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Oyewale, Peter Oluwaseun(Ph.D)

Ekiti State University

ABSTRACT

Nigerian economy has undergone series of changes and structural changes since the post-colonial period. The economy of Nigeria was basically based on agriculture before and during colonial era. Before the colonial rule, Nigeria had fairly complex organization. These social organizations were predominantly peasant communities, producing variety of commodities, mostly to satisfy their needs with little surpluses for exchange with other neighboring communities. Trading among the various communities was broadly based on barter system and agriculture involved the production of food crops for subsistence. It involves the cultivation of land raising and rearing of domestic animals for the purpose of production for men, feed for animals and raw materials for local industries. It has always been the major employer of labours most especially in the pre-industrial societies and before the commercialization of crude oil in the country.

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Crude Oil and Nigerian Economy: A Historical Appraisal

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ABSTRACT

Nigerian economy has undergone series of changes and structural changes since the post-colonial period. The economy of Nigeria was basically based on agriculture before and during colonial era. Before the colonial rule, Nigeria had fairly complex organization. These social organizations were predominantly peasant communities, producing variety of commodities, mostly to satisfy their needs with little surpluses for exchange with other neighboring communities. Trading among the various communities was broadly based on barter system and agriculture involved the production of food crops for subsistence. It involves the cultivation of land raising and rearing of domestic animals for the purpose of production for men, feed for animals and raw materials for local industries. It has always been the major employer of labours most especially in the pre-industrial societies and before the commercialization of crude oil in the country.

The introduction of crude oil into Nigeria economy in the late 1950s brought a significant change and development in the country's economic sector. Crude oil is a very versatile and flexible non-productive, exploiting, natural (hydrocarbon) resources is a fundamental input into modern economic activity, producing about 50 percent of the total energy demand in the world. Oil was found in commercial quantities at Oloibi in Niger Delta, Nigeria. The exploration and exploitation of crude oil in commercial quantity changed Nigerian economy from agrarian to crude oil economy. It is interesting to note that crude oil has contributed immensely and still contributing to the economic

development of the country in the area of economic growth and development. The full exploration of crude oil gave a bright hope to an average Nigerians. Many had hoped that oil would turn Nigeria into industrial power and a prosperous country based on a large middle class. Despite this, Nigeria still remains backward in the area of development most especially the industrial sector and standard of living of her citizens.

Therefore, the intention of this paper is to examine the contribution of crude oil to the economic development of Nigeria and how the sector has help Nigerian government to solve her economic problems and equally to elucidate on how and why Nigeria, a giant of Africa has not developed as expected.

Keywords: crude oil, production, economy, development, industrial, commercialization.

Author: Department of History and International Studies, Faculty of Arts, Ekiti State University, Ado – Ekiti, Nigeria.

I. INTRODUCTION

Indeed, the discovery of Crude oil in commercial quantity in Nigeria spelt a turning point for the country. Added to this is the fact that the commodity has a very high international demand and as such it is a major export for Nigeria so much so that it has been able to facilitate the state's government public spending due to revenues accrued from its sale invariably allowing for economic growth and development. Nonetheless, it must be said that oil has brought with it fluctuating fortunes to the Nigerian polity

and economy while on the one hand it has been able to facilitate and even spark some level of economic, infrastructural and even social development on the other hand, it has equally dragged the country into stormy waters. It is not even surprising at this point that some commentators rather than refer to oil as a blessing view it as a curse.

However, it should be said that the foregoing only gives a picture 'Sensu Lato' in a more narrow sense the implication of the discovery of oil for the area where it was discovered has been mixed (that is positive and negative). Indeed, perhaps more than any other event in its history the discovery of oil in the Niger Delta has fostered increasingly a number of contradictions.

Following this background the purpose of this paper seeks to examine historically and critically the impact of the discovery of oil on the Nigerian economy and would also examine its effect on the Niger Delta region.

