The Famished Road: Oil Dependency and Socioeconomic Underdevelopment in the Niger Delta

Nelson Caban
CUNY City College

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The Famished Road: Oil Dependency and Socioeconomic Underdevelopment in the Niger Delta

Nelson Cabán

A thesis submitted in fulfillment of the requirements for the degree of Masters of Science in Sociology, City College of New York, 2018
Abstract

This thesis examines the social and political relationships between indigenous communities within the Nigerian Delta region and the Federal government regarding the management of petroleum resources and its implication for the general socioeconomic development of the Nigerian State. It investigates the correlation between the broader issues of sociocultural sovereignty, representation of ethnic minorities in the body politic and infrastructural development of the country. Furthermore, the thesis explores trends such as the development of native-led cultural institutions that foster the continuation of cultural praxis through the theoretical tropes of Globalization and Modernization. The theories demonstrate how the history of colonization, multinational corporations, European settlement, and the implementation of Western laws and property rights have influenced critical micro and macro indicators of economic health, including GDP per capita, literacy rates, net exports. In the case of a multiethnic, postcolonial state as Nigeria, these traditional tropes of development are not applicable. Rather the theory of “New Institutionalism”, which is borrowed from the discipline of political science and posits that institutions are endogenous and matter in so much as they dictate outcomes.

These evaluations are supported by an analysis of statistics from the World Bank and the International Monetary Fund (IMF) and studies by the United Nations Development Programme (UNDP). The thesis contends that institutional legacies of colonialism irrevocably altered the establishment of nascent governmental institutions during the postcolonial period, inhibiting the development of indigenous institutional sovereignty and the establishment of alternative means of industrial development that meet the specific needs of this developing nation. The overwhelming reliance upon extractive industries and the inability of the state to process and refine its oil resources afford considerable political advantage to MNCs. Nigeria’s mismanagement of oil revenue deriving from resource rents and licensing agreements is an exemplary illustration of failed economic development and the embodiment of the “resource curse” phenomenon. This rentier effect is exacerbated by conflict and repression effects, which hinder the overall sociopolitical stability of the Nigerian republic. Furthermore, the various ways in which indigenous populations have been depicted by Euro-Canadian museums and ethnographic museums is examined. Nigeria has the potential to develop its non-oil revenue by committing to diversify its manufacturing capacity of durable goods and exploiting their natural gas resources and associated petroleum-based byproducts. Economic development will ultimately depend upon political governance and investments into infrastructure that will lead to sustainable, long-term growth.
Acknowledgments

A special thanks to my advisors, Dr. Gabriel Haslip-Viera and Dr. Leslie Paik for their endless patience and guiding me back on the right path when my research took unexpected tangents. To Ms. Laura Bowman, thank you for always being an advocate for students and the endless hours of mentoring you provide to all students within the Sociology Department. Your open doors are a refuge. To all of my professors and fellow colleagues in the Sociology program, it has been a pleasure.

To my grandfather Victor Ayala, your spirit has been with me every step of the way, this body of work is dedicated to you in particular. To my loving parents, Nelson and Carmen, my grandmothers, aunts, stepfather, siblings, mucho amor siempre.

But most of all to all of the native communities worldwide dealing with neocolonial systems of oppression, you are the seeds in the soil. The ancestors yet born appreciate your struggles.

New York, New York
10 May 2018
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The conquest of the earth, which mostly means the taking it away from those who have a different complexion or slightly flatter noses than ourselves, is not a pretty thing when you look into it too much.

-Joseph Conrad in *Heart of Darkness*

**Introduction**

Resource-rich countries have largely failed to live up to the economic promise that would be commensurable with their mineral wealth. Largely, this “curse of riches” stems from extractive industries, in particular oil, which accounts for over 90 percent of the world’s mineral trade and is one of the world’s largest industries (Ross, 2013). Most resource-abundant countries have not utilized their resources in a manner that would have generally benefitted their societies (Stevens and Dietsche, 2008: 57). This resource curse, or paradox of plenty, “has become a phenomenon manifesting in less developed countries with proven hydrocarbon reserves but lacking the technology to explore or mine the hydrocarbon nor the economic base for its refining products internally” (Ebohon, 2012). In many regards, Nigeria is the archetype of resource management and socioeconomic development.

The West African nation of Nigeria is a pluralistic society of 186 million citizens (2016), consisting of approximately 375 ethnic groups representing a wide array of languages and cultural traditions. Gaining independence from Great Britain on October 1, 1960, political power was quickly amassed by the dominant ethnic groups: Hausa/Fulani, Yoruba, and Igbo, which collectively account for 64% of the Nigerian population. The imbalanced division of political power has adversely affected the course of industrialization, economic development and state capacity in the post-independence era.
In an age of increasingly integrated communication networks, travel, and instantaneous economic transactions, the socioeconomic development of impoverished nations has become a contentious issue for International Governmental Organizations (IGOs), Non-Governmental Organizations (NGOs), and the other public/private, national and global concerns. The development experiences of Third World countries since the period of decolonialization in the 1960s have been staggeringly diverse. Despite the immense potential of globalization to bring about substantial economic change to late developing countries (LDC) and late-late developing countries (LLDC)—the examples of Singapore and South Korea are particularly notable—results have often been decidedly below expectations. Nigeria, the most populous nation on the African continent, provides a case study into the interrelated relationship between governments, multinational corporations, rentier states, resource dependency, state institutions, citizens, and the processes of social and economic development.

