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The Need for Economic Diversification in the Oil-Dependent Nations of Saudi Arabia, UAE, and Nigeria: Possible Pathways and Outcomes

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Abstract

Economic diversification is seen as a key to the political and economic survival of Saudi Arabia, the UAE, and Nigeria. Each nation is currently considered an oil-dependent country, meaning that the bulk of its income comes from oil. Since oil will soon be depleted and other countries are moving toward green technology, the demand for oil is expected to continue to drop. Hence, the need for diversification. This paper conducts a comparison of the key policies each country is attempting to implement to produce a diversified economy. The paper concludes that various factors will prevent each country from successfully diversifying and that political oppression and chaos is the likely result.

Introduction

This thesis argues that Saudi Arabia, UAE, and Nigeria need to move away from an overreliance on oil revenue as a percentage of its GDP in order to strengthen their economies, prosper in the future, and avoid social unrest. While diversification is imperative for each country, there is the serious question of what path each country must take to achieve such a goal. The research question pursued in this thesis is what happens to each of these countries if economic diversification is no achieved. This thesis concludes that it is unlikely that any of these three countries will be able to attain the necessary economic diversification to prevent a slide into authoritarian rule. Furthermore, if these countries do not diversify their economies, then the authoritarian rule in each country will be strengthened as the individual and collective economic opportunity dwindles. This authoritarian rule will be likely result of the potential for social and civil unrest that results as the economies of these three nations suffer severe shocks.

This thesis first examines a wide range of literature that looks at Saudi Arabia, the UAE, and Nigeria. Specifically, the literature looks at the current plans for economic diversification. While all three countries have put forth positive plans for diversification, the political and economic realities of the current global economy are likely to bring these plans crashing to the ground. This thesis then discuses the methodology used. A broad comparison of each country's policies for diversification is examined. The thesis then examines the theoretical framework assumed by this paper. This paper argues that a comparative study is useful for creating a better understanding of the current conditions and likely outcomes for each country. In the analysis, this paper sets forth the reasons why it is unlikely that these three countries will be able to diversify their economies. The paper then briefly examines the troubles that Saudi Arabia and Nigeria are already facing and what these troubles mean for each country.

Literature Review

The literature reviewed for this thesis looked at several different areas regarding the need for diversification these three countries have. First, the literature regarding diversification in general was examined. Second, the literature regarding the diversification plans and possible outcomes for these three countries is examined. Lastly, this thesis looks briefly at the massive amount of literature regarding the different paths toward diversification that other countries have taken or how diversification can be achieved.

Economic diversification is a critical goal that must be achieved by Saudi Arabia, UAE, and Nigeria. For the purposes of this thesis, economic diversification is defined as the move toward self-sufficiency in more economic sectors outside of a single resource, oil. As fossil fuels are depleted and the world moves toward green technologies, oil-dependent nations need to create employment sectors that promote growth in the economy (IMF, 2016). According to the IMF, oil-exporting Arab counties, like Saudi Arabia and UAE, face considerable challenges in diversifying their economies (IMF, 2016). The problems that need to be solved might seem simple, such as the need to find avenues to fill the needs of its citizens as oil jobs disappear

(IMF, 2016). However, as this thesis discusses, solving such seemingly simple problems requires significant restructuring of each nation's economy, social structure, and place in the global economy. This means that legal, business, education, and other social systems will need to be overhauled significantly.

This thesis examines the recent history of each of three countries' economies and oil prices. Likewise, the COVID-19 pandemic's influence on oil prices and the global economy is investigated as well. In short, the future depletion of oil and unstable oil prices make the lack of economic diversification a poor policy decision for each country. Drops in global demand for products, travel and manufacturing all lead to a decline in oil demand. Economic forecasts suggest a slow rebound from the recession caused by COVID-19 and, thus, slower rebound for oil demand in 2021. Falling oil prices impact the global economy in various ways, such as reducing inflation and reducing prices in agricultural products and increasing volatility in financial and currency markets.

If one thinks about the relatively recent events of the Arab Spring, it is in each country's best interest to make certain that social unrest does not come to fruition. Saudi Arabia faces potential domestic unrest caused by a lack of jobs and a falling standard of living. This could lead to a return to more repressive domestic political measures, despite recent policy moves towards more lenient social policies in Saudi Arabia. This, in turn, might lead to Saudi Arabia trying to undercut other oil-producing nations in the short-term to increase its market share in the future, thereby destabilizing other countries. These types of scenarios of social unrest could play out in any of these three countries, given their recent histories.

Each country discussed in thesis faces the same problem—the primary source of revenue for these countries is oil which will be depleted at some very near point in the future. In the short-term each of these three nations also face the same problem of falling oil prices. All three countries rely on a stable global economy in which oil prices remain high due to sufficient demand. When oil prices fall serious problems ensue. The following numbers indicate how these countries rely on a stable oil economy to meet the budgetary needs. In order to balance their budgets, these three countries all need oil prices to be higher than the current market will bear. The price per barrel of oil needed for these three countries to balance their budgets are Nigeria--$139, Saudi Arabia $83.8, and UAE $67 (Kullab & Abdul-Zahra, 2020). Current global conditions make this untenable. Oil prices have crashed due to the COVID-19 pandemic, among other reasons. In many ways, the decrease in oil demand caused by COVID-19 is simply a repeat of what happened during the SARS pandemic, which had a significant impact in depressing oil prices (Lynch, 2020). However, it would seem that COVID-19 represents a more unstable future for these three countries. Comparing the impact of COVID-19 to SARS is untenable because the world is more connected and more reliant on oil than ever (Lynch, 2020). For example, "Where China exported $600 million in goods and services in 2003, it exported $2.4 trillion in 2017. And instead of $400 billion in imports, China imported $1.5 trillion" (Lynch, 2020). Furthermore, Economic forecasts suggest a slow rebound from the recession caused by COVID-19 and, thus, slower rebound for oil demand in 2021 (Winck, 2020). The growth forecast is 300,000 barrels per day less than previously anticipated earlier in 2020 (Markets Insider, 2020). Furthermore, current oil prices are far below what is needed for these countries to maintain their economies. In November 2020, oil prices were trading at fluctuating prices between $40-50 per barrel (Markets Insider, 2020).