II. IN NIGERIA 'OIL IS WEALTH': AN ASSESSMENT

Crude oil became a substantial part of Nigeria's export and wealth with its discovery in 1955 and with the profit accrued from the sale of oil particularly from the 1970s (the oil boom years) the government had increased revenue to tackle the challenge of economic growth and development. This is not to say that the sector generated low profits in the 1960s however, due to the political climate at the time and the civil war that followed it was not until the 1970s independent Nigeria benefitted effectively from the sector. Indeed, as Falola and Heaton point out Nigeria emerged from the civil war, with varying problems. On the one hand, it was obvious that severe "ethnic and regional fissures continued to exist, preventing the establishment of a strong national identity and therefore inhibiting the development of a stable, democratically elected

federal government."¹ Interestingly, they also point out that

These issues were temporarily marginalized, however, as the Nigerian economy grew drastically due to the rapid expansion of the petroleum sector in the early 1970s. Located mostly in the Niger delta region, petroleum became Nigeria's chief export and single handedly made Nigeria the wealthiest country in Africa during the 1970s.²

To buffer this point it is said that in 1970 total production of oil rose to 396 million barrels, rising further to 643 million in 1972 and 823 million in 1974. These increases were owed to the activities of the Shell Petroleum Development Corporation, the Nigerian subsidiary of Royal Dutch Shell, given that the company accounted for the majority of petroleum production in the 1970s. Also, it is important to note that this dramatic surge in the productivity and profitability of the petroleum industry in Nigeria in the early 1970s was kindled largely by global oil scarcity at the time. This was in part due to the oil embargo on Western countries over their support of Israel in the Arab-Isreali war in October 1973. Unsurprisingly, "Prices of petroleum skyrocketed, rising from \$3.80 a barrel in October 1973 to \$14.70 by January 1974, and remained high for most of the remainder of the 1970s."³

III. ECONOMIC ADVANTAGES OF THE OIL INDUSTRY IN NIGERIA

Perhaps the major benefit of oil wealth was its direct effect to government revenue. According to Siollun the increase in government revenue encouraged the Federal Military Government under General Yakubu Gowon at the time (the 1970s) to embark upon a series of "unprecedented

¹ Toyin Falola and Matthew Heaton, *A History of Nigeria* (New-York: Cambridge University Press, 2008), 181.

² Ibid.

³ Ibid.

and grandiose developmental construction projects to rapidly modernize Nigeria.”⁴

Estimate

Year	Production (million barrels)	Revenue (N million)
1958	1.9	0.2
1959	4.1	3.4
1960	6.4	2.4
1961	16.8	17.0
1962	24.6	17.0
1963	27.9	10.0
1964	44.0	16.0
1965	99.4	29.2
1966	152.4	45.0
1967	116.6	29.6
1968	51.9	Not available
1969	196.3	75.4
1970	395.8	167
1971	558.7	510
1972	655.3	764
1973	719.4	1,016
1974	823.3	3,724
1975	660.1	4,272
1976	758.1	5,365
1977	766.1	6,081
1978	696.3	4,556
1979	845.5	8,881
1980	760.1	12,354
1981	525.5	8,564
1982	470.6	7,815
1983	450.9	7,253
1984	507.5	8,269
1985	547.1	10,915
1986	535.9	8,107
1987	462.9	19,027
1988	529.0	20,934
1989	626.7	39,131
1990	660.6	55,216
1991	689.9	60,316
1992	711.3	115,392
1993	695.4	106,192
1994	696.2	160,192
1995	715.4	324,548
1996	681.9	369,190
1997	855	416,811
1998	806.4	289,532
1999	774.7	500,000
2000	828.3	1,340,000
2001	859.6	1,707,600
2002	725.9	1,230,900
2003	844.1	2,074,300
2004	900.0	3,354,800
2005	923.5	4,762,400
2006	814.0	6,109,000
TOTAL	23,183.9	N29.8 trillion

d crude oil production an oil revenue in Nigeria 1958-2006

Source: Takon, N., “Distribution of oil revenue to Niger delta of Nigeria in post-2000: Is the debate how fairly the federal government has redistributed oil revenue?”, *International Journal of Development and Sustainability*, Vol. 3 No. 4, (2014):592.

It is said that “city topography was transformed with the construction of new multi-lane highways and flyovers, bridges, hospitals, schools, universities, dams, factories, hotels, army barracks and office complexes.”⁵

⁴ Max Siollun, *Oil, Politics and Violence: Nigeria’s Military Coup Culture (1966–1976)* (New-York: Algora Publishing, 2009), 168.

