Nigeria's Mono-Cultural Economy: Impact Assessment and Prospects

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Abstract
The article takes an insight into the nature of the oil based mono-cultural economy of Nigeria, providing an in-depth analysis of the situation. It clearly assesses the oil resource based economy, highlights the impacts- positive and negative on Nigeria's economic development and why Nigeria urgently needs to diversify its economy away from oil resource dependence. If Nigeria will not change the oil dependency economy, there will be grave implications for its economic growth and development as it already negatively affects annual budgetary provisions and other fiscal responsibilities. As it is well known, Nigeria is one of the foremost countries in the global oil export, with disruptions in its supply affecting the international oil market in some ways, huge reliance on oil as a resource has seen one of the foremost economies in Africa challenged in her economic growth and development with oil price volatility and decline on the global market. The research made use of secondary data to assess the situation and also drew the conclusion that Nigeria needs to diversify her economy as reliance on a basic resource discourages growth.

Keywords: Nigeria; mono-cultural; economy; oil; price volatility;

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1. Introduction

Nigeria in 2014 attained the status of the foremost economy in Africa, overtaking South Africa which had occupied the position for many years. An assessment of the position attained by Nigeria showed that the revenue from oil exports contributed greatly to it. Although, for the first time, other sectors were adequately assessed to reflect the country's GDP which resulted in a higher position than that of South Africa. Trading Economics (2016) indicates that Nigeria's GDP was put at USD 568.50 billion in 2014. Crude oil export contributes enormously to the GDP figure following its accounting for nearly 90% of export product. With the decline in oil revenue since 2014 and continued price volatility, Nigeria found itself faced with many fiscal challenges including funding of annual budgets and other fiscal responsibilities. Recently in 2016, it was revealed in the news that Nigeria slid into recession and South Africa overtook Nigeria again as the foremost economy on the African Continent. Nigeria's case is compounded and challenged by various national problems such as terrorism in the north and militancy in the south-south, which further affects oil output and revenue. The paper therefore assesses the nature of the oil based mono-cultural economy of Nigeria, with a broader analysis of the situation. It uses secondary data in the assessment of the situation while drawing useful conclusions.

The research has the following objectives:

a. To assess the mono-cultural oil based economy of Nigeria;
b. To assess the oil price vulnerabilities over the years;
c. To highlight the negative implications of the mono-cultural oil economy of Nigeria and why the country needs to urgently diversify away from dependence on oil export revenue.

The structure of the paper is configured in the sequence of a literature review, the case of Nigeria on a basic oil resource economy and the implications for Nigeria and why it should diversify away from this oil resource dependency. Conclusions would be drawn at the end of the article on the issues assessed and discussed. One of the conclusions drawn is the fact that crude oil price volatility continuously persists and therefore would always result in an unpredictability of revenue for such countries as Nigeria, which are heavily dependent on crude oil export. Furthermore, the fact that Nigeria has evident need to diversify away from this crude oil export dependence was underscored.

2. Literature Review

The literature review assesses the meaning of mono-cultural economy, highlights two theoretical frameworks on the issue of basic resource dependent economies, as well as exposes the volatility of global oil price. This part would further examine contributions of other scholars on oil based economies and the case of Nigeria in particular.

2.1: The Concept of 'Mono-cultural Economy': The term mono-cultural economy refers to an economy mainly dependent on a single product or resource for economic growth and development. The concept could further be referred to a case where any country depends on a single product sales or exports for its budget funding especially to the tune of 70% of revenue. Mono-cultural economy could also refer to the situation when any country depends on a basic product resource for overall higher percentage of national earnings and contribution to the Gross Domestic Product (GDP). Idemudia (2012) captures this mono-cultural concept in the case of Nigeria as thus, "The discovery of oil in 1956, and its subsequent extraction since 1958, over the past 50 years, has transformed the Nigerian economy from an agricultural based economy to an economy essentially dependent on petroleum" (Idemudia 2012, p.1).

2.2: Theoretical frameworks on Basic (single) Resource Economies: There are theoretical frameworks on the challenges of basic (single) resource economies as examined herein. Basing economic growth around a single resource remains an issue for discussion within the economic field. Two of such theoretical premises discussed in this respect are the views of new institutional economists and the structural economists.

