Challenges and Problems of Rentier Economy in Africa (Nigeria Case Study)

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Abstract

The mono-cultural nature of Africa economy has a lot of implication on its development, most African countries more especially the oil rich states, otherwise call rentier states depends heavily on external rent, this possess a lot of challenges and problem to their economy the implication of this are enormous, poverty, unemployment economic stagnation, corruption, civil unrest etc. Documentary in textbook, journals, periodical and data on the internet will be explored; Neo-colonization, dependency and imperialism are still but crux of the lack of development. Internal economic mobilization and diversification is seen as the way out.

Keywords: Rentier Economy,

I. Introduction

Beblawi and Luciani. defines the concept rentier economy as that economy situation in which rent plays a major role and in which that rent is external to the economy (Yates1996). However, these deals with the situation in which a country receive substantial amount of oil revenue from the outside world on a regular basis. a lot of African countries both north Africa and sub Saharan Africa are engaged in these economic system, such as Algeria, Libya, Nigeria, Sao-tome Principe and others. This economic system has become highly problematic to the rentier states in Africa; it provides abundant resources (wealth) to the rentier states and performs less than their resources Poor counterparts, which dooms the rentier economy and long term prospects. The research questions which guided the study are: Despite the abundant wealth from the external to the economy why are the rentier states performing less well than their poor counterpart? What are the factors responsible for the poor performance of rentier states?

II. Background of the Study

The rentier state theory originally developed in relation to Iran's mid 20th century economy. The west became involved with Iran's oil in the some ways. In 1941 Germany invaded it former ally. The Soviet Union, which quickly re-allied with Great Britain. The British and the soviets then occupied Iran. Fearful that it leader, Reza Shah would align it oil rich country with Germany the Shah's son Mohmmed Shah. Come in to the throne and Iran became the major Conduit for British and later American and to the USSR in what come to be known as the Persian corridor in 1953, the Shah was forced to flee Iran by Mohammed Mossadegh. the nations prime minister and godfather of populist petroleum politics. (Yates). After negotiation for high oil royalties failed in 1951, the Iranian parliament led by Mohammed Mossadegh voed for nationalization of Iran oil industry and replace the British owned and operated Anglo—Iranian oil company. Mossadegh nationalization of Iran oil subsequently served as a model for the nationalization of' the Swiss canal by Nasser (1956) which in turn set a precedent for northern and sub-Saharan African nationalization such as Algeria (I 967), Libya (I 970). Nigeria (1970) and (Gabon (1974).

III. Conceptualization

***Rentier Economy**:* An economy in which rent plays a major role and in which that rent is external to the economy.
***Rentier state**:* A political system that relies on external rent for carrying out it functions
***Rentier mentality**:* Psychological behaviors of rentier state that external rent will continue to cone in increase volume and so spend it anyhow.
***Rentier class**:* The few groups of people that have asses and control of the rent process and benefit from it (external rent).
The method employed in this paper is basically documentary i.e. the use of secondary source of materials as contained in textbooks, journals, magazines, periodical as well as on the internet, scholars view on rentier economy and their position are reviewed and analyzed.
The framework of analysis used in the paper is dependency theory which is premised on the fact that dependence upon foreign capital, technology and expertise impedes economic development in developing countries; they argued that dependence on western industrialized nation in the areas of foreign trade and investment. Rather than benefiting developing nations these relationship stunted their development drawing from different Marxist ideas. Dependency theorist believed that without a major restructuring of the international economy, it will virtually be impossible to escape from the subordinate position and experience to true growth and development in developing countries. Proponent of the theory includes Fernando Henrique, Cardoso, Paul Barren, Andrew guilder frank Samir Amin, Buharin, Rosa Luxemhurg and others. Rosa Luxemhurg opined that accumulation of capital is impossible in capitalist system where the wage earners and capitalist struggle over profit. Capitalism has also destroy the national economy of' underdeveloped societies through violence (colonialism) and that capitalism cannot exist unless through non capitalist system and on whose social structure capitalism is actually destroying. Buharin in contrast to Rosa Luxemhurg argued that capitalism is national economy and imperialism is to project capitalist economy through the process of nationalization of capital and protection of capitalist interest in their respective societies.
Paul Baren (1956) posted that in contradiction to the nature of imperialism and development of backward society "what is decisive is that economic development in under developed communities is profoundly inimical to the dominant interest in the advance capitalist country".