⁵Ibid..

Summary of Federal Collected Revenue – Oil Revenue

ITEMS	Approved Budget 2017				Cumulative	Variance	% Variance
	Annual	Expected Monthly Average	Expected Jan-July	July			
	N=b	N=b	N=b	N=b			
OIL REVENUE							
NNPC							
Crude Oil Sales	1,683,288	140,274	981,918	188,149	1,068,420	86,502	8.809
Gas Sales	544,468	45,372	317,606	29,689	85,834	(231,772)	(72.975)
Royalties Oil & Gas	899,824	74,985	524,895	41,593	263,311	(261,584)	(49.835)
Rent	1,678	0.140	0.98	0.044	0.104	(0.876)	(89.388)
Gas Flared Penalty	4,727	0.394	2,758	0.184	1,397	(1,361)	(49.347)
Miscellaneous, Pipeline fees, etc.	951,636	0.488	3,416	2,669	6,813	3,397	99.444
FIRS							
PPT & Gas Tax @CITA Rate	1,248,828	104,069	728,483	100,106	524,250	(204,233)	(28.035)
Total Gross Oil Revenue	5334,449	444,537	3111,759	362,434	1,950,129	(1,161,630)	(37.330)

Source: National Bureau of Statistics, “Fiscal Statistics (Revenue and Allocation) July 2017” (NBS, October 2017)

This increase in revenue accrued from oil did not stop in the 1970s. Indeed, a conscious perusal of the figures above clearly shows that this tradition has continued up till 2017.

No doubt the spillover of higher government public spending on capital and other socio-infrastructure projects increased employment opportunities for many Nigerians. It is said that many Nigerians were employed in the building of roads and bridges, the clearing of drilling sites, transportation of materials and equipment, and the building of staff housing and recreational facilities.

One report states that oil producing communities have benefitted greatly from oil production in terms of wages and employment opportunities. Pointing out that those with full time employment in the “oil industry are paid high wages for skilled

work, but they are a well-paid minority surrounded by a mass of un- or underemployed”⁶ in fact the report also points out that during the military regime contractors to the oil industry, often traditional leaders or those with close links to the military administrations of the oil producing states, also potentially make large amounts of money through contracts for state projects.⁷

However, according to Onoh direct oil industry employment in Nigeria is not likely to witness any significant expansion in the future given the fact that the industry is highly capital intensive compared with other industries. What this means essentially is that growth in the oil sector is

⁶ The Price of Oil Corporate Responsibility & Human Rights Violations In Nigeria’s Oil Producing Communities (Humans Rights Watch, 1999), 8.
⁷ Ibid., 8.

generally reflected, not in the relative expansion of employment,⁸ but in the expansion of capital investment.

Similarly, it is said that the oil industry's periodic injection of purchasing power through its local expenditure on goods and services is another of its important contributions to the Nigerian economy.⁹ Towing this line of thought another scholar points out that apart from direct payments to the government, the oil industry expenditure in the country "takes the form of payments of wages and salaries, payments to local contractors, local purchases of goods and services, harbor dues, vehicle licenses, telephone and postal charges, local rents, educational grants and scholarship awards, donations and subventions, and other minor social charges"¹⁰ it is said that the cumulative expenditure on these items totaled about N950 million by the end of 1974.¹¹

It is worthy of note that with the discovery of oil there has been a sharp upturn in the country's foreign exchange reserve (which holds significant value for any country interested in economic growth and development¹²). According to the Central Bank of Nigeria since the 1970s -"Nigeria's external reserves derive mainly from the proceeds of crude oil production and sales."¹³ While it is said that the money accrued from the oil boom years in the 1970s was not managed effectively CBN notes that from 1999, world oil prices began to rise again "resulting in another but better managed boom and unprecedented accumulation in the level of reserves from USD4.98 billion in May 1999, to USD59.37 billion as at March 28, 2007."¹⁴ Nonetheless, it should be stated that fluctuating oil prices given our dependence has

⁸ J. K. Onoh, *The Nigerian Oil Economy*. (London: Croom Helm, 1983), 67.

⁹ Claude Ake, *The Political Economy of Nigeria*, (London: Longman, 1995), 201.

¹⁰ James W. *Nigeria's Oil Wealth Shuns the Needy*, Ibadan, Africa Recovery, (2001):18.