Falling oil prices impact the global economy in various ways, such as reducing inflation and reducing prices in agricultural products and increasing volatility in financial and currency markets (Baffes et al., 2015). However, when oil prices fall, Saudi Arabia, UAE, and Nigeria all have specific policy and social issues with which each country must contend. Saudi Arabia, for example, faces potential domestic unrest caused by lack of jobs and falling standard of living (Cause, 2016). This could lead to a return to more authoritarian domestic political measures, despite recent policy moves towards more lenient social policies in Saudi Arabia (Freeman, 2019). These conditions could lead to Saudi Arabia trying to undercut other oil-producing nations in the short-term to increase its market share in the future, thereby destabilizing other countries (Freeman, 2019).

The potential results of continued falling oil prices and a lack of demand could lead to a different set of outcomes for UAE. Falling oil prices adversely impact the UAE's ability to meet its domestic needs but also play an important role in how the country will align itself with other countries in the future (Al-Marri, 2017). UAE's foreign policy alignment is critical to the region since its policy priorities have been linked to security and stability within Middle East (Hellyer, 2001). Furthermore, UAE has a generous foreign aid program that supports projects in Asia and Africa. Continued decrease in oil revenues and budgetary shortfalls put these critical programs in jeopardy (MOF, 2015). In short, the current oil market makes UAE's future role in the region uncertain and problematic.

Nigeria faces its own particular problems with the continuing drop in oil prices due to falling demand. Nigeria's oil revenue funds nearly all capital expenditures in its economy (Ogochukwu, 2016). Outside of the government's inability to meet its budgetary demands, falling oil prices impact Nigerian society as well. Ogochukwu (2016) writes that "The impact of the oil price fall is disastrous on the Nigerian economic system; consumers are feeling the hit through escalating prices in goods and commodities" and massive layoffs "of workers in the labor force" (p. 84). Other negative implications for decreased prices in oil have been felt before in Nigeria's economy during other oil slumps. Among the problems Nigeria faced were increases in external debt, decreased savings, and massive job loss (Umanholen & Lawani, 2015).

One might argue that a possibility for the short-term is that Saudi Arabia, UAE, and Nigeria is to wait for the COVID-19 pandemic to recede and that the global economy will return to its previous climate. However, to suggest this as a possible path is untenable because future expectations for oil demand is likely to be lower. In the long run, oil production will drop both due to the depletion of resources and the growth of green technology, which is a move that many Western nations are currently pursuing. Currently, Oil and gas supply roughly 53% of the world's energy needs and this is expected to remain relatively stable through 2040 (Alnuaim, 2018). However, the recent shift in global public opinion and industrialized nations' efforts to move toward green technology will change this dramatically (Alnuaim, 2018). The recent decrease in oil demand, changes in how businesses operate, reduced need for transportation brought on by COVID-19, and the desire to reduce global emissions will all have long-term impacts on the economies of Saudi Arabia, UAE, and Nigeria (Carrington et al., 2020). All countries reliant on oil as their primary source of revenue should expect steep decreases in such revenue in the decades to come (Carrington et al., 2020). So, waiting for the COVID-19 pandemic to disappear so that the global economy can restart itself is a poor alternative to economic diversification.

Oil-dependent nations need to diversify their economy for the following reasons: 1) Oil reserves are finite, 2) the oil market needs to hold prices at untenable levels for these countries to meet their economic obligations, 3) the world's move to green technology will lead to decreased demand for oil. Revenue from oil production accounts for nearly half of Saudi Arabi's GDP and nearly 30% of UAE's. Nigeria's oil sales comprise around 20% of its GDP (Hutt, 2016). However, these numbers comprise only the amount of revenue generated from oil sales. If the oil industry collapses, many other economic sectors are adversely impacted in these countries and people lose jobs and aggregate demand for goods and services fall. In short, a continuing decline in demand and oil prices would lead to at the least a regional recession and likely a global recession. Alghamdi (2019) writes, "While oil has brought Saudi Arabia great wealth and prosperity, we know one thing for certain – it won't last forever. Crude is a finite resource and, although there is much debate surrounding the extent of the nation's vast oil reserves, some estimates predict that supplies will last just 70 more years. This looming time limit – coupled with a global push to create a greener future – has seen Saudi Arabia begin to craft its vision for a post-oil era." Saudi Arabia is not the only one of these three countries to have enjoyed the wealth that oil has brought. UAE and Nigeria are as reliant on this resource as any single-resource dependent nation.

The literature on the future of oil-dependent nations offers a wide range of outlooks, from the bleak to the hopeful. Some commentators point to evidence showing that oil production and consumption are nearing their peak and will be in terminal decline shortly after that (Miller & Sorrell, 2014). Others see the potential for new technologies to keep the oil supply moving and fossil fuels to integrate with green technologies for the foreseeable future, thereby halting a rapid decline in oil demand (Muggeridge et al., 2014). Whatever one's forecast for the future of oil and its demand, numerous factors make it difficult to precisely tell what oil-dependent nations should do and when they should do it. There are many variables that play a role in how long oil-dependent nations can continue to use oil as their primary source of revenue. Some of these variables include the extraction potential of technologies, the global demand for fossil fuel, the cost of production, the politics surrounding oil security, and the availability of capital for investment (Mustafa, 2016). In short, there is no consensus as to what will happen in the short- to medium-term for oil-dependent nations (Miller & Sorrell, 2014). Scholars and analysts only seem to be in agreement on the matter that oil reserves will eventually run out. When that happens, oil-dependent nations will have already had to transition to another economic structure.

Unfortunately for oil-dependent nations, current politics and the global economy can cause serious disruption to the economies of countries like Saudi Arabia, UAE, and Nigeria. In 2020, COVID-19 can be seen as just one example of how oil-dependent nations rely on the global economy's overall health to preserve the well-being of their own countries. After problems with the oil market in 2014, the industry seemed to be recovering as oil prices rose (Smith 2020). However, the COVID-19 pandemic has shown the weaknesses of the oil industry as prices dropped dramatically. Most analysts agree that the pandemic shows a serious flaw in the oil industry since it is tied to the global economy's ability, or lack thereof, to prop up oil prices (Chopra, 2020). Deloitte's analysis of the situation shows that oil-dependent nations are vulnerable to the world's economy shifting dramatically because of the pandemic and may never be able to recover to pre-pandemic oil prices (Chopra, 2020). McKinsey & Company (2020) argues that the current crisis "accelerates what was already shaping up to be one of the industry's most transformative moments." The oil industry has already gone through numerous restructurings since the early 1980s, and this one might be the one where the high-production costs will no longer justify continued investment in the industry (McKinsey & Company, 2020). The World Bank reports that countries in the Middle East and Africa have to deal with the dual shocks of depressed oil prices and the health crisis (Arezki & Nguyen, 2020). The problem that oil-dependent nations face is that dealing with the health crisis requires significant amounts of money, which is drying up because of the falling oil prices (Arezki & Nguyen, 2020). This could lead these nations into serious depressions that fall far below the rest of the world regarding negative economic impact (Arezki & Nguyen, 2020). The International Monetary Fund (2020) writes that the direct effects of current economic conditions are “deteriorating exposures to oil-related sectors and a tightening of domestic liquidity conditions.” Furthermore, the indirect effects include limited government budgets, adverse effects on individual households, and various corporate sectors will shrink as well (IMF, 2020). In short, the economic devastation will be felt far and wide and across all socioeconomic sectors in oil-dependent nations.

