$300 billion as oil rents. In fact, it has been observed that of 65 countries that can be classified as natural resource rich, only four managed to attain both long-term investment exceeding25% of GDP, equal to that of various successful industrial countries lacking raw materials, and (b) per capita GNP growth exceeding 4% per year on average over the same period. These four countries are Botswana, Indonesia, Malaysia and Thailand. The three Asian countries achieved this success by diversifying their economies and by industrializing; Botswana, rich in diamonds, also did same. In East Asia, the countries with few raw materials (Hong Kong, Singapore, South Korea,and Taiwan) have done even better than the resource-rich ones, for example, Indonesia, Malaysia and Thailand (Gylfason, 2001).

5. Oil Wealth and the Dilemma of Rentier State Syndrome in Nigeria

Nigeria is ranks among the highest oil producing countries in the world, is at present confronted by pockets of insurgencies and violent conflicts in its oil rich delta region. This problem was more until the federal government amnesty programme aimed at reintegrating repentant militants in the Niger Delta region of Nigeria. This situation has led to various explanations regarding the causes of the conflicts and in most instances; issues questioning the foundation and existence of the Nigerian state have been posed. In actual fact, the questioning of the nation's existence by a dissident group, the Indigenous People of Biafra (IPOB), led by Nnamdi Kanu is anchored on the feeling of being subjugated from the oil wealth from the Niger Delta region.

Incidentally, it is pertinent to note that most of these agitations and struggles over the oil resources started in the 1990s, about forty something years after oil was discovered in commercial quantity in Oloibiri in the present Bayelsa state of Nigeria. Since the early 1970s when crude oil became Nigeria's main source of foreign exchange, it soon joined the league of rentier states. However, beginning from the second half of the 1990s to date, the Niger Delta, the heartbeat and the engine that drives Nigeria's economy has being stormed by large scale "tsunamis" of unimaginable proportion due to militant activities. Consequently, Nigeria's quest for unity, stability, national security and accelerated economic development are being undermined in the process.

More historically, Oil in commercial quantity was discovered in Nigeria in 1956, and has since the 1970s become the mainstay of the national economy. In the past five decades, absolute oil production as well as the dependence of the country on the oil exports has therefore increased significantly. For instance, as at 2006, Nigeria's petroleum exports had a percentage of 98 per cent. Significantly therefore, Nigeria's dependence on oil, "measured by oil exports as a percentage of total national exports or by oil rents as a percentage of overall government revenue, is even higher than, for example, that of petro-state Venezuela" (Mähler, 2010). Nigeria is a staunch rentier state.

The implication of Nigeria's dependence on oil as its main source of revenue has been the vulnerability of its economy to the volatility of the global oil price. Similarly, according to Mogues (2008), since oil became the mainstay of the Nigerian economy, "agricultural products which used to be the backbone of the Nigerian economy, and which constituted approximately 80 per cent of total national exports in 1960, had by 1976 declined to only 4 per cent". It was this agriculture that built many of the public social amenities in the regions before the discovery of oil. In actual fact, in the western region, proceeds from agriculture was used to finance free and compulsory education but ever since oil was discovered and attention was shifted, the country has missed her place in agriculture and imports virtually everything (including toothpick!).

Therefore, from a position of relative obscurity, oil became the central factor in Nigeria's political economy. To be more specific, since 2008, Nigeria became one of the largest oil producers in the world, and considering its low internal consumption, the eight largest oil exporters in the world. However, even though Nigeria is richly endowed with both renewable and non-renewable oil resources that are predominantly found in the Niger Delta areas, paradoxically, the Niger Delta remain the poorest region, due largely to the ecologically unfriendly exploitation of oil and the politics of oil. For instance, as Mukwaya and Aaron (2005) observed, "the ecological devastation caused by oil production has rendered the main occupation of the people, which previously was farming and fishing useless". Thus, "the people of the Niger Delta are deprived of their fair share of the wealth on which the entire Nigerian federation depends; they benefit only from compensation for incidents of oil pollution". In fact, many of them do not get compensated – they suffer deprivation daily and live in hunger despite matching black gold under their feet on daily basis!

