

THE POLITICS OF OIL AND THE CHALLENGE FOR THE DEVELOPMENT OF NIGERIA

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ABSTRACT

The paper shows how the discovery of oil in Oloibiri in 1956 foisted clientelism on Nigeria and in the process, corruption and cronyism became normative. The exploration of oil in the Niger Delta region degraded the environment destroying ecosystem resulting in polluted fish ponds, drinking water sources and other means of livelihood. Additionally, the continuous flaring of gases has resulted in acid rain and other forms of diseases within the region. Using information from journals, library sources and online resources the paper argued using Immanuel Wallerstein's systems theory that multinational corporations (MNCs) operating in the oil industry exploit the resources in the Niger Delta without investing commensurate resources in the region. This has not improved the poverty level as less than 5% of Niger Deltans work in the oil industry. The gender dynamic is even worse as less than 1% of Niger delta women work in the sector and most are holding pink jobs. The resultant effect is that the Nigerian economy continues to strink while development has become stunted. The paper posits that oil represents the 'Dutch disease' for Nigeria and Nigerians and has impelled underdevelopment. It avers that the misplaced priority of the ruling elites who are often drawn into the struggle for oil wealth that leaves them engrossed with what they can grab from the national cake which the oil wealth represents and not how to develop the nation frustrates all development agenda. It concludes that the intractable neglect of infrastructural facilities in Nigeria represents the flip-side of oil politics in Nigeria.

Keywords: *Politics, Oil, Challenge, Nigeria and Development.*

INTRODUCTION

Nigeria is the largest oil and gas producer in Africa. The Delta basin contains two types of crude oil namely the Bonny light and the heavier type of crude. Despite Nigeria's oil wealth over 80 million (64%) Nigerians live below poverty line (UN, 2006). The United Nations Common Country Analysis, (CCA) described Nigeria as one of the poorest and unequal country in the world despite its huge oil resources. The United Nations' Sustainable Development Goal (SDG) to end extreme poverty by 2030 is unlikely to be met by Nigeria as there are no feasible policy in place to achieve the agenda.

The World Bank Group Country Survey (2016) shows that Nigeria has overtaken India as the country with the most extreme poor people in the world. India has a population seven times larger than Nigeria's. The struggle to alleviate extreme poverty is an indictment on successive Nigerian governments which have mismanaged the country's vast oil riches through corruption and clientelism. The mismanagement of the oil resources has not only impoverished the Niger Delta region but has impelled a multiplicity of conflicts and all forms of brigandage in the Delta region.

The 86.9 million Nigerians now living in extreme poverty represent nearly 45% of its estimated 196 million population (The World Poverty Clock 2018). As Nigeria faces a major population boom—it will become the world's third largest country by 2050—its problems will likely worsen. But having large swathes of people still living in extreme poverty is an Africa-wide problem.

The Federal Republic of Nigeria is in West Africa, sharing borders with Benin in the west, Chad and Cameroon in the east and Niger in the north. Its coast in the south lies on the Gulf of Guinea in the Atlantic Ocean. Nigeria comprises 36 states and the Federal Capital Territory Abuja. Nigeria is a heterogeneous state with over 374 ethnic groups but usually classified into the three major ethnic groups of Hausa/Fulani, Yoruba and Igbo. Nigeria is blessed with diverse cultures and numerous languages (Olusakin, 2013). Nigeria became an independent nation on the 1st of October, 1960 from Great Britain and became a republic in 1963. Nigeria fought a civil war from 1967 to 1970 with the collapse of the first republic in 1966. At the end of the war the then government of General Yakubu Gowon embarked on the reconstruction of the infrastructure destroyed during the war with its slogan of “no victor no vanquished”. Often referred to as the giant of Africa due to its large population of about 196 million and a potential to develop a thriving economy on account of its numerous natural resources and large market (Holmes, 1987), Nigeria, has been a huge disappointment with its decaying infrastructure and propensity for corruption making it impossible for government to deliver services to the people. The end of the civil war in 1970 resulted in a shift from agriculture to a near total dependence on crude oil as a source of foreign exchange. The catalyst for this major shift was the energy crisis caused by the Arab embargo on the West for their support for Israel in the Yom Kippur war against Egypt which raised the price of crude from \$3 to \$12 a barrel (www.theguardian.com/environment/2011). Nigeria, became awash with petrodollars making the then Head of State General Yakubu Gowon to announce that the problem of Nigeria was not money but what to do with money. The country embarked on numerous projects and importation of consumer goods. Unfortunately, most of the projects embarked upon by the successive governments were neither sustainable nor capable of creating the conditions for the country's future industrialization.

At independence in 1960, agriculture provided employment to over 75% of the population (Ilugbuhi, 1968). But the beginning of the oil boom had Nigeria, depending on almost a mono-product economy, as agriculture was neglected and jettisoned by many young people. Presently, oil accounts for nearly 90% of the foreign exchange earnings as the national budget depends heavily on the money realized from oil (Olusakin 2006). Before the discovery of oil, the economy had high potentials for growth, vitality and diversification as a variety of food and cash crops were cultivated including raw materials such as cotton for the textile sector. However, the oil boom stunted the diversification of the economy and the growth of other sectors thus making Nigeria a net importer of food (Olusakin, 2006). The concomitant is a sluggish and stunted economy without the prospects for job creation and sustainability.