The literature is mixed regarding what oil-dependent nations can do to diversify their economies to meet future demands and be competitive in the global economy. A report issued by the Carnegie Endowment (2019) states that “achieving economic diversification in countries dependent on oil exports is a major challenge. Most diversification strategies have failed, and there are no examples of countries that have successfully managed to diversify away from oil” (p. 1) fully. This being the case, determined what path Saudi Arabia, UAE, and Nigeria should take is as much guesswork as solid analysis. Furthermore, given the fact that there is a universal agreement that oil will someday be depleted, each country has no choice but to diversify. Professor Michael Ross (2016) writes that “countries dependent on oil and mineral exports are often advised to diversify their economies, yet surprisingly little is known about how this can be done” (p. 1).

The trends of diversification attempt show considerable amounts of difference between strategies (Koren & Tenreyro, 2007). One of the most common strategies for diversification is to find a sector that requires similar capabilities as the sector being replaced (Hausmann et al., 2014). While this type of strategy seems to make some obvious sense, it is more difficult than it appears to be for oil-dependent nations. This is because oil production has a low complexity rating, meaning that the skills required to produce oil do not translate well elsewhere (Hausmann et al., 2014). Furthermore, as Ross (2016) points out, oil also shares few characteristics with other products and is, in a real sense, an “isolated product” (p. 5). Hence, the fact that a country might have a thriving oil industry does not indicate that it will thrive in other sectors as it seeks to diversify. A country might state that it wants to develop the domestic high-tech industry, but it may not have the necessary infrastructure or an able population. The literature is far from unanimous in what a successful path to diversification would look like for oil-dependent nations.

Theoretical Framework

Comparing is one of the primary tools of analysis in politics. There are various reasons to undertake a comparative analysis such as focusing more closely on accurate descriptions of countries, creating concepts, and looking at the factors that lead to similarities and differences among countries (Merritt & Rokkan, 1966). While there are numerous ways by which one can compare different countries, the decision as to what factors to investigate is often determined by the phenomena that presents itself to researchers (March, 2009). For example, one can compare institutions, political processes, electoral processes, ideology, economic indicators, and cultural features, among many other possibilities (March, 2009). Also, whether one decides to use a large number of cases or a smaller set also mostly determined by the phenomena, how the data is collected, and they type of data one collects. For example, in looking at economic growth among countries, one is typically able to use quantitative data which allows for a considerable number of countries to be included in the study (Merritt & Rokkan, 1966). If one is looking at regime ideology, it is more than likely necessary to use a smaller number of cases since there is a need for a large amount of description and exposition regarding the ideologies (Merritt & Rokkan, 1966). Collier (1996) writes that many “analysts believe that political phenomena in general are best understood through the careful examination of a small number of cases” (p. 105). This allows scholars to give close scrutiny to each case which allows a more accurate depiction of the similarities and differences between the cases.

Case studies are used in the comparative method in order to test hypotheses and build theory (Lijphart, 1975). Lijphart (1975) lists the numerous ways that case studies can be used in identifying the following types of studies: atheoretical case studies, interpretative case studies, hypothesis-generating case studies, theory-infirming case studies, and deviant case analyses. The case studies used in this research paper are interpretative in their nature, meaning that one attempts to interpret the political moves a nation has made and forecast where the country might go in the future.

There are numerous reasons why Saudi Arabia, UAE, and Nigeria are worthy of comparison. First, each country is oil dependent, which this paper has described as a country that relies on a primary resource to fund its economic activities. Second, all three countries are having difficulties in diversifying their economies, though all three of them have identified the need to diversify their economies. Third, the regimes share similar political features in that authoritarian rule is predominate in each case. Fourth, each country shares cultural similarities in that they are all Muslim-majority nations. Fifth, there are sufficient dissimilarities between the three case studies to make comparing them interesting. For example, Saudi Arabia is much wealthier than Nigeria—it has almost twelve times the GDP of Nigeria. However, these dissimilarities all dance around the single most important issue all three countries face and that is the need to diversify their oil-based economies. Hence, comparing the policies and future plans of these three countries is productive in that it will shed light on how single-resource countries are trying to plan for their transitions to a more stable and viable economic system.

Methodology

This thesis uses a comparative framework to investigate three oil-dependent countries' current socioeconomic conditions: Saudi Arabia, UAE, and Nigeria. There are two critical areas of comparison that are assumed in this thesis. First, it is assumed that isomorphism or the fundamental similarity between two objects can be compared. Second, a description of resemblances and differences between two objects is valuable (Bhambhri, 1975). The reason why it is valuable to compare distinct objects such as nations, political systems, or economies is that it becomes possible "to identify the significant political variables and describe their mutual relations" (Easton, 1971, p. x). One might assume that any bureaucratic, policy, or other similarities across different countries that also lead to the same or similar results, indicates that there is likely some correlation between variable X and outcome Y. That is to say, if one can show that the three countries being examined here all share similar organization or some other trait and also generate similar outcomes, then this likely means that the outcomes are the result of the particular similar institutions or policies. This thesis uses a comparative framework to investigate the research questions because comparative politics is an empirical endeavor (Boix and Stokes, 2011). While this may seem like an obvious point, it is an important one. By relying on data, a comparative analysis allows researchers to avoid cultural or other biases as much as possible because comparisons are made using data rather than looking strictly at ideological differences (Boix and Stokes, 2011). Because of the reliance on empirical data, testable hypotheses can be generated (Peters, 1998).

This thesis follows what might be termed as the standard comparative method. First, this thesis describes the object of inquiry. This description attempts to elucidate exactly what is being explained and why the need for comparison. There are essential systemic features in the three cases, the primary one being oil-dependency, that cut across all three. Next, this thesis intends to measure or describe the degree to which each country depends on oil. Assuming that valid measures that show how much each country is dependent on oil can be reached, then it is assumed that there is internal validity to the study's purposes (Peters, 1998). This case study focuses on a core subject—oil dependency. As with any comparative study, focusing on this core subject should enhance the knowledge of the political and economic situation of the case used for this thesis (Almond et al., 1993).