Critical to the underdevelopment of Africa is an overreliance of most countries on one particular resource, such as petroleum or diamonds. In today’s world the “most highly differentiated, most complex societies also are the most industrialized, most urbanized, most secularized, most dominated by bureaucratic (and increasingly flexible) organizations, most dependent on tertiary relationships, and wealthiest…” (Weinstein, 2005: 239). African countries, by and large, have been unable to parlay periods of high commodity prices into the development of economic diversification. The World Bank asserts “natural resources are neither curse nor destiny” (Lederman and Maloney, 2007: 3). The 2005 study concludes that it is not the presence of natural resources but rather the lack of export diversification, investments in education and human capital, technological
development, and appropriate economic policy, that are the cause of underdevelopment in resource-rich countries. The true effect of the curse is manifested in the absence of infrastructure, the schools that are not constructed, the institutions that are not set up, the investment opportunities not made, the factories that are left shuttered.

The principle macro-level social problem hindering the path of development for countries such as Nigeria is that the abundant capital garnered from natural resources have not been channeled into modernizing their domestic institutions. The question arises as to how an underdeveloped country leverages its resources and competitive advantages in order to develop socially and economically in a matter that benefits the greatest possible numbers of its citizens. Nigeria, a country endowed with the 11th largest proven oil reserves in the world (37.2 billion barrels) has the potential to transform its mineral wealth into diversified and sustainable growth. Instead, led by ineffective political governance and a dependence upon economic rents, Nigeria ranks as one of the 15 poorest nations on Earth, with a poverty rate\(^1\) of 70 per cent (Subramanian and Sala-i-Martin, 2003).

**The Discovery of Oil and its industrial development**

The Niger River is part of the greater Niger Delta, a fan-shaped alluvial floodplain extending over an area of nearly 70,000 km\(^2\) (27,000 square miles), on the southern edge of Nigeria, and situated on the Gulf of Guinea and the Atlantic Ocean. Formed over millennia of silt buildup, the delta forms a series of creeks, rivulets, and streams that feed the main rivers of Nigeria including the Benin, Bonny, Forcados, and Nun Rivers. The region has four ecological zones namely mangroves, lowland rain forests, freshwater

---

\(^1\) Anyone earning less than $1 per day is considering to live in poverty.
swamp forests and coastal ridge barriers. Comprising of 7.5% of Nigeria’s land mass, the Delta consists of the present day states of Bayelsa, Delta State, River State, Abia, Akwa-Ibom, Cross River State, Edo, Imo and Ondo States, and is home to over 100 different ethnic groups and subgroups (see Figure 1— Constituent states of the Niger Delta, below).

The earliest recorded mineral concession in colonial Nigeria was awarded in 1908 to the Berlin-based Nigerian Bitumen Corporation. However, the actual beginnings of the Nigerian mining industry began in 1937 when the British colonial administration conceded extraction rights to a consortium of Royal Dutch Shell and British Petroleum (BP), the total land area of Nigeria (Onimode, 1983). Of the total surface area of Nigeria, estimated at 375,000 square miles, some 49,000 square miles are currently allocated to oil exploration and production. Royal Dutch Shell-BP officially drilled its first oil well in 1951 at a site close to Ihuo village, some sixteen kilometers northeast of Owerri in
southern Nigeria, with commercial quantities found at Oloibiri in Bayelsa State and on the floodplains of the Niger River.

With 48 oil fields and 93 natural gas fields, the Delta region’s recoverable reserves are estimated at 34.5 billion barrels of oil and 94 trillion cubic feet of natural gas (Allen, 2013). Between 1960, the year of Nigerian independence from the Great Britain, and 2012, oil production increased exponentially from 5,100 barrels per day to an estimated 2.68 million barrels per day. The era of exclusive corporate control over Nigeria’s oil wealth began during the period immediately following the end of colonial rule in 1960 and the renegotiation of oil concessions granted to the multinational petroleum companies. However, lacking the technological ability to refine petroleum, substantial holdings were acquired by Agip (Italy), Elf (French), Texaco (American), and Total (French) in the years immediately following independence, rendering the government effectively dependent upon multinational oil companies. This did not escape the notice of the Nigerian government who declared as early as 1970 that: “The (oil) industry is entirely private, except for government’s partial interest in the refining branch…Production, distribution and pricing of crude oil and gas (as a by-product) are decided by only a few of the nine foreign-owned companies in the industry” (cited in Abba, et al., 1985: 82). This overwhelming dependency on resources rent from multinationals has severely debilitated the ability of the Nigerian state to regulate the industry (see Table 1— The Major Oil Companies Operating in the Niger Delta, on the following page). The 1969 Petroleum Act placed the complete ownership of Nigeria’s oil resources under the control of the government, which provided concessions to foreign oil companies in exchange for rent and a percentage of the profits from extracted mineral
wealth. Dependency upon a rentier economy has undermined the development of sociopolitical institution, while simultaneously fostering political struggles over control of petroleum profits.