The *new institutional economists* (NIE) views on basic product resource have roots in the works of Ronald Coase, "the nature of the firm" of 1937 and "the problem of social cost" of 1960. However, the economic school of thought was devised by Oliver Eaton Williamson, who himself was a student of Ronald Coase. The NIE argues that the role of institutions is the key to economic growth, acknowledging that markets and information vary. Ronald Coase argued the idea that institutions create the rules of the game for formal legal rules and informal social norms that in turn determine or rule the individual behaviour and structured social interactions by institutional frameworks. NIE studies the written and unwritten rules and laws that govern the society and government which are meant to reduce uncertainty and exercise control of the society. The assumption is that individuals do not possess perfect information and because of the human limited mental capacity, proceeds to create formal and informal institutions as a way of reducing the risk of uncertainty and the costs of transaction. The NIE tried to give answers for the inability of different countries in fostering sustainable growth through the assessment of the roles of institutions. NIE believes that countries with high cost of transaction experience less trade, specialization, investment and productivity. NIE pointed out the fact that some of the resource poor countries grow faster than some of those with resource abundance. (Sachs and Warner, 1995, 2001) in their work noted resource poor countries grew more and faster than the resource abundant countries understudied from 1970 and 1990. The explanation for this trend can be traced to the low cost of commodities, non-quality institutions and some endless cases of corruption associated with some countries dependent on basic resources. Given the occurrence of long term trends in commodity prices, developing countries usually have smaller economies than industrialized countries due largely to their preference to exports of basic or primary commodities whose prices are usually lower compared to manufactured goods and services with higher prices that are the mainstay of any developed economy. Developing countries assume a small economic model because of their trading in commodities. They also become price-takers as the prices of commodities are determined by the global markets for primary traded commodities (Frankel 2010, p.4). The quality of institutions was identified as being a relevant factor in fostering economic development as it would not be necessary to canvass macroeconomic or microeconomic policies if the right kind of institutional structure is not there to provide support. Institutional quality essentially makes the difference between countries that experience good economic growth and development and those that do not experience the same features (Frankel 2010, p.15). Sachs and Warner (1997) highlighted a study that illustrated the slow economic growth in Sub-Saharan Africa beginning in 1965 to 1990. It cited Sachs and Warner (1995) work which showed that the prevalence of natural resources endowments was found to be associated with slower growth. During the regression, exports of natural resources increased GDP by 0.1 percent, while growth shrank by 0.33 percentage points on a yearly basis. The government's savings, on the other hand, had a positive impact for the overall growth. In the end, the advocates discovered that the quality index of the institutions was significantly different for the growth of each of the regression under focus. The regression index had 5 sub-indexes in the areas of the rule of law, bureaucratic quality, corruption in government, risk of expropriation and government's repudiation of contracts. The five sub-indexes were pooled and averaged into an institutional quality index. The result of the regression showed that the institutional quality index increased by one unit, while the annual growth rate was increased by 0.28 per cent. The conclusions suggested that the poor quality of the institutions and policies in Africa accounted for the slow economic growth in the continent. However, they believe the problem could be resolved (Sachs and Warner 1997, pp.1-7). On their part, Mehlum *et al.* (2006) concurred with the idea that there exists a natural resource curse, but that it only applied to those countries with weak institutions. They used the data sourced from 42 resource abundant countries with more than 10% of GDP from resource exports and their average yearly growth from 1965 to 1990 in the assessment. They theorized that natural resource abundance had a harmful impact for economic development in countries with institutions that are 'grabber friendly'. The examples of Nigeria, Zambia, Sierra Leone, Venezuela and Angola as rich resource countries were drawn and indicated the applicability of resource curse and slower growth. But the examples of Asian tigers: Korea, Taiwan, Hong Kong and Singapore as resource poor countries were drawn to show the high rate of economic growth. It was indicated that 'grabber friendly' institutions usually had competing production and rent-seeking activities while producer friendly institutions on their part had complementary production and rent-seeking activities. It is therefore the quality and kind of the institutions in these countries that made the difference. While countries with resource curse had grabber-friendly institutions, but poor resource countries had better institutions that were not grabber friendly (Mehlum *et al.* 2006, pp. 1-5). In the same vein, Boschini *et al.* (2007) are of the opinion that the degree of adjudging natural resources to be good or bad for economic growth depends on their “appropriability” in dual dimensions. Their view in the first instance is that natural resources do not harm economic growth, but only result in a problem if there is an absence of good institutions (institutional appropriability). Secondly, depending on some kinds of resources, the problem is usually bigger than others which are referred to as (technical appropriability). The inferences from both studies suggest that resource endowments can have positive effects on economic growth provided there are good institutions in place.

On the other hand, the ideological thrust of the *structural economist* is that of promotion of manufacturing and industrialization and less dependence on the primary products production as income elasticity of manufactured goods exceeds that of primary goods. Some countries in the 1930s moved to adopt import substitution industrialization and protectionist policies, lessening the import of manufactured goods (O’Toole, 2007, p.422). The structuralist economic position that free trade benefits highly developed economies while harming the less developed or developing economies. The idea of free trade which emphasized on removing nationally imposed barriers of tariffs and quotas on imports and exports stifled local industries and producers (O’Toole, 2007). Prebisch and Singer (1950) argues as structural economists that primary goods such as mineral and agricultural commodities decline, in the long run, compared with the price of manufactured goods. Most developing countries in the southern hemisphere produce primary goods and would have their economies down due to the downward trend that commodities showed over a long period. But the developed countries, which are mostly in the northern hemisphere, produce manufactured goods and have their economic development enhanced and stable due to higher prices of manufactured goods. The argument was therefore in favour of the developing nations diversifying into manufacturing goods and products for economic growth as against concentrating on primary products which have a continuous downward price trend (Riley, 2016).