As it turned out, since the 1990s, the Niger Delta region where the Nigerian oil wealth comes from has become a theatre of violent conflicts; manifesting in the form of kidnapping of oil workers, illegal oil bunkering, vandalization of oil pipeline and high level of militancy involving lots of small arms and light weapons. Similarly, it is always judged against the years of environmental degradations which have taken place and is still taking place in the region. The petro-business going on in the region has greatly affected lives and occupations of the dwellers, especially the aquatic life as they are mainly fish men and farmers. To further heighten the problems in the region is the neglect of the region through lack of development of infrastructures by the Nigerian state and non-commitment to corporate social responsibility by oil multi-national companies operating in the region.

The allocation of the oil revenue is centrally controlled with little or no room for "local resource control". This thereby leaves the communities with only compensation for oil pollution or possession of their land for oil exploration as the only legal alternative in benefiting from the resources constantly explored from their land. However it should be noted that these compensations are constantly opposed by the Multinational oil companies for one reason or the other. For instance there is the usual claims of sabotage as cause of oil spillage in order to pay, or not negotiating with all the whole local communities involve in a particular exploration site, which in most cases has pitched the communities against each other in a communal fight over ownership of prospective oil exploration site, knowing it will be a source of getting back part of the oil revenue.

Based on this circumstance and coupled with the failure of the Nigerian state to fulfil its social contract with the people, and the negligence of corporate social responsibility by the MNC oil companies, the building up process for an environment of conflict was established. These decades of deprivation and lack of development, which moved the people from a stage of 'incipient conflict' to 'hard-line confrontation' and eventually into a 'low intensity war 'in the late 1990s. At this period, issues that took the centre stage for the violent conflict were now political marginalisation and economic deprivation, which are seem as the reason for the underdevelopment problem facing the Niger-Delta. In all, they are started from common grievance, protestation and agitations of their positions.

Instances from many countries, including Algeria, Angola, Congo, Ecuador, Gabon, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and Trinidad Tobago, indicates that this plunge has been very severe -- moving real per capita incomes back to the 1970s and 1980s. For a few countries, most notably Nigeria and Venezuela, the growth of poverty has been catastrophic; in these cases, real per capita income has plummeted to 1960 levels. It is almost as if over fifty years of development had not taken place.

In Nigeria, the disparity between oil wealth and poverty is especially notable. Despite the fact that over $300 billion in oil profits have been generated over the past 25 years, the proportion of households living below the United Nation's absolute poverty line of $1 per day has grown from 27 per cent in 1980 to 66 per cent by 1996 and as at 2016 it is pegged at 70 per cent. Income disparities are shocking: the richest ten per cent controls 40 per cent of the country's wealth and its poorest 20 per cent has a share of just 4.4 per cent.

However, oil dependence is associated with more than sudden shifts in levels of poverty and exceptionally low living standards for much of the population in petro-states. It is also linked to unusually high rates of child mortality, child malnutrition, low life expectancy, poor health care, and reduced expenditures on education. In countries dependent on oil and/or minerals, both infant mortality and life expectancy at birth is worse than in non-oil and mineral countries at the same income levels. Simply put, when taken as a group, the more countries are dependent on oil, children born in these country will be less likely to live, will have poorer health care, nutrition and education than their resource poor counterparts, and they are likely to die sooner.

Paradoxically, the more countries are dependent on oil, the less they spend on health as a percentage of GDP. In Nigeria, for example, the government spends about $2 per person per year on health care, which is far less than the $34 per year recommended for developing countries by the World Health Organization. But poor child welfare performance is also due to higher malnutrition rates that exist in oil dependent countries. Indeed, once the effects of per capita income are taken into account, for every 5 point rise in oil dependence, there is a corresponding one per cent rise in the percentage of children under 5 who are malnourished. Compare, for example, the global average of 26.5 malnourished children per thousand to the 37.7 per thousand rate in oil-rich Nigeria.

Sadly, a state like Nigeria that has great resource endowments, and more especially an oil-exporting country, also has extraordinarily high levels of corruption – a reality confirmed by stunning quantitative evidence with incomes of $22 billion. The temptations for abuse are immense, and with weak state capacity and rule of law in place, there is little institutional restraint. Oil rents and institutional weakness form a vicious cycle. Evidence suggests that the extent of corruption is higher in Nigeria. A point of note is perhaps the civil service system where recruitment and promotion procedures rely less on merit-based considerations. Several efforts have been made and are still being pushed to reform the civil service but such efforts are continually being truncated by those that Ayoade (1989) described as "the satanic elite", in order to sustain patterns of corruption.