Baren is of' the view that advanced capitalist countries will form an alliance with that pre capitalist society elites to prevent such development and ensure their exploitation of domestic resources of backward nations with the use of traditional mode of' surplus extraction, even when developing countries do generated surplus it is been expropriated by foreign capitalism and squander on luxurious items, a further drain on internal resources is witness when capital good must he Purchase aboard and this is what lead to economic stagnation.

Gunder Frank posted that “the metropolis expropriate economic surplus from the satellite and appropriate for this own development and that satellite remain underdeveloped for lack of access to their own surplus and as a consequences the same .polarization and exploration contradiction which the metropolis introduces and maintain in satellite domestic structure generate both economic development and structural tinder development, this paper is of the view that the liberal view of dependency and underdevelopment theory which posit for a gradual and reformist approaches to our economic problem be pursue in the light of our circumstance which course has to do with the lack of indigenous technical skill required for exploration of our natural resource, (petroleum) it is our belief’ that it is on timely to toll that radical or Marxist approach to break away from the international capitalist system which are the main buyer of our products.

IV. **Critique**

Dependency theory tends to neglect the economic factors in the developing countries i.e. why are other factor of’ production not been explore in the third world countries, it also fails to look at internal forces that has hindered development such as ethnic rivalry, religious crisis political instability. It views our problem mainly from external factors of the in- cooperation of third world countries into world capitalist system.

V. **Assumptions of dependency theory**

Dependency theory focused on how foreign direct investment of Multinational Corporation distorts developing nation economies. From the perspective of the dependency theory, the relationship between developing nations and foreign lending institutions. Such as IMF, World Bank etc. Undermine that sovereignty of developing nation. These countries are made to agree hash conditions like budget cuts and interest rate increase, enactment of austerity measures in other to qualify for loans and these led to higher level of unemployment and slower economic growth. (Hunter in student Encanter (2008) Capitalism destroyed the national economy of underdeveloped society through profit maximization. Financial dependence. Imperialism has led to a situation whereby a high proportion of the wealth accruing to the indigenous people from colonial trade was spent on imports. This has left the indigenous population little scope of accumulate wealth. All these factors led to dependence of foreign capital. However, since the indigenous states need money to provide necessary infrastructures. ‘Then there is need to depend on the assistance of the developed states for money to execute various projects (Olaniyi 997).

In a renteir economy, foreign rents from multinational corporations to renteir states distort and doom the developing nations (rentier states) economy and long term prospects. (Yates) agreed to these based on the fact that rentier stale and rentier economy lead to rentier mentality, which is a physiological condition with profound consequence for productivity, contracts are given as an expression of gratitude rather than as a reflection of economic rationale., civil servants see their principal duty as being available in their office during working hours, business men abandon industry and enter in to real estate's speculation or other special situations associated with a booming oil sector. the best and brightest abandon business and seek out lucrative government, manual labor and other work considered demeaning by the rentier is firmed out to foreign works whose remittance flood out of the renteir economy, in a rentier state there is total abandonment of all other economic sectors with full concentration to oil sector alone. There is very little production so there is very little tux, in addition the massive amount of revenue flowing into state coffers permits slates government to purchase consent of the governed without paying the political price of unpopular taxes. But taxation has two purposes to generate government revenues and to redistribute wealth and income in society. "by liberating itself from the necessity of tax. Collection, the rentier state unwittingly diminishes its own administrative capacity" (Yates, Pg31)

Rentier economies arc like other mono producers highly venerable to external price shocks i.e. price fluctuations in the oil market. This happening in the I980s when oil price 'trashed, thus slashing oil revenue state of rentier economies. When external price shocks occur, rentier state experience "Dutch disease, which is the adverse effect of practicing mono economic system. However, in the quest to stabilized the economy renteir states resolve into receiving aids (financial and austerity measures) from IMF and world bank with harsh conditions and these lead to high level of unemployment and slower economic growth in the rentier state.

Financial dependence: rentier states dependent solely on external financing which provides large inflow of revenue to rental states these enable the state to embark on numerous gigantic projects, large proportion of the wealth are accrued to the indigenous people who engaged on ostentatious way of life spending more on imported consumer goods living little or nothing to invest locally, to bring about growth and development in the rentier states and these increases the dependent on external financing (rent).