STATEMENT OF THE PROBLEM

The discovery of oil in Oloibiri in 1956 marked the genesis of Nigeria's economic decline as the political elites who took over from the colonialists at independence in 1960 did not articulate a robust development plan to diversify the economy. The first Nigeria development plan was launched in 1962 with a six year target. This first development plan had inputs from both the UN and Ford Foundation. The plan was to lay emphasis on technical education, agriculture and industry with an envisioned GDP growth of 4 percent. However, the involvement of foreigners in the development of the plan was seen by critics as a recipe for failure as 50 percent of the resources needed to finance the plan was to be through foreign aids but only 14 percent was received. Unfortunately, the plan could not be implemented as it collapsed with the first republic in 1966 and the civil war in 1967. The end of the civil war in 1970 saw the launch of the second plan which covered the period 1970 to 1974 with emphasis on agriculture and industry. The third plan covered the period 1975 to 1980. This was a very ambitious plan as it included the development of the rural areas and made an attempt to develop the agricultural sector. The fourth plan which covered the period 1981 to 1985 aimed at

improving social services and engendering better wellbeing of the people but unfortunately these lofty ideals were on paper as government made no effort to utilize the huge resources it earned from oil to lay the foundation for industrialization. Rather the government approved a huge salary raise for civil servants worked out by the Udoji commission. The windfall from the Udoji award led to the purchase of all manner of consumer goods resulting in inflation as there was more money in circulation than goods and services. There were other plans by successive governments such as vision 2010, the National Economic Empowerment and Development Strategy (NEEDS) initiated by the government of President Olusegun Obasanjo, vision 2020 which aims at making Nigerian one of 20 great economies in the world. In spite of these blue prints Nigeria continues to be one-product economy depending on oil. The need to ascertain the reasons for Nigeria's failure to develop impels the following questions: a. Is oil a curse or blessing for Nigeria? b. How does the prevailing corruption in the industry affect development? c. How does leadership deficit affect Nigeria's quest for development? The responses to the above questions are discussed in subsequent sections. Section one which comprises the introduction and the statement of problem brings to the fore the challenges of development in spite of oil resources; Section two situates the discourse within Immanuel Wallerstein's world systems theory while section three interrogates the nexus between militancy and the politics of oil; Section four discusses the prevalent corruption in the oil industry and the effects of leadership deficit on national development; Section five interrogates the impact of militancy with its attendant corruption on the oil industry and effects on national development; Section six examines the politics of oil in Nigeria while section seven concludes the discourse with necessary recommendations to ameliorate the situation.

THEORETICAL ISSUES: Immanuel Wallerstein's World Systems Theory

In his treatise on the capitalist world economy, Wallerstein (1974) likens the capitalist world economy as a system. He avers that the system comprises many states with a built-in process of economic stabilization (Ritzer, 2008). Whereas the members of the world system share the losses emanating therefrom, the economic gain is distributed to private hands. According to Wallerstein (1974), the core comprising the developed economies dominates the capitalist world economy and exploits the peripheral states. The peripheral states provide raw materials to the core and are dependent and exploited by the core states. He argues that this international exploitation is exacerbated by the economic division of labour in the market. The periphery supplies unskilled labour to the core while the core is dominated by skilled workers. The activities in the core are highly specialized resulting in efficiency whereas the periphery is stagnated and characterized by a monoculture or an undifferentiated single-focus society (Wallerstein, 1974). Nigeria is a good example of a monocultural economy which produces crude oil but unfortunately the core represented by developed states determines the price of crude to be bought from oil producers. Significantly, they also determine the price of refined crude and its derivatives to be sold to peripheral states.

This asymmetrical relationship is replicated in peripheral states such as Nigeria as the Niger Delta where the bulk of oil is produced feels exploited and marginalized. The reason is that the Niger Delta region has suffered intense environmental degradation resulting from oil exploration and gas flaring.

The absence of development in the Niger Delta region resulted in various crises and agitation starting from the rebellion led by the late Mr. Isaac Adaka Boro and the late Mr. Ken Saro Wiwa. In the first republic the percentage revenue due to oil producing states was 50% but this declined to 1% during the era of the military in the 1990s and subsequently increased to 13% to producing states (Revenue Allocation Report, 2012). But in spite of the 13% derivation, the politics of oil remains potent as producing states continue to agitate for a

fair treatment to engender development in the area because of the palpable poverty and environmental degradation.