While we often make comparisons daily to the degree that it also makes obvious sense to compare different nations, there needs to be a justification for comparing two or more countries with one another. It is not clear that there is necessarily a link between countries just because one wants to compare them in the same way that comparing scuba diving to reading a book is a stretch, even though both of them are activities (Almond et al., 1993). In other words, one needs to have a reason why one is choosing to compare two or more countries rather than engage in some other type of study. For the purposes of this paper, a realist perspective about the actions of nation-states is assumed (Korab-Karpowicz, 2017). This means that one can assume that states act in their best interests and make calculations rationally. So, a policy preference is chosen because it will get the state what it wants, even if policy preferences sometimes fail to achieve their end. Thus, a concept like diversification can be assumed to be the will of the nation-state and something that is important to the state as an actor. By comparing the actions of several states, one can see and hopefully understand how it is that rationality is used in decision making.

Sartori (1991) argues that comparison allows control over observed units and the variables that make up the states' relationships. One might also argue that what comparison allows research to do is find the necessary and sufficient causes that generate relationships. Thus, if an oil-dependent nation starts to emphasize education, one might want to investigate whether there is a relationship between this and the need to diversify. Suppose one does establish that one country is pursuing educational policies because it wants to diversify its economy. In that case, one might look at other countries with similar over-reliance on a single resource to see if they are following suit. If one determines that several countries are focusing on pursuing educational policies, one might conclude there is some type of correlation between being oil-dependent and pursuing education policies. Discovering this might lead to other insights as different variables are looked into more closely. For example, once a country starts to emphasize its educational policies as a way to help with diversification one might ask whether this leads to other actions. In the end, comparative analysis can lead a researcher to a richer understanding of why governments choose their policies and under what circumstances (Sartori, 1991).

This thesis looks at how the core sector of oil production leads to either similar or dissimilar policies among these three countries. Suppose one finds that there are similarities in future oil policies between the three countries. In that case, one can be fairly certain there is an important relationship between the variable (oil-dependency) and outcome (diversification). After trying to understand this better, this thesis looks at the other similarities and differences among these three countries. Assuming there is difference found in some type of political action among these countries, one uses the comparative case analysis method to better understand these actions.

In summary, among the many reasons why comparing these three countries is useful is that all of them face similar present-day and future difficulties. According to the IMF, oil-exporting Arab counties, like Saudi Arabia and UAE, face considerable challenges in diversifying their economies (IMF, 2016). Among the challenges faced by these countries are the need to create jobs and become self-sufficient. All three of these countries need to find avenues to fill the needs of its citizens as oil jobs disappear (IMF, 2016). The move toward self-sufficiency in more economic sectors has proven to be difficult for all three countries. However, all three of them face the same critical prospect of running out of oil soon. As fossil fuels are depleted and the world moves toward green technologies, oil-dependent nations need to create employment sectors that promote growth (IMF, 2016).

Case Studies

All three of the countries analyzed here face the same set of problems. First, all three countries need to have oil prices remain artificially high. The following numbers indicate how these countries rely on a stable oil economy to meet the budgetary needs. In order to balance their budgets, these three countries all need oil prices to be higher than the current market will bear. The price per barrel of oil needed for these three countries to balance their budgets are Nigeria--$139, Saudi Arabia $83.8, and UAE $67 (Kullab & Abdul-Zahra, 2020). However, current global conditions make this untenable. Oil prices have crashed due to the COVID-19 pandemic, among other reasons, which is similar to what happened during the SARS epidemic (Lynch, 2020). But one must consider the fact that COVID-19 is a much more significant pandemic than SARS was. This is because the world is more connected and more reliant on oil than ever (Lynch, 2020). For example, "Where China exported $600 million in goods and services in 2003, it exported $2.4 trillion in 2017. And instead of $400 billion in imports, China imported $1.5 trillion" (Lynch, 2020). Furthermore, drops in global demand for products, travel and manufacturing all lead to a decline in oil demand (Reuters, 2020). All three countries are likely to suffer from slow economic growth in the near future. Economic forecasts suggest a slow rebound from the recession caused by COVID-19 and, thus, slower rebound for oil demand in 2021 (Winck, 2020). Likewise, oil prices will likely continue to fall. Falling oil prices impact the global economy in various ways, such as reducing inflation and reducing prices in agricultural products and increasing volatility in financial and currency markets (Baffes et al., 2015).

All three countries face specific domestic issues when oil prices fall, and they cannot meet their budgetary demands. Saudi Arabia faces potential domestic unrest caused by lack of jobs and falling standard of living (Cause, 2016). Not only could this lead to a return to more repressive domestic political measures, despite recent policy moves towards more lenient social policies in Saudi Arabia, but it might lead to Saudi Arabia trying to undercut other oil-producing nations in the short-term to increase its market share in the future, thereby destabilizing other countries (Freeman, 2019). As we shall see in the analysis below, falling oil prices adversely impact the UAE's ability to meet its domestic needs but also play an important role in how the country will align itself with other countries in the future (Al-Marri, 2017). Nigeria will face difficulties in even maintaining its political regime in the midst of falling oil prices and if it cannot diversify its economy.

In the long-run, oil as a desired commodity is expected to fall precipitously in the future. oil production will drop both due to the depletion of resources and the growth of green technology.

Nigeria faces two serious problems in diversification: lack of educated workforce and a lack of capital. It needs to address both of these if it hopes to diversify its economy through building SMEs, effectively joining the digital economy, and creating heretofore unseen opportunities. The country needs to provide comprehensive educational opportunities for its population and strengthen its higher education system. One report states that “Nigeria’s educational system is in assorted crises of infrastructural decay, neglect, waste of resources, and sordid conditions of service. The country has over 10 million out-of-school children. That’s the highest in the world” (Ekundayo, 2019). Nigeria needs radical reform of its financial system to make it more transparent and less prone to corruption to attract desperately need FDI. To promote the growth of SMEs, which is the foundation of a diverse economy, Nigeria needs to immediately tackle the problems of education and financial system reform.

As this thesis has argued, the Nigerian economy has been adversely affected by a series of macroeconomic shocks over the last decade. These shocks to the economy are primarily the result of falling oil prices (Oyelami & Alege, 2018). The most recent fall in oil prices as a result of the COVID-19 virus makes an oil-dependent nation like Nigeria, particularly vulnerable to economic depression (Esu & Udonwa, 2015). This section outlines, more specifically, the problems that Nigeria has suffered from the fall in oil prices and some of the institutional steps necessary for it to begin diversifying its economy. Unfortunately, economic diversification is not merely a matter of having the desire to open new businesses. A country needs to provide the necessary institutional support for companies to begin being competitive in the global market.