¹¹ *Ibid.*

¹² "Reserve Management", <https://www.cbn.gov.ng/intops/ReserveMgmt.asp> assessed October 22, 2018

¹³ *Ibid.*

¹⁴ *Ibid.*

also had some effects on Nigeria's external reserve.¹⁵

So far this analysis might mislead one to think that the oil industry has brought all but positive changes to the Nigerian economy and polity. Unfortunately, this is not the case what the foregoing has indeed shown nonetheless, is that the industry holds an important index in terms of economic input to Nigeria.

III. THE CURSE OF THE BLACK GOLD

Extensive research has shown that particularly from two important pieces of evidence (the developing countries' postwar industrialization efforts and the performance of the mineral-rich developing countries since the 1960s) that not only do resource-rich countries fail to benefit from a favourable endowment or development, they may actually perform worse than less well-endowed countries.¹⁶ This 'Resource Curse Thesis'¹⁷ as it is called has become the norm when some scholars describe most African economies unfortunately Nigeria has not done much economically to counter or challenge this argument.

Unsurprisingly, perhaps towing the line of this train of thought Michael Pell in his usual lucid language points out that

In the half-century since it shipped its first oil, the nation of Nigeria – one of the worlds ten most populous – has become a little laboratory for the arrogance of a fossil-fuel-obsessed world. It is a country where the oil economy is slowly being destroyed by its own hand and its own hubris. It has metamorphosed from pillar of unprecedented Western industrial prosperity to ominous parable for a rapacious age. Nigeria teaches us that the unfettered global cult of

¹⁵ See for example, Boniface Chizea, "The content of Nigeria's foreign exchange reserves" <https://guardian.ng/opinion/the-content-of-nigerias-foreign-exchange-reserves/> assessed October 23, 2018.

¹⁶ Richard M. Auty, *Sustaining Development in Mineral Economies: The Resource Curse Thesis* (London: Routledge, 2003), 1.

¹⁷ *Ibid.*

crude hurts not just the countries that produce it but – as relentlessly as in any Greek tragedy – the nations that consume it, too. That vulnerability is clear in the world oil market spikes caused by each production disruption in the Delta.¹⁸

The remarkable surge in oil prices from the 1970s and the so-called influx of petrodollars into government coffers amplified both the Nigerian government and people's developmental ambitions. However the oil boom came too soon and too quickly. The Nigerian government proved ineffective at managing the wealth, and was unable to use it to significantly increase Nigerians' living standards.¹⁹

Also, it should be said that dependence on petroleum for the vast bulk of government revenue as examined earlier has caused many problems for Nigeria particularly from the Gowon era onwards. According to Falola and Heaton "the Nigerian economy became extremely vulnerable to fluctuations in the world price of petroleum."²⁰ A case in point was the shock in crude oil prices which started in July 2014. It is said that this fluctuation due to Brent oil price decline by 24 percent (a four-year low of USD 81 as at November 11, 2014, and stood at USD57.8 and 67.6 as at March 31, 2015) "adversely affected Nigeria, especially in the areas of foreign reserves, currencies crisis, declining government revenue, and ultimately, threat in terms of ability to meet financial debt obligations as at when due."²¹

Largely due to the concentration of the Nigerian government on the oil sector and the significant neglect of other important sectors that are necessary for a diversified economy. The agricultural sector for example from the 1970s

declined rapidly due to neglect ensuring that Nigeria became more dependent on food imports, even beginning to import items such as palm oil and groundnuts, which had been staples of the agricultural economy.²² It is said also that manufacturing decreased as a percentage of gross domestic product (GDP) from 9.4 percent in 1970 to 7.0 percent in 1973/4.7 thus, "the oil boom, rather than providing an impetus to grow the productive sector of the Nigerian economy, instead encouraged a rise in imports"²³

It is interesting to note that as more money entered the domestic economy, it led to greater public consumption. Greater consumption led to inflation, thus affecting real income. A case in point is how for example "food prices ballooned by 273 percent between 1973 and 1981, and to offset inflation, the government sharply reduced tariff rates in order to encourage import growth, thereby flooding the market with imported goods."²⁴

¹⁸ Micheal Pell, *A swamp Full of Dollars: Pipelines and Paramilitaries at Nigeria's oil Frontiers* (Chicago: Lawrence Hill Books, 2010), xvii.