6. Conclusion

The debate on the resource-conflict link has been dominated by a notion of a negative impact of natural resources, particularly oil, on democracy and development of many nations. It is rather suggested that it is not the oil wealth that really causes the underdevelopment and the anti-democratic tendencies in these countries but over-dependence on this natural resource. In most of the rentier states, oil seems to work to uphold authoritarian regimes, whose presence may be seen socially undesirable from many other perspectives. Many countries may face serious conflict once oil is running out or the oil price is subject to a – currently unlikely – strong downward trend. In addition, even if general increasing international demand continues to guarantee a stable influx of revenues international scarcity may provoke international violent conflict over the control over these resources exemplified by the Iraqi invasion of Kuwait in 1990 and possibly the US attack on Iraq in 2003 and the current resurgence of the Niger Delta militancy in Nigeria.

More than any other group of countries, oil dependent countries demonstrate perverse linkages between economic performance, poverty, bad governance, injustice and conflict. This is not due to the resource per se, but to the structures and incentives that oil dependence creates. Various proposals exist to mitigate this "paradox of plenty," including demands for revenue transparency by oil companies and exporting governments, revenue management schemes, stabilization funds to mitigate price shocks, reforms of taxation and civil service, and the democratization and deconcentration of both the industry and the exporting countries. Without the implementation of reforms, the consequences of oil dependence will continue to be adverse.

Conclusively, this study maintain that in oil exporting African countries, as in other oil exporting countries elsewhere, oil rents have failed to promote growth and consolidation democracy. Oil rents do not filter to growth through democratic governments and institutions, primarily because these do not exist in most oil producing African countries. The most obvious explanation is the fact that most oil rich developing (African) countries are characterized by weak rule of law, malfunctioning bureaucracy and corruption. They often rely on a system of patronage and do not develop a democratic system based on electoral competition, scrutiny and civil rights. The cumulative effect is a retarded economy in the face of increasing revenue generated from crude oil sales in the international market. Thus, oil exporting African countries should ensure enforcement of rule of law and reduce corruption and rent-seeking activities so that oil rents can filter to economic growth. They should also endeavour to diversify their economies and boost agricultural production – they should diversify the production base so that manufacturing activities can be developed and the rentier state syndrome can be cured.

References

Anderson, L. (1987). The state in the middle east and North Africa. *Comparative Politics*, 20(1): 1-18.

Auty (2004). Natural resources and civil strife: A two-stage process. *Geopolitics*, 9(1): 29–49.

Auty and Miksell, R. F. (2000). *Sustainable development in mineral economies.* Oxford University Press: Oxford.

Auty and Richard, M. (2001). *Resource abundance and economic development.* Oxford University Press: Oxford.

Ayoade, J. A. A., 1989. "The satanic elite." In *Presidential Address to the 16th Annual Conference of the Nigerian Political Science Association, Calabar.*

Bablawi, H. and Luciani, G. (1987). *The rentier state (nation, state and integration in the arab world).* Croom Helm and Instituto Affari Internazionali: London.

Badiei, S. and Bina, C. (2002). Oil and the rentier state: Iran 's capital formation: 1960-1997" topics in middle eastern and north african economies, Middle east economic association and loyola university Chicago. *Electronic Journal,* 4: Available: http://www.luc.edu/orgs/meea/

Basedau, Matthias, Lay and Jann (2005). *Conceptualising the "resource curse" in sub-sahara africa: Affected areas and transmission channels. In matthias basedau (ed.): Resource politics in sub-saharan Africa.* Hamburg African studies, 14: Hamburg 9-24.

Beck, M. (2007). Der Rentierstaats-Ansatz und das Problem Abweichender Fälle'.Zeitschriftfür Internationale Beziehungen. 14(1): 43-70.

Benli, A. M. (2014). Rentier state theory and the arab uprisings: An appraisal. *Uluslararası İlişkiler Dergisi,* 11(42): 75-91.

Collier, P. and Hoeffler, A. (2006). *Testing the neocon agenda: Democracy in resource-rich societies.* Department of Economics, University of Oxford.

Dunning, T. (2008). *Authoritarianism and democracy in rentierism, Crude democracy: Natural resource wealth and political regimes.* Cambridge university press: Cambridge.