MILITANCY AND THE POLITICS OF OIL

Militancy involves multi-pronged violent tendency and action. Militancy involves taking violent and rebellious actions against constituted authorities. According to Abraham (2011), militancy and youth restiveness in Nigeria manifest in the forms of disruption of activities of multinational oil corporations, vandalism of oil pipelines, illegal bunkering and more recently, hostage taking of both expatriates and Nigerians alike, and destruction of oil installations. In the opinion of Ebienu (2010), Nigeria is the Jewel in the African oil crown, but oil and militancy in the Niger Delta has become a subject of discussion just like the British weather. Previous studies indicated that whereas the oil produced in the Niger Delta, is the life blood of the Nigerian economy, oil has failed to translate to regional prosperity and development in the Niger Delta. The area has become a hot bed of violence, insurgency, kidnapping, hostage taking, oil pipeline sabotage, crude oil theft, gang wars, internecine struggles and so much else by way of anarchy and chaos (Afinotan & Ojabor, 2009; Ogunniyi, 2009; Watts, 2008).

Obviously, the agitation by the people of the Niger Delta for the fair share of the wealth generated in the region and the deprivation and neglect of the region by the government had caused and fueled the militancy. The literature is littered with a long list of the militant groups unleashing the orgy of violence in the region. Some of the notable militant groups are: Movement for the Survival of the Ogoni People (MOSOP), the Ijaw National Congress (INC), the Niger Delta Force (NDF), the Niger Delta People's Volunteer Force (NDPVF), and the Egbesu Boys of Africa (EBA), the Niger Delta Liberation Army (NDLA), Coalition for Militant Action (COMA), Joint Revolution Council (JRC) which is a coalition of three militant groups namely; the Martyrs Brigade, MEND and NDPVF. Others are the Niger Delta Vigilante Force (NDVF) led by Ateke Tom, the Movement for the Survival of the Ijaw Ethnic Nationality in the Niger Delta (MOSIEND), the Ijaw Youth Council (IYC), the Urhobo Union, etc. (Egwemi, 2009; International Crisis Group, 2006). The violent activities of these groups have led to several shut-ins of oil facilities by the MNOCs and caused disruption in the production of oil.

THE STATES COMPRISING THE NIGER DELTA WITH ITS SOCIOECONOMIC INDICATORS.

Table 1: Niger Delta at a Glance

General	
States	South-South zone: Akwa Ibom, Bayelsa, Cross River, Delta, Rivers Extended Niger Delta includes: Abia, Edo, Imo, and Ondo,
Population	29 million (22% of total Nigerian population)
Population Density	265 people per km ²
Ethnic groups/languages	40 ethnic groups; over 250 languages and dialects
Land area	75,000 km ²
Ecological zones	Coastal barrier sandy ridge; mangrove swamp; freshwater swamp; lowland rainforest
Natural Resources	Petroleum, natural gas, tin, lead, coal, zinc, arable land
Livelihoods	Agriculture and fishing (48%); trading (17%); services (10%); Education/health (7%)
Social/Economic Indicators	
Unemployment	<ul style="list-style-type: none"> • Estimated youth unemployment (ages 15-24): 40% • Official average for the South-South: 24 % (2006)
Poverty	<ul style="list-style-type: none"> • 43% in relative poverty (2004)
Water	<ul style="list-style-type: none"> • 76 to 80% in rural areas and 50 to 55% in urban areas do not have access to safe drinking water
Energy	<ul style="list-style-type: none"> • Firewood is the primary energy source for 73% • 34% of population uses electrical lighting
Oil and Gas Production	
Crude oil	2.28 million barrels per day (average for 2006); 90% of Nigeria's export earnings and 80% of federal government revenue Approx. 20% of production currently shut-in due to violence
Main terminals	Bonny Island (Shell), Brass River, Escravos (Chevron), Forcados (Shell), Odudu, Pennington, Qua (Kwa) Iboe (Mobil)
Main companies	Shell , Chevron, ExxonMobil, Agip, Total
Oil/gas pipelines	Over 7,000 km
Environment	1976 – 2001: 6,817 oil spills; 70% recovered 1986 – 2003: 50,000 acres of mangrove forest disappeared
Natural gas	3 trillion cubic metres of reserves
Gas plants	10

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Source: World Bank 2008

Table 1 above comprises the socioeconomic indicators in the Niger Delta such as its population of 29 million with 40 ethnic groups and over 250 languages and dialects. Youth unemployment of 40% and poverty level of about 43%. This is abysmal considering that it contributes 80% of the country's revenue.