In the efforts of some Economists such as in the works of Lederman and Maloney, the relationship between natural resource exporters and GDP per capita growth from 1980 to 2005 were assessed with regards to resource dependence and economic growth. Their discovery showed that countries with natural resource importation grew higher than countries with natural resource exporters in GDP per capita income. Invariably primary resource dependence does not necessarily grow or boost the economy. The argument remains that diversification into manufacturing sector encourages higher returns to an economy and would invariably stimulate higher economic growth than reliance on single resource and primary products (Igberaese, 2013). Some other structural economists opine that volatility in commodity price negatively affects growth and argues that of diversification rather than dependence on natural resource which encourages economic growth. The work of Blattman, Hwang and Williamson (in Igberaese, 2013) underscores the argument that commodity price volatility is what causes low growth and not commodity price trends. They argued that unstable income causes internal instability, decreased investment and reduced economic growth. In all, structural economists opine that growth based on single resource leads to poor economic growth; and therefore emphasize on diversification of economy based on industrialization and manufacturing as prerequisites for economic growth and development.

The work of some other scholars reveals slower growth of localities with natural resource dependence. An inter-state study by Papyrakis and Gerlagh (2007, cited in Weber, 2013, p.169) found that in the United States of America, states with natural gas dependence had slower growth than other states. Weber (2013) also observed the work of James and Aadland (2011) which found that some Counties of the United States of America with natural resources had a slower growth than those without. Frankel (2012) refers to a term known as 'resource curse' to be the situation where countries with more natural resources fail to develop while countries without natural resources develop faster. "Examples of the Natural Resource Curse are plain to see. Japan, Korea, Taiwan, Singapore and Hong Kong are rocky islands (or peninsulas) that were endowed with very little in the way of exportable natural resources. Nevertheless, they achieved western-level standards of living. Many countries in Africa, the Middle East and Latin America are endowed with oil, minerals, or other natural resources, and yet have experienced much less satisfactory economic performance" (Frankel 2012, p.2). Frankel (2012) also cited the example of China and Korea which are low on natural resources and minerals but have grown more as well as the examples of Gabon, Venezuela and Zambia which are high on natural resources but have grown slower in economic development.

In making a case for the root cause of the resource curse, Diamond and Moshacher (2013) stated it can be found in the varied effects resource wealth exacts on the inducements of public officials and citizens. They explained a case where taxes are being the main source of government revenue and are replaced by unearned income or rents seeking, there results severance of a social contract between the people and the government. Invariably, focus turns from accountability to citizens over taxes paid to easy earned wealth from oil resources thereby eliminating premises for responsibility to the people or State, but settling for corrupt influences out of the resource depended upon. This scenario had largely occurred in Nigeria where many do not pay their taxes and until lately due to the decline in crude oil revenue, the government never thought of being very serious with widespread adequate collection of taxes.

Assessing the case of Nigeria, plagued by various negative occurrences, Idemudia (2012) observed that the challenge before Nigerian government policy makers is not whether Nigeria is experiencing resource curse, but how to handle it. Invariably, Nigeria is faced with a case of resource curse in its oil resource endowment. There had also been the issue of underperformance by public institutions including those meant to serve as a 'checking' on public institutions to ensure transparency, accountability and probity. There is also the issue of corruption in Nigeria, especially in the oil industry. All these instances suggest fundamental systemic problem that must be resolved in order to boost economic growth and development in Nigeria.

2.3: The Oil Pricing Volatility at The Global Market: A lot of factors affects oil price on the global market, thus volatility persists, especially since 2014. Oil price remained at over USD 100 in 2011, 2012 and 2013. But in 2014, oil price dropped below USD 100 and went further down to below USD 50 in 2015 and below USD30 in early 2016. The data below shows the volatile price composition of oil price from 2011 to early part of 2016.

The volatility of the crude oil price at the international market makes it precarious for national economies to rely on crude oil export revenue for economic growth. The fall in crude oil price from 2014 to 2016 made many economies dependent on crude oil export revenue to have shortage of funds for budget execution and other fiscal responsibilities.

Table 1.Average Crude Oil price since year 2011

Year	Crude Oil Price USD
2011	107.46
2012	109.45
2013	105.87
2014	96.29
2015	49.49
2016	27.63

Source: Statista.com, http://www.statista.com/statistics/262858/change-in-opec-crude-oil-prices-since-1960/

A number of reasons have been attributed to being responsible for the volatility of crude oil price. The Economist (2014) notes some four factors responsible for the low oil price. Firstly, is the low demand of oil resources as a result of weak economic activities, increased efficiency and growing interest in other types of fuel. Secondly, is the fact that the turmoil in Libya and Iraq which would have removed about 4million barrels per day had little impact on supply and failed to affect the output. Other sources readily filled the gap that distortions from the crisis in Libya and Iraq could have caused. Thirdly, is the increased oil production by the United States of America, now classified as one of the world's largest oil producer. Given this position of ample production by America, its ranking amongst the largest importers of crude oil diminished enormously. America does not export its huge production and has therefore, drastically reduced its import of oil resources. Fourthly, is that Saudi Arabia and the Gulf Allies decided not to sacrifice their market in order to restore oil price. They must have thought that cutting production would see the benefits going to countries like Russia and Iran, both countries they detest. The Economist (2014) argues that Saudi Arabia can tolerate lower oil prices quite easily with its $900 billion in reserves and low oil production costs as little as $5-6 per barrel. Those that would be mainly affected by the low price of oil are countries dependent on oil export, with high cost of production and low foreign reserves. Another reason observed to have contributed to the steady decline in oil price is the return of Iran to the international oil market which increased oil product availability at the global level, while decreasing price.