The quest for profit maximization of the capitalist system has as well destroyed the national economy of the developing nations. The primary aim of the multinational cooperation's from the external countries was profit maximization. The profits are repatriated to the foreign countries and these contributed greatly to the growth, development and advancement of the foreign countries and to the detriment of the rentier slates destroying and leaving the economy in shamble.

VI. Rentier Economy

According to Yates, "It is an economy in which rent plays a major role, and in which that rent is external to the economy." Beblawi delineates four characteristics of' a rentier economy i.e. rent situation most predominate, in that there is really no such thing as a pure rentier economy. Secondly. the rent must come from outside the country. Thirdly in a rentier state only the few are engaged in the generation of' rent, while majority are involved in its distribution and consumption. Fourthly, the government must be principal's recipient of the external rent in the economy.

Rentier State: This is a political system in geographical areas with its own government and polices but relies on external rent in carrying out its duties, in order words it does not rely on domestic economy production, or on income from taxation, it does became an allocation state. It is the primary source of revenue in the domestic economy and has spending as it main goal.

VII. Challenges of Rentier's Economy

a. ***External price shocks****:* Renticr economics are, like other mono-production, highly vulnerable to external shocks this happened in the l980s when oil prices crashed thus slashing oil revenue to rentier economies. Rather than diversifying the rentier economy most rentiers waited out the cash by implementing austerity measures. When external price shock occur, rentier states experience Dutch disease which is the adverse effect on the country's other industries substantially expands it exports, distorting the pattern of growth in other sector.

b. ***Labor strikes and wage increments:*** labor in rcntier economy suffers distortion e.g. wage earn by some people in a booming oil sector can artificially drive up wages earned by others in unrelated sector through demonstration effects such as agitation for pay increase by Nigeria labor union.

c. ***Terrorism*** *:* as a result of the over dependence on external rent and the neglect of primary production in other sectors of the economy which create wide gap between the have and the have not (rich and poor) the situation creates room for violence and terrorist activities in the renlier state such as kidnapping and bombing of strategic economic and political centers and properties.

d. ***Vulnerability to subversion***: The failure to tax the bulk of the population and there by bringing them into the ambit of the regular civil bureaucracy leaves the state vulnerable to the armed organization challenge of competitors.

e. ***Civil unres***t: *O*ne of the challenges to rentier state is the continuous agitation by group for more revenue from the slate especially the regions in which the oil business takes place, for example Niger Delta in Nigeria this civil unrest has commutated to near war situation between the state and the people leading to wanton destruction of life and properties and in fact affecting the production of oil the source of external rent.

VIII. Problems of Rentier Economy

The most frequently cited problem with the oil-dependent economies is that, like other mono producers. They are highly vulnerable to external price shocks. All oil-rentier economics have been wounded at this Achilles heel" even if' we accept that exposure to the fluctuations of price has been a shared-but not a uniform experience and that relative economic diversification varies considerably from one economy to the next. All states in which the oil-rent situation predominates have shared an education in the uncertainty of' the world oil markets, and have taken measures to protect themselves against future trauma. Still, one has a sense that the learning curve has been short and step for the oil-rentier states. and may not provide the whole answer.

The oil boom of the 1970s undoubtedly resulted in a spending boom in the oil-rentier states. But when the oil-price crash of the 1980s slashed their primary source and structure of public revenues external rent, these same oil-rentiers were forced to implement austerity programs to limit the bloodletting. Even the bitter pill of austerity ,programs could do little to cure the rentiers of' their structural and conjectural constraints. Limiting government expenditure could not and did not alter the primary structure and source of government revenues in the oil-rentier.

Diversification is the answer for most rentier states, but what is the question? If you begin with the question. "How should a rentier state allocate its resources?" then you already deny one of the central hypotheses of rentier theory i.e., "that the development policies and the structure of expenditure are a function of the structure of revenue.' There are structural constraints on what is conjecturally possible.

If a rentier economy diversifies its sources and structures of income in a significant way, then it is no longer what It once was. How does an oil-rentier economy diversify? And diversify to what? This is where the Learning curve of the 1980s flattens out. Assuming that the oil-rentier economies can purchase their development, and in so doing, become "more like us." assumes that development is a commodity rather than a process. Let us examine the mechanism of the rentier economy In order to discern the problems with development and diversification.