¹⁹ Siollun, *Oil, Politics and Violence*, 169.

²⁰ Falola and Heaton, *A History of Nigeria*, 182.

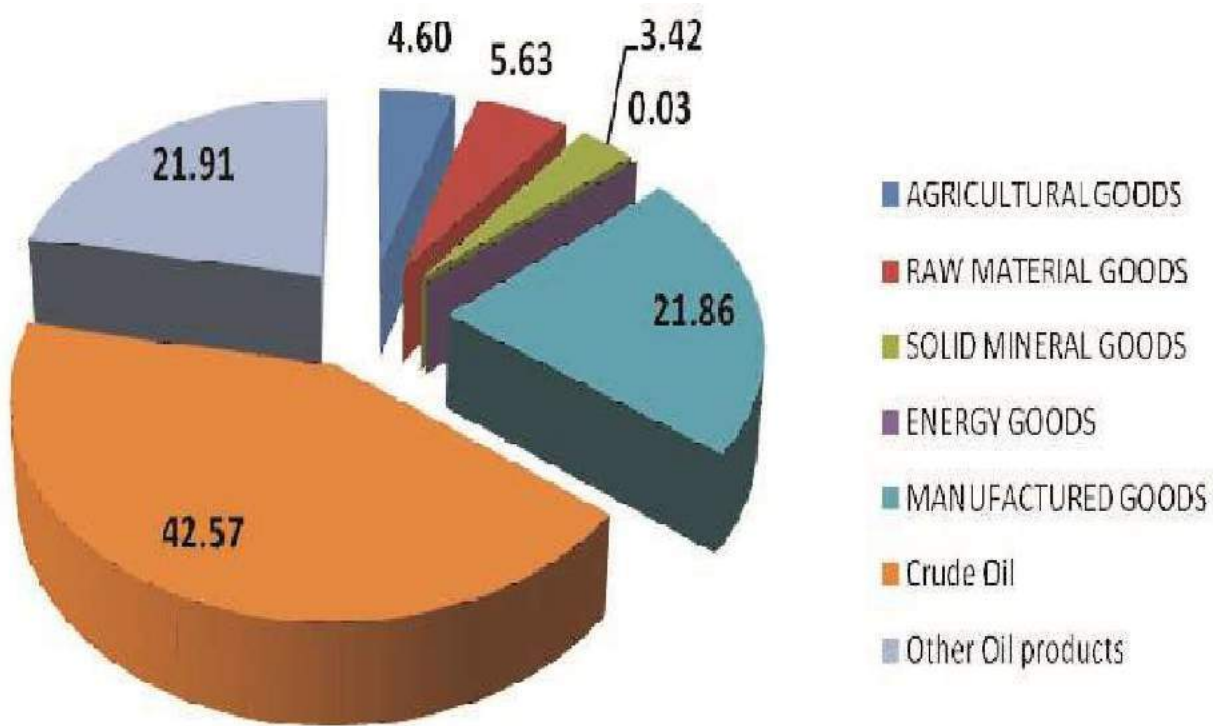
²¹ Ifeanyi O. Nwanna and Ayenajeh Manasseh Eyedayi, "Impact of Crude Oil Price Volatility on Economic Growth in Nigeria (1980 -2014)" *IOSR Journal of Business and Management*, Vol. 18: 6 (Jun. 2016):1

²² Falola and Heaton, *A History of Nigeria*, 183.

²³ *Ibid.*

²⁴ *Ibid.*

Sector breakdown of total trade in 2017 (Q2)



Source: National Bureau of Statistics, “Foreign Trade and Goods Statistics” (NBS, September 2017)

Unfortunately, this policy measure failed to end the inflation within Nigeria at the time, and at the same time it discouraged growth in agriculture and manufacturing by providing competition in the form of cheap imports. Indeed, from the chart above it is clear that even in recent time oil and its associated products still represent the major export of the country. It is not gainsaying at this point to say that from the 1970s onward Nigeria could be said to have acquired the disease – AIDS (Acquired Import Dependency Syndrome).²⁵