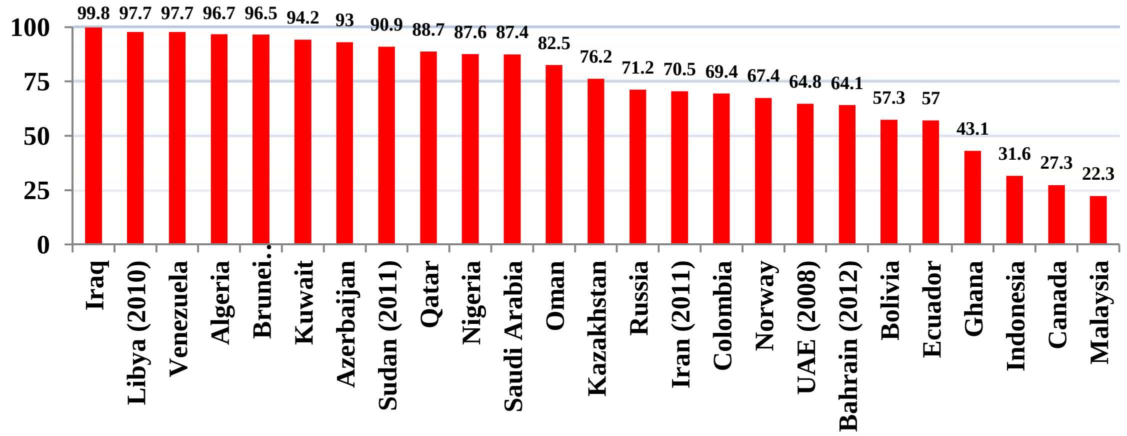
The effects of continuous volatility in oil price especially as currently being experienced in the declining side readily shows that no country which truly wants to have economic growth and development would depend on crude oil as its single or basic resource. Such is the situation of Nigeria dependent on crude oil revenue for about 70 percent of annual budget revenue.

3. The Case of Nigeria as a Mono-Cultural Economy

The discussion here provides insight into the extent of Nigeria's mono-cultural economy dependent on crude oil export. It also provides data from Nigerian government sources that affirms the enormous contribution of crude oil export to the revenue receipts of the government within a given period.

3.1: Extent of Nigeria's dependence on crude oil export: Nigeria's economy has over the years remained a mono-cultural economy heavily dependent on crude oil export for economic development. With this scenario, crude oil exports account for Nigeria's major source of foreign exchange earnings representing about 90% of export products. The value of oil export rose from below 1% in 1958 to about 97% in 1984 and to less than 90% since then. Oil was produced about 1.8 million bpd accounting for over 95% of exports and contributing 25 to 30% to the GDP. Nigeria has since moved to become the sixth largest producer of oil at the global level. Unequivocally, crude oil export dominated the greater percentage volume of the Nigeria's export product and accounts for over 95% of total value of merchandise exports (Nigerian Bureau of Statistics, 2016). Nigeria ranks amongst the group of countries that have high dependence on crude oil export, ranging between 80% and 90% of merchandize exports (Dabrowski, 2016). Some other countries identified include Oman, Qatar and Saudi Arabia, etc. The diagram below reflects some countries' percentage of export oil.

Figure 1. Fuel exports as percentage of merchandise exports (2013, unless otherwise indicated)



Source: Bruegel.org, World Bank Development indicators
http://bruegel.org/2015/11/the-impact-of-the-oil-price-shock-on-net-oil-exporters/

The above diagram shows that Nigeria at 87.6% of merchandize exports is among countries with high percentages of crude oil export. The volume of crude oil export as merchandize shows that Nigeria is among the countries with a very high dependence on crude oil export. Such economic position would negatively affect Nigeria's economic outlook whenever crude oil prices experiences downward volatility.

Some analysts have decried the mono-cultural economic situation of Nigeria, especially in the current prevailing circumstance of dwindling global crude oil price. Nigerian government in 2014 relied much on oil revenues which accounted for about two-thirds of its revenues, but currently finds it hard to pay teachers or finance infrastructural projects. Nigeria's economy now finds it hard to even grow at half of 2014's growth rate of 6.3%, a situation that portends a possible recession, even Nigeria's stock prices tumbled down to about 16% in January, 2016 (Kay and Wallace, 2016). Regarding Nigeria's case of dependence on crude oil, it could also be noted that that besides petroleum, Nigeria has other natural resources such as gas, zinc, limestone, tin, iron ore, coal, niobium, lead and large arable land. The oil and gas sector account for about 35% of GDP, but crude oil export revenue accounts for more than 90%of total export revenue (OPEC, 2016). Data on Nigeria indicates that oil revenue accounts for about 90 percent of Nigeria's exports contributing around 75 percent to the consolidated budget revenue. The oil and gas contribution to GDP declined by 1.3% in 2013 which is relative to a decline of 13.1% in 2013 and the severe decline of crude oil prices in third quarter of 2014 remains a massive challenge to Nigeria's external balance and public finances (World Bank, 2016).

Figures from the Central bank of Nigeria's annual reports indicate that crude oil revenue contribution to Government revenues.