As one of the world's largest wetlands, and Africa's largest delta, covering some 70 000 km² the Niger Delta is rich in both renewable and non-renewable resources such as oil, gas, bitumen, non-timber forest products and timber forest products, wildlife, etc (Badmus, 2010; Eyinla & Ukpo, 2006; Okaba, 2007; World Bank 1995).. Over 95 per cent of the total revenue for the Nigerian government is generated from oil and gas exploration (Brisibe, 2001). The region is heterogeneous, multicultural, and ethnically diverse (Ogundiya, 2009). Some of the ethnic groups in the region are the Isons (Ijaws), Isokos, Urohobos, Itsekiris, Ilajes, Ogonis, Andonis, Ibibios, Orons, Efiks, Anangs, Bekwaras, Ejaghams, Ekpeyes, Ikwerres, and many other splinter groups, spawning the eight littoral states of Nigeria (Long, 2007). These ethnic nationalities are referred to as minorities in relation to the three major ethnic groups in the Nigerian Federation (Obi-Ani, 2004). The

Ijaws are one of the largest ethnic minorities in the Delta but stand at the heart of the oil fields (Watts, 2008). The population of the region is over 30 million people living in 13, 400 aboriginal communities. The people are mainly farmers and coastal fishermen, and belong to over 40 ethnic groups (Egwemi, 2009). There is no doubt that the region remains the wealth basket of Nigeria but despite these enormous natural resources available in the region, the people of the region continue to wallow in abject poverty and squalor. Following the failure of peaceful protests and agitations, they eventually took to arms against the Nigerian state to redress this ugly situation and the conflict has periled governance and development in Nigeria.

CORRUPTION IN THE OIL INDUSTRY, LEADERSHIP DEFICIT AND NATIONAL DEVELOPMENT

Nigeria's economic and social activities are anchored on oil but the sector is replete with corruption. The oil/gas sector is technology driven and highly dependent on technical expertise provided by multi-national corporations and few indigenous companies. The implication is that the oil sector attracts huge capital as Foreign Direct Investment (FDI). The impact of the FDI is not felt in the economy as a result of corruption and a general lack of accountability (Usman, 2011, Aghalimo, 2006). Corruption which is defined as the misuse of public power for personal aggrandizement has permeated virtually all sectors of the Nigerian economy but more pronounced in the oil industry which is the mainstay of the economy. Apart from being categorized as the current headquarters of poverty in the world, Nigeria is heavily indebted in spite of its huge earning from oil. As at the end of 2018, its external debt stood at N22.37tn. Scholars such as (Sachs and Warner, 2001, Stiglitz, 2005, Okeke and Aniche, 2013) have attributed Nigeria's underdevelopment to the "Dutch disease"- a malady that afflicts states with abundant natural resources. The argument is that the extraction of natural resources lowers the wealth of country except the generated funds are ploughed back to create sustainable wealth. The Nigeria National Petroleum Corporation (NNPC) has the proprietary right to issue oil licenses and manage joint venture projects and other contracts. It is also a major player as it exports crude oil and imports refined petroleum on behalf of the federal government. The allocation of licenses for exploration and prospecting without a regulated procedure for such awards is a recipe for corruption. The result is that licenses are awarded arbitrarily to friends and cronies. Oil bunkering or theft is another source of corruption in the sector. Marginalization, abject poverty and unemployment drove young Niger Deltans into various social vices such as oil theft through pipeline vandalisation, piracy, kidnapping and sea robbery but of all these the most lucrative is oil bunkering which has since expanded in scope with the indigenes accusing some elements in the military and the political class as aiding and abetting oil theft.

The question often arises as to why Nigeria has failed to develop in spite of its rich human and natural resources. The leadership vacuum has often been blamed for its economic crises, political turmoil and the poverty of its citizenry. At independence in 1960, Nigeria had such sterling leaders as Nnamdi Azikiwe, Obafemi Awolowo, Ahmadu Bello, Tafawa Balewa, Michael Okpara, Aminu Kano, Anthony Enahoro etc. Unfortunately for Nigeria, it has not been lucky to have such leaders since the demise of those gentlemen. The leadership deficit has exacerbated the sharp ethnic division inherent in a heterogeneous society. Rather than galvanize the various ethnicities to coalesce into a strong and virile nation, we have leaders that exploit primordial cleavages to cling to power and amass resources for themselves and ethnic cronies. Any wonder that the economy continues to tank in the face of dwindling oil resources. The recourse to primordial identities has further driven a wedge into the major ethnic groups and brought to the fore ethnic champions who wish to use such platforms as a springboard to national prominence. Hence, the resurgence of ethnic and cultural associations such as IPOB, MASSOB, OPC, AREWA elders forum, MIYETTI-ALLAH cattle breeders association, militant groups in the Niger Delta-the AVENGERS, MEND, PANDEF etc. The resurgence of

ethnic cleavages robs the country of skilled professionals who would rather migrate to societies where their skills and expertise would be appreciated and rewarded accordingly.

IMPACT OF MILITANCY AND CORRUPTION ON THE OIL INDUSTRY AND THE CHALLENGE FOR NATIONAL DEVELOPMENT.

The Niger Delta communities have remained grossly socio-economically underdeveloped and pauperized amidst immense oil wealth owing to systematic dis-equilibrium in the production exchange relationship between the state, the multi-national corporations and the people. Enormous money derived from oil export has not translated into development for the region as a result of corruption and the absence of transparency resulting in severe land degradation, socio-economic disorganization, increasing poverty, misery, military occupation and bloody violence. (Pegg, 1999).