The growing significance of oil also to some extent affected the socio-political fabric of Nigeria. It is said that the oil boom resulted in widespread corruption on the part of the government officials

responsible for the collection and allocation of revenues. The oil boom led to the development of a “Rentier state” in Nigeria.²⁶ According to Peter Lewis while the culture of corruption was already in existence in Nigeria the 1970s – oil boom gave it a new character²⁷ both in the public and private sector. Added to this was the fact that the Military era in Nigeria solidified this high level of corrupt practices.²⁸ Also, Perhaps because of the abundance of the oil years of the 1970s the government of Nigeria transformed into a welfarist state with large elements of Patron-Clientism emerging in the socio-political

²⁵ This view was expressed by Akinyeye in relation to West Africa but can still be said to hold true for Nigeria; Professor Abayomi Akinyeye, “Clothing others while Naked: West-Africa and Geopolitics” Inaugural lecture delivered at the University of Lagos, Akoka-yaba Lagos (2014).

²⁶ Falola and Heaton, 183.

²⁷ Peter Lewis, *Growing apart: Oil Politics and Economic change in Indonesia and Nigeria* (Michigan: University of Michigan Press, 2010), 140.

²⁸ *Ibid.*, 144.

fabric. Thus it is not surprising that scholars like Falola and Heaton observed that

Unlike most countries, where government revenue is generated within the country through taxes on citizens, service provision, or internal borrowing, in a “Rentier state” the bulk of government revenue comes from outside the country. In the case of Nigeria, the vast bulk of government revenue since the 1970s has come from “rents” paid to it through licenses and royalties from the multinational petroleum corporations such as Shell, BP, Fina, Agip, and so on. Under such a system, corruption can – and has – run rampant, since there is no accountability other than that owed to the multinational corporations that pay the rents. Citizens’ opinion of the government becomes irrelevant, since the government does not maintain its power through popularity but through coercion and the control of resources.²⁹

Due to the increasing benefit accrued from the Oil industry it was not surprising that the federal government quickly went about making sure that it would be the body to control the bulk of oil revenues through legislation that gave them extensive control over resources. It should be said that although the Nigerian government had maintained involvement in the oil industry prior to 1971, it was mainly achieved through business deals on concessions of the foreign firms in operation. However, in an attempt to acquire more control over the oil industry the Nigerian federal government perhaps due to the Biafran war in May 1971 then under the military rulership of General Yakubu Gowon, nationalized the oil industry by creating the Nigerian National Oil Corporation via a decree.³⁰ In that same year even before the nationalization of the oil sector Nigeria joined Organization of Petroleum Exporting Countries (OPEC), which was encouraging member states to acquire 51% stakes and become

²⁹ Falola and Heaton, 183.

³⁰History of the Nigerian Petroleum Industry <http://www.nnpcgroup.com/NNPCBusiness/Businessinformation/OilGasinNigeria/IndustryHistory.aspx> assessed October 29, 2018.

increasingly involved in the oil sector. The creation of the NNOC made government participation in the industry legally binding.

In another effort to strengthen her hold over the industry Karl Maier points out that a major development in the 1970s in an attempt to “put some order into Nigeria’s anarchic land-tenure system”, was the Land Use Decree of 1978, which transferred control of land and mineral rights away from local people to the state and federal governments.³¹ Interestingly, he goes on to point out that “not only did the decree increase the power of the state, but it also set the federal government on a future collision course with the residents of the oil-rich Niger delta.”³²

At this point it should be said that this gradual control over this industry did not stop in the 1970s indeed, the federal government would continue to consolidate its oil involvement throughout the next several decades.

A burning issue that emerged due to the increase in Oil wealth was revenue allocation³³. Many all over Nigeria were concerned about revenue allocation and how to distribute revenues across the country. On the one hand, those in the oil-rich states of the Niger delta preferred an allocation process known as “derivation,” whereby oil revenues would be allocated to states based on the portion of petroleum derived from each state. Those in areas that did not produce oil were opposed to this and instead proposed what was more convenient that revenues be allocated based on the populations of states.³⁴

Even with the growing debate in 1970 the federal government adopted a compromise position. Oil-producing states were to split 45 percent of

³¹ Karl Maier, *This House has Fallen: Nigeria in Crisis* (Colorado: Westview press, 2000), 15.