While at this point, it might go without saying, but most analysts see the diversification of the Nigerian economy as the only means to prevent external shocks from destroying the country’s economy (Olaleye et al., 2014). However, according to analysts, economic diversification would not only fight off economic collapse in the global markets, but also help ease Nigeria's unemployment problem, increase consumer spending, encourage investors, and prevent numerous other social problems (Oyelami & Alege, 2018). While the Nigerian government has often attempted to implement certain measures to improve economic diversification, it has always fallen back onto relying on oil revenues to sustain its budgetary and economic needs (African Economic Outlook, 2018). Nigeria needs to find ways to diversify its economy both in the mid-to long-term to have a more balanced portfolio of manufactured goods, educating human capital capable of a wide variety of job tasks, and increasing the number of viable exports (African Economic Outlook, 2018).

While creating a more educated workforce and more exportable products are essential for economic diversification, analysts believe that the diversification process must start with a series of broad institutional changes and improvements. Without these institutional changes, it is unlikely that the country would be able to support any long-term economic diversification program. Among the many needed institutional reforms are more effective governance, stronger rule of law, and less corruption. Improvement in these factors is associated with success in creating a larger percentage of GDP from diversity of exports, moving away from oil (Ebi & Eke, 2018).

While there are many reasons why Nigeria lacks good governance, one of the primary reasons is a lack of qualified bureaucrats who are politically disinterested (Yagboyaju & Akinola, 2019). That is to say, the Nigerian government is largely staffed with bureaucrats who have a vested interest in the success of the ruling regime rather than in sustaining the public good. Hence, policies that promote the ends of whatever the current regime is trump concerns over what good long-term policy might look like (Yagboyaju & Akinola, 2019). This results in often ignoring the rule of law to the detriment of the public good and for the benefit of corrupt government officials and business leaders (Yagboyaju & Akinola, 2019). With the government typically more concerned with propping up the ruling regime, implementing visionary leadership ideas is difficult.

Promoting rule of law is one of the most important institutional reforms Nigeria can implement to better economic diversification. Yusuf (2017) writes that "rule of law as a substantive legal principle, refers to the prevailing of regular power rather than arbitrary power; the principle is that all citizens are subject to the judicial decision in their states and that such decisions are the result of constitutional principles" (p. 101). Using that definition for the prevalence of rule of law, one might ask how well Nigeria has done compared to this ideal. Unfortunately, numerous commentators note that the rule of law is something Nigeria rulers essentially avoid and see more as a constitutional myth rather than a political reality (John, 2011). Throughout Nigerian society, there are numerous unjustifiable arrests, unfair trials, suppression of free speech, and the suppression of minority groups (John, 2011). The lack of the rule of law often has the unfortunate effect of keeping away international investments from the country; thus, Nigeria remains reliant on oil exports.

Like Nigeria, UAE has suffered dramatic shocks due to falling oil prices. UAE experienced tremendous growth in its GDP from 1970 to 1980, primarily due to increased global demand for oil (Shadab, 2019). The various downturns in oil prices experienced during the decade of the 1980s convinced the UAE government about the need for diversification (Shadab, 2019). While the implementation of reforms and the diversification process have been somewhat steady in the last decade, the COVID-19 pandemic has shown that UAE has many structural vulnerabilities pertaining to its economy. Furthermore, many of the projects that are seen as the cornerstone of economic diversification like education, improvement in the health sector, and other capital improvements are being financed by oil revenues (Shadab, 2019). Previous economic downturns have made UAE society vulnerable to unemployment, inflation, and cuts in major projects (Daniele, 2013). Like most single-export dependent nations, UAE has serious reforms to undertake before diversification can occur and be sustained.

UAE 2030 plan for economic diversification places manufacturing at the center of its diversification plans (IAP, 2020). UAE has already implemented plans to diversify its economy through development in the sectors of “tourism, air transport, trade, financial services, manufacturing, and alternative energy” (UAE, 2020). UAE has taken an approach that its infrastructure needs to be improved to support the sectors in which it hopes to stimulate growth. UAE needs to establish a clear legal framework in which foreign companies can rely. There is currently too much ambiguity in its commercial laws regarding foreign companies. By establishing a clearer commercial legal system, the country will be able to increase diversification more rapidly.

Many analysts note that UAE is not structurally ready for such change because it lacks the necessary knowledge and entrepreneurship skills across the public to rely on small to medium-sized enterprises. The type of light-manufacturing that was available, for example, to post World War II Japan, is not an option for the UAE because it is too cost-prohibitive for its economic makeup (Schiliro, 2019). UAE will have to rely more on the knowledge economy that relies on technological innovations and high-technology research and development (Schiliro, 2019). However, to accomplish this type of development, UAE will have to rely heavily on structural changes in its educational, employment, legal, and other institutions. Schiliro (2019) argues that "structural change implies agricultural transformation, industrialization, urbanization, changes in the production structure, and in domestic demand" (p. 233). However, it does not appear that the UAE is ready to make or even make these structural changes with its current government system.

Among the various recommendations, UAE could take under advisement to move toward a knowledge economy is to emulate the examples of Japan, Taiwan, and South Korea (Ulrichsen, 2012). The base of these three economies was heavy investment in education programs (Ulrichsen, 2012). UAE needs to expand educational opportunities to all its citizens and emphasize the expansion of post-graduate studies. Given the relative stability of the UAE political situation, it should also take the opportunity to create an enabling environment. Ulrichsen (2017) writes, "The most invaluable takeaway for current decision-makers is the need to engage and work with as wide a range of policy stakeholders as possible to ensure that economic diversification measures are as much a bottom-up as a top-down approach" (p. 16). This would represent a dramatic change in UAE's decision-making structure, which generally relies on top-level decision-makers to determine the economy's direction.

Saudi Arabia faces similar challenges as Nigeria and UAE for economic diversification. Saudi Arabia also faces the same negative consequences of not diversifying, such as political instability, high unemployment, and a falling standard of living. Also, like Nigeria and the UAE, the country's economy has suffered greatly during the recent oil price downturn caused by the COVID-19 pandemic in the same way it suffered during other economic downturns. After the Arab Spring, the Saudi government seemingly acknowledged the fact it needed to implement serious economic changes to implement its Vision 2030 plan in 2016.