One problem observed by Mahdavy was that "however one looks a' them the oil revenues received by the governments of the oil exporting countries have very little to do with the production processes of their domestic economies." Input from local industries, Including wages and salaries, payment to local contractors and purchase of local supplies is "so insignificant that for all practical purposes one can consider the oil revenues as a free gift of' nature.' Domestic consumption is also severely limited by the export promotion of crude. That is, since most of the oil is produced for export, little of' it is left behind for local consumers.

As a result, the petroleum industries in the oil-renticr states lend to be enclave industries that generate few backward or forward linkages. (Backward linkages are the purchase of local inputs. Forward linkages are the domestic use of the sectoral output in further productive operation). Rentier governments have made various attempts to encourage closer integration of foreign operations with businesses in the domestic economy. They often require progressive increases in the local value-added content either within the foreign affiliate or through subcontracting to local firms. Indigenization of personnel is another avenue taken to Increase local participation. But the general paucity of' inter-industry linkages between the oil sector and the Local economy prevent oil from becoming a leading sector in the usual way associated with certain industries In the Western industrialized economies. And as Abdel-Fadil explains: The state becomes the main intermediary between the oil sector and the rest of the economy."

The mechanism of a rentier economy is premised on the inflow of massive amounts of external rent. This rent comes in the concrete form of foreign exchange (e.g.. dollars, pounds. frames', marks, lire, and yen). Access to foreign exchange is important for all developing Countries because it allows them to purchase not only consumable goods (food. fuel. medicine, etc.), but also the technology and capital of the advanced Industrial mode of production. Many developing countries must suffer costly balance-of payment crises and problems with inflation to acquire these goods and services. This should not be the case with (the rentier state, which exists in an economy literally saturated in foreign, currency. But what seems like a blessing is in reality a curse. The flow of external rent on unprecedented scales throws the input-output matrix of the economy into imbalance, as both state and the society become increasingly dependent on the continual Input of this foreign revenue.

One consequence of' the large amount of external rent available in a render economy is that its stale tends to relax Constraints on foreign exchange. The availability of' foreign currency in such relative abundance means that the rentier States can acquire foreign goods without the usurious costs of' exchange. It also means that imported goods have the tendency to replace domestically' produced goods, particularly' in agriculture and manufacturing which often cannot complete with foreign goods produced tinder economics of' scale. The state purchases foodstuffs, which then compete with domestically produced foodstuffs on the local markets. Combined with the attraction of rural workers to the urban areas (where the rents are Concentrated) this input-output imbalance results in a decline in agricultural production. Net exporters suddenly find themselves net importers of food, with dire consequences for those poorer groups left outside the booming oil economy.

Another consequence of' the availability of large amounts of external rent is that government can embark on big capital-intensive development projects. Possessing the foreign exchange required for purchasing foreign technology, (The government has the capacity to embark on large-scale infrastructural campaigns and state-owned industrial complexes. The short-term benefits of' such programs are immense because infrastructural "development" can employ domestic labor and also because "modem" industrial complexes endow the state with prestige. The long- term consequences of such "modernization and development," however, are less impressive. Rather than enlarging the goods-producing capacity of the economy, inter-sectoral linkages tend to be negligible because of the high import intensity of infrastructural construction activities. The state-owned Industries are often worse in that they cannot employ a significant percentage of the population and often demonstrate little commercial viability. They may even drive out small-scale local capital from similar productive activities. These state- owned Industries also tend to hick backward inter-sectoral linkages, relying on Constant imports for their upkeep and maintenance. When combined with the rentier mentality, the most euphoric capitalist venture may turn into nothing more than. another "white elephant" as inefficiency and waste in the production processes do not halt the continued inflow of investment, nor does failure to find adequate markets for producer goods dampen the drive to "produce ever more and more oil. So long as "unearned income continues to flow from the petroleum sector in unprecedented magnitude, unprofitable hut prestigious development projects may continue to enjoy government allocation. Conversely, successful projects may lose government investment when state revenues decrease unrelated to the success of' the projects themselves. An absolute increase in industrial production may therefore exist parallel with, a relative decline in the manufacturing sector without affecting the primary structure and source of revenue in the rentier economy. And the consumption of imported manufactured goods can continue at conspicuous levels without domestic production being necessary at all.

The demand for domestically manufactured goods meanwhile does not keep pace with the demand for imports. Rentiers buy more and more imported goods and fewer and fewer domestically produced goods. There are several explanations for this phenomenon.