Table 2.1 Excerpt Summary of General Government Finances (Naira Billion)

	2009	2010	2011	2012	2013
Total Revenue Gross *	7,753.5	10,375.8	13,779.1	13,256.7	12,326.1
Oil Revenue Gross	3,191.9	5,396.1	8,879.0	8,026.0	6,809.2

Source: Central Bank of Nigeria Annual Report 2013, pg.237
* Non-oil Revenue (Gross) 2007-2010 were revised to capture FG Independent Revenue

Table: 2.2 Excerpt Federation Account Operations (Naira Billion)

	2009	2010	2011	2012	2013
Total Revenue Gross *	4,844.6	7,303.7	11,116.9	10654.7	9,759.8
Oil Revenue Gross	3,191.9	5,396.1	8,879.0	8,026.0	6,809.2

Source: Central Bank of Nigeria Annual Report 2013, pg.235
* Includes other receipts from Education Tax, FGN Independent Revenue and Levies

Table 2.1 above shows a summary of the general revenue accruing to Nigerian government from various sources and the contribution of oil revenue to the total revenue. Of the general revenue that the government receives, some deductions are automatically done as Federal Government, State governments and local governments share revenues, besides other statutory deductions. However, **Table 2.2** shows an excerpt of the Federation Account Operations indicating the huge contribution of oil revenue from 2009 to 2013. The difference is that **Table 2.1** contains all the revenue receipts the Government had within the period and the contribution of oil revenue, although not all the revenue went to Federation Account operations. **Table 2.2** contains revenue receipts that the Government received into Federation accounts for its operations and the enormous contribution of oil revenue. An assessment of the huge contribution of the crude oil export when the price was above USD 100 showed that the reduced price of oil in last quarter of 2015 to around USD 30 enormously impacted countries with huge dependence on crude oil export negatively. Nigeria has a negative trade balance because it imports more than it exports. Besides oil, Nigeria has no exports to speak of as the total non-oil exports stands at only $3 billion dollars which is less than 1% in an economy with a GDP of over $500 billion (Fabiyi, 2016). The contribution of oil revenue to the budget could be readily underscored with the budget of 2015 summarily articulated by (Eboh, 2015) that "*the challenge however is how the proposed aggregate revenue of N3.602 trillion made up of oil revenue of N1.918 trillion in the budget would be achieved in the face of dwindling revenues due to the volatility in oil price*."

Although crude oil remains the basic product resource of Nigeria, however, there are no other contributory sectors for the economy. Some of the other sectors include agriculture – crops farming, animal farming, poultry, manufacturing industry, solid minerals, taxation, customs duties and levies, etc. These other sectors contribute the reminder of federal government revenue that does not come from oil export. Data from CBN Annual summary in 2013 amply shows the composition of the Federation Account revenue as below.

Table 3. Federation Account: Composition of Revenue 2009 – 2013 (Naira Billion)

	2009	2010	2011	2012	2013
Oil Revenue	3,191.9	5,396.1	8,879.0	8,026.0	6,809.2
Non-Oil Revenue	1,652.7	1,907.6	2,237.9	2,628.8	2,950.6

Source: Central Bank of Nigeria Annual Economic Report 2013, p. 111.
As computed based on data from the Federal Ministry of Finance and from the office of Federation's General Accountant.

Table 3 shows that a greater percentage contribution of oil revenue to the federation accounts for all the years indicated above. Invariably, the data indicates that all other sectors' contribution summed up does not equal the oil revenue of Nigeria.

4. Implications for Nigeria as a Mono-Cultural Economy dependent on Crude Oil Export

There are a number of negative implications of the mono-cultural oil economy of Nigeria which account for what could be described as the reasons Nigeria needs to urgently diversify away from oil resource based economy. Some of these reasons and/or negative implications have been discussed below.

Decline in Government Revenue: as pointed to above in the subsisting presence of a volatility of global oil price, Nigeria's realizable revenue from crude oil export has declined greatly. With Nigeria's oil production of 2.2 million bpd, the country unequivocally earned more oil revenue in the past years when oil price was above USD 100, compared to the second half of 2014 when the oil price came under USD100 and had continued to decline to below USD 30 in early 2016, only to climb a little higher to above $40. With a reduced crude oil price, Nigeria loses even more, given that the cost of its oil production is more than some other oil producing nations. It cost Nigeria about USD 20 to extract a barrel of crude oil from the ground, unlike Saudi Arabia that The Economist (2014) notes it costs $5 - $6 per barrel to extract its oil.

Budget funding crisis: Nigeria has three tiers of government, which are the federal, the state and the local government administrations. The three tiers of government rely on crude oil revenue for budget funding which is shared from the distributable pool fund of the federal government. With this as the case, the annual budget of state governments and local governments are predicated on the federal government budget as their major source of funding comes from the federal government. The other source of revenue available to state governments or the local government administrations are the internally generated revenues and levies collected locally to which the federal government has no percentage share from. The crude oil export revenue contributes about 70 percent of the distributable pool account of the country from where federal government, state governments and local governments' administrations receive monthly allocations to fund their independent annual budget estimates. Essentially, the decline in global oil price practically decreased revenue for a country like Nigeria that depends heavily on crude oil revenue. For instance, with Nigeria's crude oil production at about 2.2 million bpd and oil price selling above $100, Nigeria made more in 2013 than in 2016 when oil price had gone down below $50. By implication, crude oil price halved from the price in ending of 2013 and beginning of 2016, bringing about serious shortage in budget revenue. Nigeria has begun borrowing from both local and international sources in a bid to fund its national budget, as reflected in 2016 budget of 6 trillion naira (about USD 30 billion) which government projects revenue of 4 trillion naira (about USD 20 billion) and would source 2 trillion naira (about USD 10 billion) through borrowing.