The Vision 2030 plan focuses on "job creation, poverty alleviation, diversification, and balanced regional development" (Saudi Arabia, Vision 2030). This plan seeks to improve the infrastructure, provide incentives for Saudi investors to invest domestically, and strengthen the private sector. It aims to deliver growth in a wide range of sectors, including building, transportation, communication, retail trade, restaurants, finance, insurance, agriculture, and mining (Saudi Arabia, Vision 2030). In short, it seeks to revamp its economy in its entirety.

Whether achieving growth in the above state sectors is possible is a matter of debate among analysts. Some scholars argue that to achieve the above growth that Saudi Arabia would need to integrate free trade, market liberalism, economic openness, and pro-globalization (Hvidt, 2011). However, Saudi Arabia is far from adopting this type of economic and social structure. Instead, Saudi Arabia still relies on an allocation model where the state makes the primary determinations about distributing goods, resources, and products (Horschig, 2016). Aside from the problems that exist with the economic model used in Saudi Arabia, there are numerous social problems as well. For example, it appears that Saudi Arabia cannot rely on its youth to help build the future since there is a serious lack of incentives to perform blue-collar work because Saudi citizens see that as immigrant work (Horschig, 2016).

Among the challenges Saudi Arabia faces in diversifying its economy are a poor economic structure, a lack of work ethic among the younger generations, and a lack of skilled labor. Before the Saudi government can even consider improvements on the second and third problem, it will need to overcome its own culture, which seems to be split. On the one hand, many Saudis are fearful of proposed changes because "change is seen by many to be a threat to Saudi culture" (Hoschig, 2016, p. 5). On the other hand, there are those who are seriously dissatisfied with the current state of affairs (House, 2012). The second group of people fears that the Saudi government could become even more repressive, with recent political gains aside.

Altering the economic structure will be a severe problem for the Saudi government. As stated above, the economy runs on oil revenues. These revenues are used to pay subsidies in numerous sectors and for many essential items. For example, it is estimated that the government subsidizes nearly $10 billion annually for electricity and water for its citizens (Horschig, 2016). Saudi citizens enjoy numerous subsidies that keep the cost of living low. Furthermore, public sector jobs that require little work are readily available and, according to the IMF, "discourages nationals from pursuing entrepreneurship and private sector employment" (Callen et al., 2014). Since the Saudi citizenry has grown overly reliant on such subsidies, it will be difficult to find ways to break away from this economic system to a more free-market approach required for diversification.

Saudi Arabia faces a significant need to restructure its high education system and encourage the development of SMEs. These two factors are intimately related—to develop a workforce that can adequately fill the needs of SMEs, the country needs to educate it. needs to encourage the sciences such as engineering, math, and technology if the country wants to support manufacturing and high-tech jobs. The IMF reports that SMEs in Saudi Arabia will account for over 90% of future jobs. The IMF (2019) reports that “governments across the Arab World recognize the important role that SMEs can play in delivering higher and more inclusive growth” (p. 2). In order to promote the needed growth of SMEs the Saudi government needs to invest substantial amounts of money to create funds that will provide startup money. Currently, available capital for investment is concentrated in a small number of hands which makes starting an SME untenable for many Saudi citizens (IMF, 2019). Furthermore, there need to be significant changes to the Saudi legal and regulatory system. The IMF (2019) writes that “fostering an enabling business environment by focusing on developing business-friendly legal, regulatory and taxation frameworks to foster job creation and ensure a level playing” is something that the Saudi government needs to tend to immediately (p. 23).

Lastly, for Saudi Arabia to diversify its economy, the government will have to relinquish a great of its power over society. Haykel et al. (2015) write that the regime holds an "almost unique degree of power over society and lead to a very high degree of material dependence" (p. 98). The Saudi economic structure, with its oil revenues propping up a number of subsidies, also enables the Al-Saud family to maintain control over the country. An example of the imbalance this creates can be found in the fact that the government employs nearly a million people while the private sector on 830,000. To pursue diversification would mean that the government is relinquishing its control while giving the populace more. It is not clear that this will happen, but it must occur, or economic diversity seems like an untenable goal.

<u>Analysis</u>

As one can see from the case studies and the literature review, all three countries have the same problem—the need for economic diversification. However, each state has its own unique set of issues. While the end goal of diversification might be the same for each of Saudi Arabia, Nigeria, and UAE, the path to that destination will be different for each country. In this section, this thesis analyzes what might be possible outcomes for each country. Unfortunately, economic diversification will likely be something that each country will not be able to achieve in the short-term. In the long-term, it is likely that only UAE will be able to achieve some type of economic diversification along the lines of what the IMF and other analysts call for—economic liberalization, free market, and more autonomy for the populace. Given current political realities, it is likely that Nigeria and Saudi Arabia will slide into even more authoritarian rule. As the pressures mount from continued falling oil prices and social unrest begin to become a concern for these two regimes, they will likely divert funds from oil revenues to security measures, which means bolstering police forces, consolidating political allies silencing political adversaries. If this is to happen, it is unlikely that either country will find the types of international investment necessary to create an open economic playing field that encourages diversification. Furthermore, a country like Saudi Arabia, which has a population that has grown dependent on the ruling regime, is unlikely to find a large swath of its citizenry clamoring for economic opportunities in which they could just as easily fail as succeed. Hence, it is likely that as global economic pressures squeeze Saudi Arabia, the population will be split among those who blame the regime for the country's woes and those who seek to prop it up so that they can return to the hay day when oil fueled the country's success.

It is worth imagining what the world might look like in 50 years to see the need each of these countries have for diversification. If international agreements like the Paris Accord go forward as planned and countries like China and India further adopt climate change policies, the demand for oil will drop dramatically. Kusnetz (2019) argues that big oil investments will simply not pay off in the future if the Paris Accords are even remotely successful. Demand for oil will plummet because of cuts in carbon emissions. Furthermore, as green technology becomes more viable, affordable, and widespread, this will further cut oil demand (Kusnetz, 2019). It is estimated that the use of green technology will grow at least 25% within the next five years alone (Market Watch, 2020). On top of these two key factors, the IMF estimates that the countries in the Gulf region will have exhausted their financial wealth and the availability of oil that can be extracted will nearly gone by 2050 (DiPaola, 2020). In short, these three countries would have few options and find themselves in the cold regarding their economic condition. Ironically, the fossil fuel industry has already become a dinosaur. These facts highlight the need not only for economic diversification but for it to be done quickly. The question is whether these countries will be able to accomplish even a small amount of what needs to be done.