First there is the increased presence of what could he called "conspicuous consumption -the consumption of goods for the purpose of the creation of' invidious comparison. The status conferred by foreign imports makes them more desirable than local imitations. This is related to the second explanation, which addresses the quality of imported goods. Not only are foreign imports desirable by the prestige associated with their consumption, hut they often possess qualitative advantages in and of themselves resulting from the advanced-process engineering of the foreign manufacturers. Factor third is the effect of exchange rates on domestically manufactured goods. In oil-rentier economies there is a temptation for government to maintain artificially high exchange values for their national currencies (to facilitate the purchasing power of their money) made possible by the superabundance of' foreign rent. The relative price of' imported 'goods becomes low enough to disadvantage domestic manufacturer not only in the local economy hut in the external markets. export-oriented industry loses its comparative advantage (if' it has one to begin with) and import-substitution loses its economic rationale (i.e., real profitability). A fourth explanation is that domestically manufactured goods are often produced in the absence of viable markets to buy them. Industries are targeted for development by government policies that have extra-market considerations in mind (e.g.. employment, prestige, symbolism, diversification etc.). Prestige- oriented industrialization of this kind is pursued for its own sake, for the perceived benefits associated with the process of industry. rather than for the real needs of the marketplace. When diversification is pursued for its own sake, the "supply" of diversified goods may not be met with effective "demand" and domestic industries may become net consumers rather than net producers of the national income.

Oil-rentier states have historically served as dumping grounds surplus production of the industrialized (oil-consuming) world. Import-substitution policies have been implemented to redress the trade imbalances inherited from the colonial (imperial) era by providing equivalent goods for the domestic markets. A desire for economic autarky may excuse inefficiency under such politically autonomous state polices. In low-absorbers 'with small domestic markets, such inefficiency would he the natural result of economics without scale. But the kinds of export- promotion policies which have generated the remarkably rapid rates of growth in the most successful Southeast Asian NlCs mandate a comparative advantage in trade or a very competitive production of goods for export. The oil renter's comparative advantage is an abundance of cheap oil. (or which the world markets demonstrate relentless demand.

But where are the rentier states ultimately going to clump their manufactured goods'? Does the market really want more producers of such value-added goods'? In eases, agriculture and Industry, the answer is no, and the effect of this unfortunate reality is the same: Rentier states suffer increased dependency on imports and great declines in their non-booming tradable sectors.

Labor in a rentier economy also suffers from traumatic distortion. Wages earned by sonic. for example. in a booming oil sector can artificially drive up wages earned by others in unrelated sectors through what Dudley Seers calls the "demonstration effect.' Labor is also affected by the rentier mentality, as "getting access to the rent circuit is a greater preoccupation than reaching productive that efficiency.' Hard workers in a rentier economy often discover to their dismay that the oil enclaves ray the highest wages bin that access is a matter of which one knows rather than what one knows (or how well one might contribute to producing the national income out of' the national wealth).

One must also factor in "remittance" workers who fill the labor gaps of an oil-rentier economy when the sue and skill-level of the domestic labor force is limited. The presence of migrant workers and foreign-trained professionals in many rentier states increases noticeably during oil booms. "For the host countries." Thomas Stauffer remarks. "Remittances by expatriate labor are direct costs" and should be debited from the gross national income. Much of this migrant labor is low-skilled, filling the gap created by the render mentality in the work ethos. During boom cycles large numbers of' migrant workers flood into the rentier economy in search of-job deemed unworthy by its rentier class. During bust cycles these same low-skilled migrant workers pose a direct threat to domestic employment and suffer wholesale expulsion and xenophobic hostility. Unionization of labor is difficult to accomplish under these conditions, not only because "remittance" workers can be employed and dis-employed freely by the state. but also because the normal tools of Influence available to labor (e.g.. the strike) are ineffective in an economy where reward is not causally linked to work. In an oil-rentier state it must be remembered that petroleum reserves rather than people are exploited. "'[he small number of hands employed in the of business" observes Luciani "makes It possible essentially to buy oil the possibility of unions developing iii that sector.' Also the sectoral imbalances in employment disinvest unions of their traditional source of power i.e., factories. "Ii is very difficult to start unionization from the service sector or form a petrochemical plant."

Foreign-trained (e.g. American. French, British) professionals are not so easily expurgated nor controlled, although hostility to their presence may be periodically vociferous. In the petroleum sector they remain highly visible reminders of that industry's enclave features.