Scarcity of foreign exchange for a high consumption nation: Nigeria is unequivocally a consumption nation. This is attributed to the high level of imported goods. Nigeria amongst other things, imports large stock of refined crude oil due to lack of requisite refining capacity. Nigeria has four refineries, but the cumulative output does not still meet local demand of the country with estimated population of over 180 million. The declining oil revenue accruable to Nigeria means that foreign exchange which earlier stood at about 90% sourced from crude oil export had equally reduced. Many importers have begun to face challenges of raising needed foreign exchange to import products which are crucial to national survival. A product like crude oil imported into the country certainly needs foreign exchange to import and the scarcity means reduced import and supply leading to scarcity that in turn negatively affects the lives of the citizenry. Recently, some airlines operating in Nigeria began to force passengers to pay for flight tickets in foreign currency, a problem elicited by the huge airlines fund trapped within the country because of shortage of foreign exchange. In like vein, some foreign investors have faced challenges of operation arising from scarcity of foreign exchange making it hard to repatriate capital or use it as may be officially required from time to time for purchase of equipment from outside Nigeria. Nigerian indigenous businesses which rely heavily on foreign exchange to import goods are also suffering as a result of the scarcity of forex. To be clear, the bulk of importation into the country is said to have reduced in the first quarter of 2016, the cause of this situation may be closely linked amongst other things to the scarcity of foreign exchange for imports.

Naira loss of value: since the advent of the recent fall in crude oil price at the global level that began about mid-2014, the naira has lost value, moving from about 170 naira to $1 to the first quarter of 2016 when the naira pitched at 400 naira to $1 at the parallel market. At the central bank of Nigeria's official price, the naira equally slipped downward. The government with the conviction that the naira should not be devalued continued to defend the currency on the official exchange rate of 197 to $1 for a long time. But in the second quarter of 2016, the government let go and allowed the exchange rate of the naira to be determined by market forces of demand and supply, especially the interbank rates in Nigeria. The loss of value of the naira is enormous. If drawing from the example above, naira moved from below N175 to $1 in 2014 to about N400 to $1 in first half of 2016. Implicitly, naira loss of value could be adjudged to be more than hundred percent. The impact of naira's loss of value had been enormous. Businesses which borrowed money to invest would have to pay more in loan refunds. The loss of value of the naira also affected the Nigerian stock market which shed value of market capitalization over time as a result of the loss of value of various stocks. Early in 2015, market investors had thought that the stock at the year end of 2015 would be up, but in a disappointing turn of event, the market ended the year lower than it started. The public sector workers in Nigeria, under the umbrella of the Nigeria labour Congress have in 2016 asked for a pay raise as a result of the loss of value of naira and their sustained argument that the current minimum wage of the nation at below one hundred dollars ($100) does not represent a living wage with which workers would survive.

5. The Need to Diversify Away from Oil Resource Dependency

A number of reasons could be adduced to as the effects of the implications of Nigeria's dependence on crude oil export. Owing to the fact that declined oil price volatility had impacted countries heavily dependent on it, other economic activities that spur economic growth and encourage investment are suffering as it is in the Nigerian context.

Acute shortage of infrastructure: Nigeria has acute shortage of infrastructure in virtually all areas of the society. The roads infrastructure still needs a lot of attention. There is lack of access roads in some cases for the agricultural products produced locally to be evacuated to urban centres for food supply and further processing as in agro-allied industries. Lack of good road infrastructure also impedes on transport system in movement of people. In very many cases, bad roads have led to fatal accidents that claimed multiple lives. This scenario is applicable to rail transport; it is moribund and is only being revived at the moment. Same applies to seaway transport and air transport; which are not yet at a higher level of operation. In the power sector, there had been a huge crisis of inadequate supply, vandalizing of power installations and disruptions of gas-to-power turbines by pipelines sabotage. There is no doubt about the considerable potentials Nigeria has in power generation as the country is located on the equator and can tap into solar source of power supply. It also has the advantage of oil resources which makes it easier for her to supply gas to power stations, but the sabotage impedes on it. This situation is similar to the deficiency in the water resources sector, Nigeria has many water bodies, but good drinking water has not been made available to all Nigerians. Invariably Nigeria needs heightened economic boost to make huge investments in infrastructure and other sectors. There is also the persisting infrastructural shortage in housing sector with about 17 million housing deficit, which continues to grow with profound increasing population of Nigeria. Also in the health sector, fewer hospitals, lack of access and/or reduced access to Medicare, inadequate number of physicians, drug counterfeiting, etc., all still exist and urgently needs to be addressed. Bridging these kinds of gaps in housing infrastructure will need serious funding which can only be possible by economic buoyancy and boost that is not undermined by dependence on volatile product resource like crude oil.