This analysis looks at several key factors that will play an adversarial role in the probability that these three countries will be able to diversify their economies. The previous sections outlined the problematic nature of an over-reliance of oil for each country and what types of internal reforms were necessary in order to create an economy in which a broader array of economic sectors contributed to nation's GDP. This section will expand on some of the external forces at play that will likely speed along the need for diversification. However, these three countries are necessarily ready to keep pace with the demand. As discussed to some degree in the previous sections, the primary reasons for the lag in economic diversification is due to the need for serious institutional reform, a crowded global marketplace, the likely continued fall in demand for oil, and the possibility of social unrest. Unfortunately, at least for Nigeria and Saudi Arabia, the problem of social unrest could result in more conservative political institutions rather than the type needed for economic liberalization.

Institutional reform is considered to be key in the type of economic liberalization necessary for economic diversification (IMF, 2019). Without solid legal institutions that will enforce contracts, provide corporate protections, safeguard corporate trademarks and patents, and provide an even playing field for all who enter the market, these three nations have little chance of economic diversification (IMF, 2016). One of the primary reasons these reform types are necessary is that economic diversification relies upon global resources and entry into the global market. While UAE has taken various steps to diversify its economy in areas such as tourism, trade, financial service, and manufacturing, it is not clear that it will be able to be competitive in these areas in the long-term (UAE, 2020). One of the reasons why UAE has been able to start along the path of diversification, to the extent that it has, is because much the recent efforts to do so have been funded by oil revenues rather than private capital or other forms of investment

(Patel, 2019). Furthermore, as previously noted, UAE, does not have a citizenry with the base of knowledge and entrepreneurial skills to launch the types of radical diversification needed to sustain it in a world where oil revenues are priced considerably lower than they are today (Schiliro, 2019). While all three countries will have to rely on the knowledge economy moving forward, UAE is in the best shape to do so (Schiliro, 2019). However, simply stating that a country will transition to a knowledge economy away from a single resource-based economy is much different from actually doing. The single biggest problem in doing so is that many countries in Asia, the United States, and Western Europe are already there. It is not clear that the market has room for newcomers who cannot find unique niches in the global economy to carve out for themselves.

Institutional change for all three countries discussed in this thesis rests primarily on significant changes to their legal systems to encourage foreign direct investment (Schiliro, 2019; Hayek et al, 2015; Yusuf, 2017). The difficulty for these three countries, especially for Nigeria and Saudi Arabia, is creating legal environments that encourage freedom, both economically and politically. Without significant alterations in social conventions and how the current regimes deal with political power, it is unlikely that they will attract the type of foreign investment needed for economic diversification. While Nigeria is ostensibly a democracy, the ruling regime often exerts what appears to be arbitrary power over its citizens (Yusuf, 2017). Furthermore, Nigeria’s president, Muhammadu Buhari, appears to be sliding back to his earlier authoritarian ways (Campbell, 2020). The government routinely arrests and labels critics of the government as terrorists. It often ignores the judicial system (Campbell, 2020). It will be next to impossible for the country to diversify its economy under such political conditions. On top of the move toward greater authoritarian rule, Nigeria’s education system is in shambles. An uneducated population with little in the way of future job prospects as oil revenue dwindles is likely to display its displeasure with violence and unrest. Again, this is not the type of environment that attracts the types of long-term investments and international partnerships necessary for economic diversification.

Saudi Arabia recently has made a great show in its willingness to implement institutional reform (Haykel, 2018). With the launch of Vision 2030 and the rise of Crown Prince Muhammad bin Salman (MBS), it seems as if Saudi Arabia is attempting to move the social conditions in a direction that would be conducive to economic diversification. However, with MBS exercising de facto power in Saudi Arabia, power is even more consolidated at the top than ever before (Haykel, 2018). MBS' domestic policies include cooptation, intimidation, and coercion in society's economic and religious sectors (Haykel, 2018). Furthermore, MBS has shown a willingness to detain and imprison business leaders who he feels are working against the regime by charging them with corruption. MBS claims that these moves were intended to bring about national reform and modernization (Haykel, 2018). Regardless of the purposes of these types of crackdowns, the international business world is likely to remain suspicious of MBS and the chances for business success in Saudi Arabia on a wide-scale, long-term basis. If this is the case, then the country will have extreme difficulty in diversifying its economy. This is not welcome news as the country needs to move quickly because it needs to create 300,000 new jobs a year for at least five years to account for the young people coming into the job market. Seventy percent of Saudi Arabia's population are under the age of 30 (Haykel, 2018). The prospect of this happening seems unlikely.

If the above analysis is correct and these three countries are unable to diversify their economies to the necessary extant, one might wonder what their likely futures are. It seems to be the case that their futures will be very similar to what they are today—states that rely on an authoritarian rule with economic systems that enrich the elite and leave the rest to their fates. If all three countries clamp down with hardcore authoritarian domestic policies, there is no reason to believe that the current regimes could not maintain themselves. The world is full of examples, such as North Korea, where an authoritarian can maintain power even as the population suffers. The difference between a country like Saudi Arabia and North Korea is that Saudi Arabia has a friend in powerful countries like the United States. Furthermore, since countries like the United States will want to maintain peace in the Middle East, it will probably continue to aid an authoritarian Saudi Arabia and UAE as it has always done in return for the promise to not bother Israel. If Nigeria reverts back to full-blown authoritarian rule, it is likely that the West will ignore Nigerians' plight. Unless there are resources to be exploited, the West has a long history of ignoring Africa's troubles, even when they have helped to create them (Rodney, 2018).

Conclusion

This thesis argues that economic diversification will happen in starts and fits in the three countries highlighted here. Unfortunately for these three countries, they are unlikely to experience the kind of full-blown economic diversification necessary to sustain their populations and replace oil revenues with revenues from a diverse marketplace. Thus, these three countries are likely to continue and strengthen their authoritarian ways in the future. Saudi Arabia will continue to be an important country, even as the oil diminishes, because of its central place in Islam. Thus, the West will work to prop up whatever regime is in power, though it is likely the Saud family will continue to be that regime. Given the small size of UAE, it will be able to move under the radar as it gives up reform-minded ideas and doubles down on exploiting whatever resources are left to exploit. Nigeria is likely to fall back into authoritarianism which, frankly speaking, is already the type of government rule it now experiences. One plausible future for Nigeria is that democracy will slowly fade away as the regime seeks to galvanize its power. Ilo (2019) reports that Buhari won his second term in an election that "was marred by low voter turnout, legal controversy, and violence—which left at least 50 people dead. The outcome of the process was not merely a travesty for Nigeria; it was a warning sign to advocates of democracy and open society everywhere." Ilo (2019) also reports that Buhari is slowly chipping away at the rule of law, which is a hallmark for the demise of democracy. One report lists Nigeria as a defective democracy and cites the failure to diversify the economy as a reason for this (Cheeseman, 2018). The report states that the failure of states like Nigeria leads both to economic stagnation and political instability (Cheeseman, 2018). Furthermore, states like Nigeria also have failed to adequately deal with terrorist groups which "undermines support for democracy" and leads to greater authoritarianism and the justification of greater repression (Cheeseman, 2018, p. 7). While the government's current rhetoric is that it remains committed to democracy, it is not clear that this is the case. And the failure to diversify its economy only leads to greater pressure to take authoritarian action to maintain stability (Cheeseman, 2018). In the future, Nigeria will probably just drop the pretense that it is a democracy.