³² Ibid.

³³ Takon, Nelson, “Distribution of oil revenue to Niger delta of Nigeria in post-2000: Is the debate how fairly the federal government has redistributed oil revenue?”, *International Journal of Development and Sustainability*, Vol. 3 No. 4, (2014): 586-607.

³⁴ Falola and Heaton, 183.

the total revenues based on the concept of derivation; the remaining 55 percent went to the federal government. Of that 55 percent, half went directly to federal government coffers and half went to a fund known as the Distributable Pool Account (DPA). The DPA was to be distributed among all the states based on two criteria. Half of the DPA was to be divided equally among the states, while the other half was distributed to all the states in proportion to their populations. Similarly, the Onshore and Offshore dichotomy introduced by the federal government in 1975 saw the federal government carting away 100 per cent of the off-shore rents.³⁵

Interestingly, the 45 percent allocated by derivation was later reduced to 20 percent, before finally being eliminated in 1979 in favor of a federally controlled account for mineral-producing regions. As Takon points out given the large dependence of the Nigerian government on Oil they were compelled to drop the derivation formula. In place of derivation, the government was in favour of a Special Account for mineral producing areas, which split 4.5 per cent of the percentage share of on-shore petroleum proceeds into 1 per cent for ecological problems, 2 per cent for derivation, and 1.5 per cent for the development of the oil-producing areas during the Second Republic (1979-1983).³⁶ It is not surprising that with this changing dynamic the federal government increased its fiscal power in the country.

The Fourth Republic (1999-) ushered in noticeable changes in terms of the revenue allocation formula. The 1999 Constitution (basis for the fourth republic) raised derivation principle to “not less than 13% of the revenue accruing to the Federation Account directly from any natural resources”. Surprisingly, this “provision of the constitution was substantially eroded in April 2002, in a case between the federal government

and eight coastal states (in the Niger Delta).....In this case, the Supreme Court held that the derivation principle applied only to resources derived from the seaward boundary of coastal states, defined as a state’s “low water mark of the land surface”³⁷

IV. WITHER NIGER DELTA: THE IMPACT OF THE OIL SECTOR

If the consequences of the discovery and further exploration of oil in Nigeria is particularly glaring a close look at the oil producing area – Niger Delta would worsen this picture. It is not gainsaying at this point to state that much like in the case of West Africa the Niger Delta is ‘Clothing Others while Naked’³⁸

³⁵ Ibid.

³⁶ Takon, “Distribution of oil revenue to Niger delta of Nigeria in post-2000: Is the debate how fairly the federal government has redistributed oil revenue?”, 595.

³⁷ Ibid, 597.

³⁸ This was used by Prof. Yomi Akinyeye in his inaugural lecture in describing West Africa’s plight in relation with the world.

Picture Showing a Leaked oil well at Elume Village



Source: Mohammed Nuruddeen Isah, "The Role of Environmental Impact Assessment in Nigeria's Oil and Gas Industry", PhD Diss., Cardiff University, 2012, 6.

The Niger Delta since the discovery of oil has been plagued with growing environmental problems, underdevelopment and stark neglect by the federal government which has to a large extent fostered inter-group conflicts, youth militancy, illegal bunkering, pipeline vandalization to mention a few.

The environmental implications of the Oil industry in Nigeria cannot be undermined. It is said that massive oil spills occurring in rivers in the Niger Delta have done very significant damage to the aquatic ecosystem, particularly in the mangrove swamp forest zone. Putting these oil spills in figures one scholar points out that in assessing the history of oil spills in the Nigerian oil industry from 1956-2008, the total number of "reported incidences of spills is put at 4,835; resulting in a cumulative spill volume of 2,382,373 barrels of crude oil. Of this amount only about 15.91% was recovered, that is 84.09% of

cumulative spill (2,003,337 barrels) was released into the environment."³⁹

Sadly this damage to the environment has continued so much so that it has affected the primary means of livelihood common to many Niger-Delta communities – Fishing/Agriculture.