Nigeria's exploding population: Nigeria's population according to analysts represents one fifth of the black race on earth. The Central intelligence Agency (CIA) World Fact book (2015) puts Nigeria's population at 181,562,056 people. The Guardian (2013) observed that the Nigeria population would expectedly surpass the US Population by 2050 based on the United Nation's projections. It further notes that the United Nation's projections also predict that Nigeria would by the end of the century be the third most populous country. The data from CIA World Fact book (2015) indicates that youth population is more in Nigeria's case. 30.56% of the population is made up of the 25-54 years age bracket, 19.38% is made up of the 15-24 years age bracket while 43.01% is made up of the 0-14 years age bracket. Cumulatively, the 0-54 years age bracket accounts for 92.95% of Nigeria's population. Invariably, Nigeria has a huge youth active population that is growing. Nigeria now has the challenge of feeding her growing population by ensuring food sufficiency. Nigeria also has the challenge of good and effective planning that caters adequately for the population by ensuring economic growth and development. Nigeria is also faced with the challenge of providing and ensuring quality education for its youthful population. Nigeria's current Minister of Agriculture and Rural Development is credited with saying that Nigerians may be starving from lack of food by 2050, while making a case for increased investment in agriculture. By all measure and standard, Nigeria's exploding population stands out as one of the major reasons why Nigeria must diversify away from single product resource like crude oil.

Security concerns: There are serious security concerns within the Nigerian geographic space. The Boko Haram meaning 'Western Education Is Evil' have engaged in endless acts of terrorism which has displaced millions of people and seen to the death of tens of thousands of people. The North Eastern part of Nigeria which is the hotbed of the Boko Haram activities has been seriously devastated economically with destruction of properties, business interest, viable investments and desertion by indigenes. In like vein, investors think little of establishing in this geopolitical zone and that is a minus for economic wellbeing and growth of this area of Nigeria. The South region of Nigeria also has militancy problems with new groups emerging by the day, targeting and destroying oil installations. Their activities include blowing up of pipelines, kidnapping of expatriates, theft of crude oil, establishing of illegal local refineries, etc. These activities have huge negative impacts on Nigeria's economic growth as serious reduction is often occasioned in her crude oil quota supply at the international oil Market. Nigeria, therefore, needs to diversify away from crude oil and begin to enjoy economic boost in order to have funds to adequately combat the scourge of terrorism and militancy. To continue to depend on crude oil export has the implication of reduced revenue since the activities of the militants in the Niger delta region of Nigeria reduces daily crude oil output and similarly shrinks revenue earnings. The Boko Haram menace continues to exact more pressure on the government for security of lives and property, with the government in high need of adequately arming its military, dependence on a dwindling revenue source would hamper serving these objectives.

High youth population and rising rate of unemployment: as noted earlier, Nigeria's youth population accounts for about 92 percent of Nigeria's population which continues to grow. The implication of this statistics is that Nigeria has rising rate of unemployment. Nigeria's former President, Olusegun Obasanjo, in a statement observed that Nigeria is sitting on a keg of gun powder and the situation is a time bomb ticking and waiting to explode. High youth unemployment leads to increase in crime rate, theft, militancy, armed robbery, terrorism, restiveness, etc. Part of what aggravates the situation in this issue is the absence of social benefits within the country, meaning that a hungry youth has no subvention or government intervention in any area of life. Such scenario raises the vulnerability of youths to get involved in juvenile crimes. Hundreds of thousands of young Nigerians gain admission into the higher institutions every year, just as similar numbers graduate annually. Given the foregoing scenario, it is highly imperative for Nigeria to diversify away from crude oil and aggressively grow her economy in order to have means to create jobs as could reasonably absorb the unemployed at the job market.

Economic roles played in the West African sub-region and the African region: Nigeria is the foremost economy in Africa with a GDP of over $500 billion. Even before Nigeria's rebasing of her GDP which reflected her as the biggest economy on the continent, it already was playing enormous economic roles at the sub-regional and regional levels in the African continent. Nigeria has been the major funding source to ECOWAS secretariat. Nigeria also lends economic support to some countries in Africa by donation interventions and assists to lead peace keeping missions within the region, including funding. Nigeria is the biggest market in the West African sub-region, and if her economy contracts, irrespective of the reasons, the economy of the sub-region will be negatively affected too. In this circumstance, Nigeria's economy needs continuous growth in order to directly and indirectly support the economies of other countries in the West

African sub-region. As a matter of fact, there is growing funding need in the African continent for security issues, economic growth and integration, international organizations, alleviation and/or eradication of poverty, development of education, infrastructural development, eradication of terminal/contagious diseases, etc. Nigeria cannot play big roles as a big economy in Africa if the economy is dependent on a volatile product resource like crude oil.

The unpredictability of Nigeria's accruable revenue from oil export: because of the volatility on global crude oil price, it is impossible to predict or project what revenue is accruable to Nigeria from crude oil export. Such a situation has far reaching negative implications for Nigeria. The unpredictability of crude oil price means that planning is impossible for Nigeria. Development requires serious level of planning at national level, and dependence on a product resource with continuous unstable price means facts can never be the same, adopting a patterned planning would remain hard and inference would always be difficult to draw. Nigeria's case is further compounded by the spiralling insurgent activities in the Niger delta region of Nigeria, where the oil resources are concentrated. The militants in this region in quest for resource control and display of grievances over various political and security issues disrupt oil production outputs by blowing up pipelines and kidnapping expatriates. These kinds of activities disrupt oil production in Nigeria and shorten her international supply quotas thereby seriously decreasing her oil revenue. The volatility of crude oil price which reflects in unpredictability of earned revenue would undermine economic growth and development as it were in the case of Nigeria.