It is useful to forecast what a future might look like if the current economic order where oil is the driving fuel of the world's economy. All three of these countries play a major role in driving the world's economic engine with the oil they supply. So, if they cannot diversify their economies and oil is eventually depleted, it is likely to have a negative impact on the entire global economy. The first problem with the continued use of oil is that it exacerbates global warming. Not only does global warming damage the environment, but it also poses a security threat as sea levels rise, mass environmental migration begins, and countries destabilize. The

United States has identified both Nigeria and Saudi Arabia as two countries that are in immediate danger of destabilization because of their oil-based economies (US State Dept., 2020). Thus, many developed countries are trying to turn to other alternatives which further erodes the stability of the three countries examined in this paper.

It is worthwhile to consider what happens to authoritarian regimes, like Saudi Arabia and Nigeria if the money used by the government to prop up the regimes disappear. The recent price crash in oil and the conflict between Russia's Vladimir Putin and Crown Prince Mohammed bin Salman is instructive (Hearst, 2020). Deciding that he should engage in a price war with Russia, Salman found out that falling prices means that his oil companies face the prospect of capping wells because they have no place to sell their product. If the world currently does not need Saudi oil, one can only imagine what the country will be like when it is gone completely (Hearst, 2020). In just the last year, with the fall in oil prices, Saudi Arabia's economy has taken a massive hit—its foreign reserves have diminished from $732 billion to $499 billion and its per capita GDP went from $25,243 to $23,338 (Hearst, 2020). The IMF projects that borrowing done by Saudi Arabia to meet its obligations will hit 50% of its GDP by 2022 (Hearst, 2020). Some of the blame for Saudi Arabia's current financial situation lies in bad investments in construction and supporting wars in Yemen (Hearst, 2020). However, the mainstay of power over the people in Saudi Arabia—the Public Investment Fund—is in trouble and this could lead to the destabilization and fall of the regime discussed above.

The Saudi Public Investment Fund invests in projects that range from medium-sized construction projects to large-scale industrial projects (PIF, 2020). Since this fund is used for almost everything done in Saudi Arabia, it is also used to pay the salaries of a large number of its citizens who work on these projects (PIF, 2020). Saudi officials sought to increase the fund to $1 trillion (PIF, 2020). However, the IMF has recently stated that even that amount would not be enough to generate the income Saudi Arabia needed if it diversified from oil. The IMF (2020) writes, “If Saudi Arabia were to grow its PIF from its current $300 billion to this scale [$1 trillion], financial returns along would not constitute adequate income replacement in a post-oil world.” To make matters worse, the PIF has already been underperforming in its investment portfolio (IMF, 2020).

Without the necessary returns on the PIF and without revenue from oil, Saudi Arabia will not be able to continue subsidizing the lives of many of its citizens (IMF, 2020). If the Saudi regime is weak, then it is likely to have a domino effect in the region. Hearst (2020) writes that “both pillars of Mohammed bin Salman’s plan to modernize and reform his country are crumbling. His plan to generate foreign investment has failed and now PIF, the main vehicle for diversifying his economy away from oil, is in chaos too.” A collapse of the Saudi regime could lead to regional chaos. Egypt would likely look to assert more influence in the region and Israel would be wary of the large Saudi army under the leadership of a crown prince looking for distractions away from the decaying quality of life in Saudi Arabia. This is to say nothing of the possibility of the radicalization of young men in the country who have little in the way of economic prospects (Hearst, 2020). So even though Saudi Arabia continues to produce oil, its recent price with Russia and the precipitous drop in prices and the damage this has done to the country’s economy gives a glimpse of what the future looks like for the country without a strong, diversified economy.

Nigeria’s future without a strong diversified economy looks as equally bleak as Saudi Arabia’s. Before 2017, Nigeria’s economy looked promising and there appeared to be a real chance for economic diversification (Kazeem, 2017). However, the brief crash in oil prices reduced foreign earnings and even brought the military to the aid of the oil industry as vandalism of important pipelines occurred in protest of the sputtering economy (Kazeem, 2017). This situation has again become a reality. The crash in oil prices because of COVID-19 have seriously slowed diversification efforts (Adegoke, 2020). One World Bank official stated that "the economic impact is likely to be quite severe. Most people, including the government, were looking at a contraction in the 3% range. But it could be higher—it depends on how oil prices recover" (Adegoke, 2020). However, no one expects oil prices to recover any time soon and the West is moving as quickly as possible, in many cases, to start using green technology instead of fossil fuels (Adegoke, 2020). The recent COVID-19 pandemic has convinced many that climate change will bring about more pandemics so change needs to be made sooner rather than later (Coronavirus, 2020).

One might ask what this means for Nigeria. Some analysts believe that the seed for future authoritarianism and oppression have already been sown because of this recent economic downturn and what it portends (Adegoke, 2020). Some see citizens and militants looking to overthrow the current regime. The military will come to the aid of Buhari, who manages to maintain strong loyalty among the troops (Adegoke, 2020). In short, there will either be a civil war—the least likely of outcomes—or greater repression from the Buhari regime in order to maintain power and stability (Adegoke, 2020). Amidst this economic downturn and the subsequent chaos, efforts aimed at economic diversification will be lost and forgotten.

All three countries have identified useful and needed reforms accurately. It just seems that there will not be sufficient political will power to carry them out. Factors such as Islamic fundamentalism, the global war on terror, and other geopolitical concerns that could easily play a factor in the future of all three of these nations have not been discussed here but are all important. The ruling regimes of these three countries will find ways to scratch and claw to maintain power, and because of this, the freedom necessary for economic diversification will not come about soon.

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