Fearon and James, D. (2005). Primary Commodities and Civil War. *Journal of Conflict Resolution*, 49(4): 483-507.

Gawrich, A., Melnykovska, I. and Schweickert, R. (2010). More than oil and geography–neopatrimonialism as an explanation of bad governance and autocratic stability in central Asia. Available: https://www.researchgate.net/publication/228945105

Gelb, A. H. (2010). Economic diversification in resource rich countries. Available: https://www.imf.org/external/np/seminars/eng/2010/afrfin/pdf/Gelb2.pdf

Gray, M. (2011). A theory of 'late rentierism' in the arab states of the gulf, Cirs occasional papers, no.7, georgetown university, school of foreign service in Qatar. Available: http://www12.georgetown.edu/sfs/qatar/cirs/MatthewGrayOccasionalPaper.pdf

Gurses, M. (2009). State-sponsored development, oil and democratization. *Democratization*, 16(3): 508-29.

Gylfason, T. (2001). Natural resources, education, and economic development. *European Economic Review,* 45(4-6): 847-59.

Herb and Michael (2003). No Representation without Taxation? Rents, Development and Democracy', manuscript. Available: http://www2.gsu.edu/~polmfh/herb_rentier_state.pdf

Hertog and Steffen (2007). Shaping the saudi state: Human agency's shifting role in rentier-state formation. *International Journal Middle East Studies,* 39(4): 539-63.

Horiuchi, Yusaku and SwarnimWaglé (2008). *100 years of oil: Did it depress democracy and sustain autocracy? In annual meeting of the american political science association.* Massachusetts: Boston.

Humphreys and Macartan (2005). Natural resources, conflict and conflict resolution. *Journal of Conflict Resolution,* 49(4): 508-37.

Jensen, N. and Wantchekon, L. (2004). Resource wealth and political regimes in Africa. *Comparative Political Studies*, 37(7): 816–41.

Kamrava, M. (2005). *The modern middle east: A political history since the first world war.* University of California press: California.

Karl, Terry and Lynn (1997). *The paradox of plenty.Oil booms and petro-states.* University of California Press: Berkeley.

Mahdavi, H. (1970). *The patterns and problems of economic development in rentier states. M.A. Cook (Ed.), Studies in the economic history of the Middle East.* Oxford University Press: London.

Mähler, A. (2010). Nigeria: A prime example of the resource curse? Revisiting the oil-violence link in the Niger Delta. GIGA Working Paper, 120. 1-38.

Ministry of Finance of RDTL (2013). OrçamentoGeral do Estadu 2014: Planos de AcçãoAnnual Livro 2.

Mogues, T. (2008). Agricultural public spending in Nigeria. International food policy research institute. Washington/D.C: (IFPRI Discussion Paper; No. 00789).

Mukwaya and Aaron, K. K. (2005). Perspective: Big oil, rural poverty, and environmental degradation in the niger delta region of Nigeria. *Journal of Agricultural Safety and Health,* 11(2): 127-34.

Oskarsson, Sven and Eric, O. (2009). Does oil still hinder democracy? *Journal of Development Studies,* 46(6): 1067-83.

Robinson, J. (1997). *When is a state predatory?" manuscript, department of government.* Harvard University.

Ross and Michael, L. (2001). Does oil hinder democracy? *World Politics,* 53(3): 325-61.

Ross and Michael, L. (2003). *The natural resource curse: How wealth can make you poor', in Bannon, Ian and Paul Collier, 2003, eds., Natural resources and violent conflict. Options and Actions.* World Bank: Washington/DC.

Sachs and Warner, A. M. (1995). *Natural resource abundance and economic growth. National bureau of economic research working paper no. 5398.* Cambridge, MA.

Sachs and Warner, M. A. (2001). Natural resources and economic development :The curse of natural resources. *European Economic Review, Center for International Development, Harvard University,* 45: 827-38.

Siegle, J. (2009). *Governance strategies to remedy the resource curse. In iraklikhodeli (ed.): From curse to blessing?Using natural resources to fuel sustainable development. 1. Ed. Malden.* Wiley-Blackwell: Mass. 45–56.

Yates, A. D. (1996). *The rentier state in Africa: Oil rent dependency and neocolonialism in the republic of gabon.* Africa World Press: Trenton NJ.