The oil producing communities have basically remained dependent and underdeveloped, persistently dis-empowered, socio-culturally marginalized and psychologically alienated. The wealth derived from oil resource exploitation and exports benefit directly only the operators of the oil industry and the bureaucrats in government (Owabukeruyele, 2000). Ejibunu (2007) posits that ‘the discovery of oil in the Niger Delta region triggered a chain of events that has led to the political and economic marginalization of the inhabitants.’ Despite many decades of oil production in Nigeria and hundreds of billions of dollars of oil revenue (Oronto, et al 2003), the inhabitants of the Niger delta region especially the riverine (creeks) remain in abject poverty. Poverty level is about 80% while unemployment level is about 70%. They live without even the most basic amenities such as pipe-borne water and electricity (Ibaba, 2005). Mukagbo (2004) opines that “in the Niger Delta, scenes of abject poverty pervade the area, very similar to what you find in a refugee camp”. The distribution of resources from the federation account has been another source of marginalization for the Niger delta. Prior to 1999, the allocation to the Niger delta from the federation account of revenues from oil, decreased progressively as Nigeria became more dependent on oil. In 1960, the allocation was 50%, then down to 45% in 1970, declining to 20% in 1982, down to 3% in 1992. It was raised to 13% following persistent agitations from the Niger Deltans (Ikelegbe, 2006). Unemployment is very high among the people of the Niger delta. The youths from the region do not benefit from the presence of the transnational corporations especially the oil companies operating in their communities. Less than 5% of the people from the Niger delta work in the companies, while women from the region working with the oil companies are less than 1%. Those who benefit through employment by the oil companies are from the non -oil producing parts of Nigeria (Ejibunu, 2007; Brisibie, 2001). These are the major reasons for the conflict which degenerated to militancy and brigandage.

Another major environmental tragedy in the Niger Delta is the waste of aquatic ecosystem. This aspect is quite significant to the people, being that it constitutes a grave threat to a hitherto economic hub of their lives—fishing. It is a common sight that in the process of oil exploration and production materials such as drill cuttings, drill mud and other fluids that are used to stimulate production are discharged into the environment and most end up in the streams and rivers (Nwaomah, 2009a). These chemicals are not easily degradable and the skimming of oil on the water surface hardly solve the problem since most of the oil might have sunk to the bottom of the water surface leaving grave consequences such as: (a) surface and ground water quality deterioration in terms of portability, aesthetic and recreation, (b) destruction and reduction of fish life and fisheries production of the waters, (c) destruction by acute and sublethal toxicity of aquatic flora and fauna of spills on water and benthic macro (Okaba, 2005: 19-20.) as shown in figure 2.

Figure 2: Environmental degradation.



Source: Integritynigeria.org.

According to the World Bank, there are five great plagues of mankind: war, famine, pestilence, environmental pollution, and death. The Niger Delta is in the throes of becoming an environmental wastebasket. From the oil spills to the round-the-clock gas flares and effluents from industrial wastes, the fragile ecosystem of the Niger Delta is under constant assault. The unbridled exploitation of crude oil and natural gas beneath the lands of the Niger Delta has caused indescribable and irredeemable ecological devastation of the Niger Delta land (Azaiki, 2003). Okaba (2005) sums up the environmental impact of the oil industry in the Niger Delta of Nigeria as land deprivation, soil quality alteration, destruction of aquatic ecosystem and air pollution. Other factors responsible for the soil quality alteration are the unceasing gas flares; drill cuttings, drill mud and refinery waste. The harmful effects of these elements on the soil are unquestionable (Nwaomah, 2009). Owabukeruyele argued that the compounds from the numerous petroleum wastes contain organic chemicals such as phenol cyanide, sulphide-suspended solids, chromium and biological oxygen that leave destructive effects on the land and water (Owabukeruyele, 2000). A secondary source of air pollution in the Niger Delta is the incidents of fire resulting from leakages from the exposed and corroded oil pipes that are scattered all over the region (Nwaomah, 2009). The environmental degradation being carried out by the oil companies in the Niger Delta as a result of their non-compliance with internationally recognized environmental standards are damages that their consequences cannot be limited by time. Unfortunately, available evidence shows that the trend is worsening as the government lack the political will to ensure compliance to rules by the oil companies (Doran, 1995; Ojomu, 2002; Susa, 1999).

Additionally, the unbridled corruption in the oil sector has thrown up numerous variables and challenges which further exacerbate the development challenges in the region. For instance, apart from the military

accused of oil theft, the militants equally engage in bunkering and other forms of brigandage to pay for weapons purchase. The oil corporations on their part engage in the politics of 'divide and rule' in which they identify for compensation, people in the host communities they believe have the capability to influence the indigenes to ensure that they have a peaceful environment to operate in, at minimal cost. A minute part of the money that should have been spent on corporate social responsibility (CSR) in the development of the host communities are paid to such individuals and groups. As such in some communities, traditional rulers and local community leaders have become corrupt as they have become recipients of various contract awards and cash payments at the detriment of the communities they represent. (Kemedi, 2003). Where there has been crisis of leadership in the host communities, the oil producing companies have tended to support whichever faction they believe had the capability of disrupting its operations "as opposed to which groups or factions were properly constituted and traditionally legitimate" (Ikelegbe, 2006). In furtherance of this policy, the Shell petroleum development company (SPDC) ignored the traditional rulers and elders and accorded recognition, partnered and related with the youths, simply because the youths had more disruptive power on oil production. Therefore the youths emerged as community leaders. These youths became the power brokers, the liaison with the MNCs, and the object of MNCs patronage (Kemedi, 2003; Ile & Akukwe, 2001).