Nigeria already missed the opportunity: One of the measures countries dependent on a basic resources could do in time of resource boom is to plough huge revenues from it into development of other sectors of economy. Doing so would help to mitigate any negative impact of price volatility or exhaustion of the basic resource. This same measure could be applied to development of relevant and critical infrastructures for national development and continuous economic vibrancy. Investments could be made in the educational sector, power sector, enhanced transport system, health sector and government social programmes that help in poverty alleviation, less privileged and low income families. In the case of Nigeria, all the opportunities for investing revenues from crude oil into development of other sectors for ensuring continued growth and development in challenging times have been missed. Nigeria did not save like Saudi Arabia that has over $900 billion in foreign reserve. Nigeria only has less than $25 billion dollars in foreign reserve, which is much lower than what the total budget estimates of year 2016. Nigeria has acute shortage of infrastructure, inefficient transport system, acutely short power supply, dilapidated and inadequate road network, unenhanced health sector. As it is, Nigeria had not made any investment in any other sector in a way that it could support budget funding or development efforts besides crude oil revenue. It is quite challenging for Nigeria that nothing can really be pointed to as national investment with potential to support Nigeria's economy up to half of the revenue derived from crude oil exports.

Corruption continues to plaque Nigeria: Just as stated earlier in the views of New Institutional Economists, countries with basic resource abundance were associated with slower growth, while those that have institutions that were "grabber friendly" failed to grow. This scenario has played out in Nigeria and continues to exist where several cases of corruption are being recorded in Nigeria both within various government Ministries and Agencies as well as among politicians and other categories of government workers. Former British Prime Minister, David Cameron was once quoted in the media sources in 2016 as referring to Nigeria and Afghanistan as being fantastically corrupt. Nigeria's oil industry has repeatedly been embroiled in corruption cases. Also, cases of corruption have been largely reported in the Military arms deals, pensions fund, national Assembly, the Judiciary, in some political parties and many other sectors of the Nigerian society. Nigeria's speaker of the lower house of parliament recently decried the alarming rate of corruption with the revelation of stolen billions of Naira buried in a farmland. With the current situation of massive scale of corruption, Nigeria needs to diversify away from dependence on crude oil export.

6. Conclusion

From the foregoing discussions, vital issues regarding Nigeria's status of mono-cultural economy on crude oil had been highlighted. The impacts of dependence on oil revenue were assessed along with reasons why Nigeria must diversify away from reliance on crude oil revenue for economic growth and development. Oil as the basic resource product of Nigeria accounting for about the country's 90 percent of foreign exchange earnings was discussed. The theoretical framework that explains the circumstances of some basic resource based countries facing resource curse and institutional deficiency were all analyzed. Such issues as volatility of crude oil price, the unpredictability of Nigerian government finances were equally discussed. By the foregoing, it means that dependence on crude oil revenue in the present circumstance of low revenue as a result of drastic fall in global crude oil price is to permanently resign to decline in economic growth. The issue of Nigeria missing the opportunity of divestment from oil revenue into other crucial sectors of the economy was noted. Also discussed was the ravaging effect of corruption on Nigeria's economy with billions of dollars for developmental projects carted away in high scale corruption cases. In the light of all these, some three important conclusions have been reached below as the way forward for Nigeria.

The assessment of Nigeria's mono-cultural economy had shown in this article that the country is precariously dependent on oil revenue. As mentioned in the literature review by the views of the New Institutional Economists, it is obvious Nigeria does not have hard institutions with the right stance for encouraging economic growth and development. The issue of corruption comes to the fore in the cases of countries with single basic resources often engaging in rent seeking activities and obviously unable to spur economic growth and development as is Nigeria's case. Nigeria must evolve organizations and running of various public institutions in a way that eliminates encumbrances and encourages economic growth. Nigeria must also deal with issues of corruption particularly in rent seeking activities and other forms of fraud, both in the oil sector and the entire nation.

In assessment of the oil price vulnerabilities, it is obvious that volatility persists and therefore would always result in unpredictability of revenue for countries such as Nigeria heavily dependent on crude oil export. As such, Nigeria has a choice to shore up its revenue and booster economic growth through investment and development of other potential high revenue generating sectors of the economy.

The discussions on the negative implications of mono-cultural oil economy on Nigeria also explained why the country needs to urgently diversify away from dependence on oil export revenue. The underlying truth is that these implications have no grounds for self-elimination unless the right policies are put in place to reverse them. Part of the reason is that, if oil price remains volatile as it has over the past two years and Nigeria continuing to depend on crude oil export as main source of revenue, then, it's revenue from crude oil will continue to be low and emphatically not change any of the implications discussed above. In essence, Nigeria's focus on fiscal policies aimed at economic growth and development and reduction of extra-budgetary expenditures unnecessary for the economy is crucial at the present circumstance. Nigeria also needs to begin to formulate and implement fiscal economic policies that would mitigate and reduce the negative impacts of the dwindling oil revenue on various sectors of the economy.

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