As one author has argued elsewhere, "the economic activities of the rural communities have been adversely affected by oil industries activities. Consequently, fishing, the main source of livelihood has been made unprofitable. The dwindling catch of fishermen has intensified competition over areas where fishes can be found in abundance."⁴⁰

³⁹ Mohammed Nuruddeen Isah, "The Role of Environmental Impact Assessment in Nigeria's Oil and Gas Industry", PhD Diss., Cardiff University, 2012, 21.

⁴⁰Abosede Babatunde, "Oil Exploitation and Conflict in the Nigeria's Niger Delta - A Study Of Ilaje, Ondo State, Nigeria" *Journal of Sustainable Development in Africa* Vol. 11, No.4, 2009: 147.

Poverty Statistic in the Niger-Delta

State	Poverty Incidence (%) ¹²	Core Poor (%) (quintile 1) ¹³	Self-assessed poverty level ¹⁴	Very Poor (%) (self-assessed)	Gini
Akwa Ibom	35	27	66	17	0.50
Bayelsa	20	22	95	62	0.47
Cross River	42	33	77	22	0.50
Delta	45	23	81	25	0.47
Edo	33	16	79	35	0.46
Rivers	29	19	67	15	0.48
South-South	35	23	77	29	0.51
North-East	72	35.4	81	26.5	0.46
Nigeria	54	21.3	76	21.37	0.49

Source: Paul Francis, Deirdre LaPin and Paula Rossiasco, "Securing Development and Peace in the Niger Delta: A Social and Conflict Analysis for Change" (Study prepared for publication by the Woodrow Wilson International Center for Scholars Africa Program and Project on Leadership and Building State Capacity, 2011), 39.

Unsurprisingly, during the 1970s and 1980s various communities in the Niger Delta launched a number of protests against the government and even multinational oil companies. It is said that more organized resistance sprang up in the 1990s. Cases in point were the emergence of the Organization for the Restoration of Actual Rights of oil Communities, the conference of traditional rulers of oil producing states; concerned youths of oil producing states, Movement for the survival of Ogoni People spearhead by the renowned Ken Saro-Wiwa among others⁴¹

It should also be pointed that due to the neglect of the government in terms of ensuring some level of growth and development in the area many of the groups and communities have taken on a survivalist character. This in turn has bred intense struggle for oil rich land and territories in a bid to acquire patronage from the government and multinational companies. More than any other period in this study's timeline the 1990s- 2003 was characterized by intense rivalry by different groups in the area over territories. Useful cases in point include border clashes between the people of Akwa Ibom and Cross River State which started from 1987, it is said that these border tensions are mainly due to competition over an area of land

⁴¹ Martin Meredith, *The State of Africa: A History of Fifty Years of Independence* (London: Simon and Schuster, 2006), 576.

believed to contain oil reserves.⁴² Similarly, Warri in Delta state which is the second most important oil town in the Niger Delta after Port Harcourt and home to these three ethnic groups—the Ijaw, Itsekiri and the Urhobo—who claim portions of Warri as their homelands, have witnessed “fierce and violent conflict.....Each wave of violence was rooted in historical grievances against the oil industry and the government for development neglect and the loss of local patrimony.”⁴³

Given that most of these protest emerged during the military era the government responded with an intense high handedness. Surprisingly, however, “even after the 1999 return to democratic rule, the army, navy, and paramilitary police continued to be regularly deployed and often resorted to force as a means of dealing with protests.”⁴⁴

V. CONCLUSION

A dispassionate assessment of the foregoing would no doubt show that Oil has been both a blessing and a curse to the Nigeria polity. While on the one hand it has sparked significant economic growth through increased government revenues, foreign reserve and the like on the other hand our over dependence on the resource has brought us a myriad of problems which has touched on the Nigerian socio-political and economic fabric. In the Niger Delta the consequences of oil discovery and exploration has been more severe. Due to the emergence of oil the area has seen a rise in conflicts, environmental degradation and underdevelopment. Perhaps for this reason and as pointed out in this paper there has been significant rise in agitations in the area.

⁴² Paul Francis, Deirdre LaPin and Paula Rossiasco, “Securing Development and Peace in the Niger Delta: A Social and Conflict Analysis for Change” (Study prepared for publication by the Woodrow Wilson International Center for Scholars Africa Program and Project on Leadership and Building State Capacity, 2011), 27.

⁴³ *Ibid.*, 28.

⁴⁴ *Ibid.*