The realization by the youths that violent protests and disruptive actions elicit immediate actions and payments by the oil companies led to emergence of several youth groups or militias. These youth groups became more daring in their tactics, from minor threats of disruption of activities emerged full blown militancy activities. Some youths began to hijack ships and helicopters, kidnap MNCs staff, and vandalize facilities in order to obtain pay offs, ransoms and payments from the oil companies (Ikelegbe, 2006).

The crisis in the region arising from the activities of the different militant groups operating in the region has brought about some negative implications, not only on oil production and other economic activities, but also on governance in general (Ejibunu, 2007). The activities of the militants have impacted the Nigerian economy in various ways thus tanking economic development. The operations of militants in the Niger Delta and the insecurity it has created makes it impossible for security agencies to adequately cover locations of various oil facilities. This has created a veritable ground for illegal oil bunkering to thrive in the region. Estimates range from 30,000 to 200,000 bbl. /day (Oudeman, 2006). Several of the militant groups are also believed to be involved in illegal oil bunkering. It is believed that illegal oil bunkering has become a major source of funding for the operations of the militants in the Niger delta. Militant warlords who engage in illegal oil bunkering justify their actions by claiming that it is a means of providing income for the impoverished residents of the oil producing communities. It is reported that one day's worth of illegal oil bunkering in the Niger delta (at 100, 000 bbl. at \$15bbl) will buy quality weapons for and sustain a group of 1, 500 youths for two months (ICG, 2006).

As a result of the activities of militants in the Niger delta region, "SPDC retrenched 3, 500 workers in September 2007. Indorama Petrochemical company shut down its operations thereby rendering over 3, 000 youths jobless and aggravating the unemployment situation. Restiveness has reduced growth in the business sector. As a consequence of militant activity Royal Dutch Shell has seen its production dropping from one million bpd to about 380,000 bpd at its Bonny terminal in the South of the Delta. Exxon has also experienced increased insurgent activity in its Nigerian operations. Nigeria is already suffering from production slow down due to militancy, currently the Niger Delta is only exporting 1.8 million bpd, compared with a targeted 2.2 million bpd (Harper, 2009). In Rivers state, over 80% of the companies have stopped operations, as

expatriates have either gone to their home countries or relocated to safer environments (Ejibunu, 2007). The MTN had 43 base stations shut down as militant activities made them inaccessible.

IMPLEMENTATION OF AMNESTY PROGRAMME FOR EX-MILITANTS

In 2009, the federal government introduced a programme of amnesty for all the militants in the Niger Delta, in which they were to return their arms and enter into the amnesty programme. This was adopted in order to ensure that the activities of the militants which had defied military action in the region did not lead to the eventual collapse of the economy. The ex-militants were to receive N65, 000 each as monthly stipend while they were trained on various skills both at home and abroad, to enable them gain employment and become re-integrated into the society. As part of the amnesty programme, several of the ex-militants were sent overseas to participate in skill acquisition programmes that would ensure their re-integration into the society. (Awosiyani, 2011).

However, in spite of the enormous amount being expended on stipends for the ex-militants, skill acquisition and their re-integration, several controversies have trailed the amnesty programme. Prominent among the controversies has been the neglect of the social infrastructure in the region which has been the major cause of the militancy in the first place; differences in the actual number of ex-militants involved in the programme; as well as violent demonstrations by ex-militants from the region alleging neglect following their non-inclusion in the amnesty programme or non-payment of their monthly stipend (Tamuno, 2012).

The implementation of amnesty programme for the ex-militants has not translated to increase in the inflow of FDI. The recent upsurge of the level of insecurity in the region, following agitations by some “ex-militants” and counter claims by government agencies (especially the Amnesty programme office) shows that more needs to be done, to tackle the genuine demands of the people beyond “settlement” of the militants.

POLITICS OF OIL IN NIGERIA.

Oil as a natural resource of great economic value occupies prime attention in global politics; hence countries rely on it as means of economic survival. To this end, control of these resources, attracts political maneuvering found in any political system, especially resource rich and dependent countries. In Nigeria, oil and politics are inextricably linked as political leaders; see the control of oil resource as the ultimate control of political power. Consequently, there is intense contestation for political power and by extension, the control of oil resources of the nation (Ikelegbe, 2005) and (Obi, 2010). This made issue of oil and politics in Nigeria, a vexatious one. As Omowe; (2005:50) observed, “the new found oil wealth in Nigeria introduced a new dimension into the country’s character of politics, particularly the intensification of the fierce struggle to capture and privatize the state at all cost and by all means by the political class”. Subsequently, this played out to the detriment of the economy as “roving bandits with the smash and grab mentality” dominated Nigerian political landscape (Lewis, 2010:20).