Mahdavy postulated that the negative effects of rentierism which he most clearly demonstrated by observing the positive effects of a total stoppage of oil exports. This is the theoretical null hypothesis.'' Theoretical, if massive amounts of external rent create the above distortions, then the effect of lower prices, or complete cessation of external rents, should remove such distortions, Reducing "the supply of foreign exchange and hence oil imports" actually provides stimulation for domestic forces of production: "Because of the rise in the value of imported commodities, substitution of domestic products for marginal imports becomes profitable. This suggests that the solution to the economic problems of a rentier state is not more government expenditure, but less. It also suggests that meaningful diversification will not come from above, hut from below.

The idea of development as understood by Mahdavy assumes that industrialization is the proper measure of progress. But he wants to distinguish between apparent 'prosperity' of the rent states and what he conceptualizes as real economic "development." To comprehend his critique, it is essential to recognize his bias tor the Western model of development.

Industrialization need not of course be the only' road to rapid gross growth. But apart from the fact that for most underdeveloped countries Industrialization seems the main hope increasing the overall productive capacity of an economy is greatly dependent on such factors as higher capital per worker, improvements in technical skills of the labor force, greater specialization and realization. Of potential external economies in production.

In short. Mahdavy conceptualizes real economic development as a kind of significant advancement in the entire social structure, measured not merely by increased per- capital Income, but rather by a transformation of' the social forces of production. So long as "prosperity of the renticr states derives from external rent, technological and organizational improvements will remain undeveloped and real economic development illusory, Perhaps the most highly visible distortion in the rentier economy is the measurement and distribution of income. The measurement of per-capital income is not a good indicator of the real material conditions of the populations surviving in a rentier economy because it includes oil rents as part of the gross national product when in fact the "black gold" is hoarded by the petroleum corporations and the rentier elites. Real per-capita income in a rentier economy is considerably lower than the simple division of gross national revenue by estimates of the national population would have us assume. Nafiziger writes in this regard that "growth probably, cannot solve the problem of widespread poverty unless attention is given to how income and property are distributed."Rentier stales may have high per-capita incomes on paper, but in reality, they have a lot of very, very poor people furthermore unrequited mineral rents such as oil revenues "exercise a multiplicative impact upon the recipient economy which may he expressed as a 'rentier multiplier." The rentier multiplier is a derivation of the familiar Keynesian Concept whereby an injection of funds causes a larger increase in effective demand and leads to an increase in income greater than the net injector. External rent is injected by the government into the rentier economy through the purchase of local currency, which is spent domestically. The recipients' servants, contractors. etc. Spend on imports whereby funds leak out of the economy. Simultaneously (notes Abdel Fadil), "the rest of the money is re-Spent at home and a second-round effect is generated, and so on." The difference between the Keynesian-fiscal and Stauffer-rentier "multipliers" Is considerable. The formal is the product of deficit spending while the latter is the injection of' unrequited mineral rents. The former multiplies the productive impetus of spending while latter intensifies lies the dependence on external rent. The rentier multiplier also shows asymmetrically of impact, as these effects are more focalized in certain sectors (e.g.. `construction, trade, and finance) and among certain economic groups. When international organizations account for oil revenues as national income, rather than as a "drawdown of the capital value of the finite stock of delectable resources. the Impression of real per-capita national wealth is confounded. Wealth is not being created, It Is being consumed, and at conspicuous rates. Thomas Stauffer reminds us that "the production of oil is the liquidation of a finite asset" and must be interpreted more carefully in the determination of' national income.

IX. Recommendation

We therefore recommends that in order to achieve meaningful development rentier states must take the advantage of their large external rent and diversify by revamping their agriculture sector and establishing industries that will use input from agriculture sector and as well establish industrial to produce required inputs in the agriculture sector thereby creating forward and backward linkages. This will eventually create employment opportunity; reduce level of poverty as well as limit civil on rest. Provision of basic needs of life such as water, electricity road, and health care facility will lead to an ending polity i.e, stable political system that will guarantee human right and development.

X. Conclusion

Is out believed that rentier economics can develop and diversify. What is required therefore in our own view is leadership that will ensure that the huge external rent accruing to the state are judiciously utilize and invested into the other sectors of the economy such as agriculture industry and provision of infrastructures such as power supply required for any meaning industrial development. Rentier economic should not forget that their external rent is predicated on the forces of demand and supply for their product in the international systems, a place where people are constantly researching into the possibility of alterative source of energy, it advisable to make hay while the sun shines.

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