The result unfortunately, was poor development planning and where there is one, lack of the political will to faithfully see it through, (Henley et al, 2012). To understand the weight oil and politics carries in the political economy of the Nigerian state, this piece will briefly consider the following sub-topic with a view to exploring in compact form, how ‘oil and politics interface’ shape the Nigerian political cum developmental process. Consequently, focus will be on issue of revenue allocation and the kind of politics it spurns and how same shape development.

This is one issue that shows manifestation of oil politics in Nigeria. It entails processes that have to do with how oil revenues are shared in the Nigerian federal system that is fraught with politics seen in the struggle between and among the largely dominated ethnic interest in Nigeria. Ikeji; (2011) stated that, “the struggle for the control of the nation’s resources have also, to some extent been based on the regional cleavages”. The Nigerian state is made up of six geo-political zones with three dominant ethnic groups alongside numerous minority groups seen mostly among the oil bearing Delta region and the middle belt. There is obvious political struggle for oil wealth as each region often represented by an ethnic group, angle for ample resource space. One way this is made known, is how benefits are allocated from generated revenue in the revenue sharing formula that is seen to be a political instrument to press for advantage.

Revenue allocation principles adjudged skewed in favour of major ethnic groups at the expense of minorities, gained currency following the discovery of oil and exploration of same in commercial quantities in the 1953s. Prior to oil, revenue sharing formula that adopted derivation principle, paid regions from where applicable resources were sourced, 50% of the total revenue generated. This was however short-lived as the derivation principle was though retained, but applicable percentage kept dropping in the following sequence. It changed from 50% to 25% between 1968-1980 and miserable 1.5% between 1980-1989, (Akpabio and Akpan 2010) when oil was discovered. The politics that followed and later came to be known as the politics of revenue sharing formula as we earlier observed, is seen by many as direct political war between majority tribes and the minority tribes for the soul of the Nigerian oil. This to a very large extent amplifies what has come to be seen as oil politics in Nigeria.

Subtle and overt moves by regions to have fairer share in the revenue sharing regimes as well as the twist and the rancor that followed, which manifest in the polity, what many call ‘politics of oil’ in Nigeria (Ikelegbe, 2005, Obi, 2010, Ikeji, 2011, Omeje, 2006, Yusuf-Bagaji et al, 2011 and Higgins, 2009). The Nigerian federal system largely seen as flawed comes readily to mind when the issue of oil politics in Nigeria is up for analysis. This is particularly of interest when seen from the prism of distributive justice in the distribution of Nigeria oil resources wherein acceptable formula for sharing oil wealth, has remain an issue. Minority groups in Nigeria have severally seen issues associated with revenue sharing in Nigeria as a struggle to outdo the majority to outdo them by espousing unfavourable revenue sharing formula from the center government dominated largely by the majority tribes of Igbo, Hausa and Yoruba. Effort at amending the nation’s constitution recently, exposed the regional dimension of the angling for the soul of oil money. While governors of the oil rich South-South region wanted increased allocation, those of the North, wanted the status quo of 13% the South-South presently enjoys, to remain.

OIL, POLITICS AND DEVELOPMENT

Apart from the usually cited resource curse effect that appear to have denied Nigeria commensurate development, the debilitating role of politics in the oil industry, appears to have equally contributed. Intricate mingling of politics with oil curse, appear to interact to the detriment of the nation and at the expense of envisaged development at the discovery of oil in 1956. Evidence of these manifests in many ways such as rent-seeking which came into being when oil was discovered in 1956. This culminated in the attendant resource curse malaise that became the lot of Nigeria. While oil rents should be seen as a tool for economic growth via investment to achieve development that which accrued to the Nigerian state was seen by the political class as what they should fight for at the detriment of development. Ikelegbe (2005) captured this in his piece where he chronicled the political economy of rents in the Nigerian oil industry. He however failed to expose the character of the Nigerian political elites that fuels rent-seeking at development expense. The

Nigerian elite as shown in the course of this analysis is corrupt. As Nwabuzor (2006) noted, corruption fuels the culture of rent-seeking and fritters away development. Consequently, accruable oil rents become insufficient to meet the nation's developmental targets. In such situation, development goals become unachievable both at the national and at the regional level. This runs contrary to what happens in the 1960s where agro based resources sustained the economy. Apart from making it impossible for oil wealth to impact the nation in development terms; creates the atmosphere of rancor that accentuates crisis owing to grievance arising from the inequality in the sharing of oil resources. Distributive injustice is singled out as the main cause of the Niger Delta crisis (Ikelegbe, 2005, Obi, 2010, Ikeji, 2011, Omeje, 2006, Yusuf-Bagaji, 2011 and Higgins, 2009). The end result is the disruptive effect of oil and politics dynamics that has led to the seeming failure of oil wealth to positively impact the development process in Nigeria.

Secondly, oil-politics dynamic and impact of same on the Nigerian state, has led to the neglect of key sectors of the economy capable of helping the nation navigate the path of development. Elite induced struggle for oil wealth laced with primordial interest, made it possible for the nation and managers of state affairs, to neglect key sectors of the economy capable of engendering development. The prime casualty here is the agricultural sector that once sustained the economy. Self-interest with regional and ethnic coloration that dominated the Nigerian political scene after the discovery and exploration of oil was to later manifest in the management of oil wealth.

The manifestation of the political impact on the economy owing to the oil politics was the inchoate planning environment that failed to help the nation achieve needed development. The nation became largely dependent on oil to the neglect of other sectors that could drive development process. This contrasted sharply with the agro sector based economy that existed immediately after independence that saw healthy competition among the regions. The West built the cocoa house in Ibadan among other things; the North built Ahmadu Bello University

in Zaria while the East concentrated on the development of Enugu as their model of development. Development at the regional levels took root from this but such gains were reversed with the avoidable struggle for oil that accompanied the oil economy. Gradual alteration of the revenue allocation formulae to the detriment of oil bearing region and eventual abandonment of the lands, crippled regional efforts at developing. Planning was not spared as it was politicized (Henley et al 2012).

Thirdly, oil politics in Nigeria, brought about corruption in a new dimension. As expected, this came with disruptive effects on the nation's developmental efforts. With oil and the struggle for the control of same, new class of state actors emerged. They emerged with clientelistic mindset ostensibly to amass wealth at the expense of the state. While this happens, national interest is seen as secondary but regional and often times, primordial interest, given a vent. With corruption closely linked to the resource curse debate that the Nigerian state suffers from, (Shaxson, 2007), one can then situate the problem of corruption in the Nigerian oil dominated economy properly. What this means is that, corruption is an unethical conduct by those saddled with responsibility of public trust at the expense of public interest. This depicts exactly what happens in the Nigerian oil industry that is prone to political manipulation.

Corruption is disruptive anywhere anytime but oil related corruption as in the case of Nigeria, has a far more damaging impact on the nation's economy and development process. Corruption in the oil sector in Nigeria as Gillies; (2009) noted, "manifest in the award of oil licenses, avoidable bottlenecks in the oil industry,

shabby process of crude oil sale and import of refined products and that associated with accounting for accruable revenue from the sale of oil in Nigeria.” These tend to accentuate and fuel corrupting tendency amongst public officials as they see corrupt enrichment of selves at the expense of the state, as their opportunity to partake of the ‘national cake’. Such thinking, receives impetus from strong primordial attachment that thrives on ethnic sentiment. This is the story of oil politics in Nigeria especially when oil wealth, fuels corruption and patronage politics that have national development prostrate, (Obi, 2010).

Finally, oil politics in Nigeria, led to infrastructural decay. With the mix-up of politics and oil, the resultant effect is the “smash and grab” mentality that elites adopt (Henley et al, 2012). This can be likened to idea of “roving bandits” which Olson; (2000) espoused, mentioned by (Lewis, 2010) as manifest in Nigeria. While the nation basked in the euphoria of oil discovery with renewed hope of improved infrastructural facilities, the reverse turned out to be the case. This can be seen from the manifest neglect of infrastructural facilities where they exist. Roads in the oil bearing region of the Niger Delta are reportedly in bad shape as it is the case in several parts of the nation despite the huge amount budgeted yearly for their construction and repairs. Where they exist, there is manifest failure of the state to maintain such infrastructural facilities, leading to inevitable decay. From poorly maintained roads, poor health facilities, near non-functional social services, epileptic power supply, comatose industrial base and manufacturing sector and so much more, the Nigerian state is marked by dearth of infrastructure worsened by poor maintenance culture. Misplaced priority of the ruling elites who are often drawn into the struggle for oil wealth that leaves them engrossed with what they can grab from the national cake which the oil wealth represents and not how to develop the nation, make this so. We can thus say that the willful neglect of infrastructural facilities in Nigeria represents the flip-side of oil politics in Nigeria.

CONCLUSION

Since the discovery of oil in Nigeria, it has been a major propellant of the Nigerian economy; however the primitive accumulation of wealth by the Nigerian elite has hindered a smooth development process in the country. The struggles for power among the elites brought about several military coups and to a civil war which eventually led to the abolition of the principle of derivation that was anchored in the 1963 Republican Constitution. In view of the foregoing the following recommendations are made:

- Proper macro-economic policies should be drafted in order to boost the Nigerian economy and enable Nigeria participate in international division of labour.
- Accountability and transparency by the ruling elite should not be taken with levity.
- The issues of environmental degradation should be seriously tackled because it negatively affects the wellbeing of the people.
- Infrastructural development should be put in place in oil producing states.
- Corruption in the system relating to oil matters should be tackled.

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