While Nigeria possesses substantial mineral, agricultural, and fishery resources, its physical and social infrastructure is not well developed, and serious social disorders continue to hamper economic development. Nigerians generally contend with “dusty, rain-eroded roads, dilapidated houses, schools and colleges starved of funds, and a lack of basic services like electricity, telephone, and potable water” (Dumbuya, 2007: 212). This reality has created tension within the oil-producing regions, as minority groups have often been subjugated to state-sanctioned violence in addition to substantial environmental degradation.

Table 1 — The Major Oil Companies Operating in the Niger Delta

<table>
<thead>
<tr>
<th>Oil Company</th>
<th>Shareholders</th>
<th>Operators</th>
<th>Share of National Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shell Petroleum Development Corporation (SPDC)</td>
<td>NNPC — 55% Shell — 30% Elf — 10% Agip — 5%</td>
<td>Shell</td>
<td>42%</td>
</tr>
<tr>
<td>Mobil Nigeria</td>
<td>NNPC — 50% Mobil — 42%</td>
<td>Mobil</td>
<td>21%</td>
</tr>
<tr>
<td>Chevron Nigeria</td>
<td>NNPC — 60% Chevron — 40%</td>
<td>Chevron</td>
<td>19%</td>
</tr>
<tr>
<td>Nigeria Agip Oil</td>
<td>NNPC — 60% Agip — 40%</td>
<td>Agip</td>
<td>7.5%</td>
</tr>
<tr>
<td>Elf Petroleum Nigeria</td>
<td>NNPC — 60% Elf — 40%</td>
<td>Elf</td>
<td>2.6%</td>
</tr>
<tr>
<td>Texaco Overseas (Nigeria) Petroleum</td>
<td>NNPC — 60% Texaco — 20% Chevron — 20%</td>
<td>Texaco</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>93.8%</td>
</tr>
</tbody>
</table>

Source: Boele, et al., 2001
Consensus amongst “people from the oil bearing communities is predominately a lack of confidence in Nigeria’s political institutions regarding their capacity to address objectively critical issues of sustainable development in relation to oil company operations” (Allen, 2014: 68). Conflict, as defined by Heidelberg Institute for International Conflict Research (HIIDR), is “a positional difference, regarding values relevant to a society (the conflict items), between at least two decisive and directly involved actors, which is being carried out using observable and interrelated conflict measures that lie outside established regulatory procedures and threaten core state functions, the international order or hold out the prospect to do so” (2012: 20). Violence in the Delta has manifested itself in the form of sexual abuse, military repression, extrajudicial killings, and the destruction of communities.

All of the multinational oil companies in Nigeria employ supernumerary police forces that are recruited and trained by the Nigerian Police Force, and throughout the years they have utilized these services to deadly effect. Shell has been linked to infamous cases of murder and executions of native citizens and environmental activists and people in the Niger Delta. The most notable case is the 1995 hanging of Kenule “Ken” Saro-Wiwa by the Abacha military regime, which caused international outrage and led to economic sanctions from the international community. In addition to the violence perpetrated by the security forces, inter and intra-ethnic conflict has intensified since the 1990s. Unlike interstate conflict, which often mobilizes national unity and strengthens social cohesiveness, Colletta and Cullen note:

“violent conflict within a state weakens its social fabric. It divides the population by undermining interpersonal and communal trust, destroying the norms and values that underlie cooperation and collective action for the
common good, and increasing the likelihood of communal strife” (Colletta and Cullen, 2000: 3-4).

The structure of the nation-state is territorially differentiated, delineating an “us” as opposed to “them”, and encompasses the sharing of resources and powers amongst disparate social interests, cultures, regions, ethnic groups and nationalities within the state. Representations and the realities of the state are debated, constituted, contested, and transformed in the public culture. The struggles for cultural meaning are conducted in this zone of cultural debate, which is conducted through the mass media and the visible practices of institutions such as the state and its bureaucratic agencies (Appadurai, 1990). As a result, individual bonds to ethnic group are reinforced and continue to take further precedence over those of the ‘nation’. “The social bond, cohesion, unity, familiarity and affection are all stronger at the familial level than at the tribal level, they are also stronger at the tribal level than at the national level, and are least strong at the universal level (Al-Gathafi, 2005: 58).

The origins of the conflict are caused by the struggle over the ownership of resources, land and the sharing of rent-revenue concessions from the multinational oil companies. The change in traditional customs of co-existence is not due solely to the shifting of social norms but also the destruction of the environment on which the people of the Niger Delta are highly dependent. As the second largest wetland in the world, The Delta’s intricate maze of marshlands, creeks, tributaries, and lagoons, are home to approximately 40 million people, making it one of the highest population densities in the world, with 265 people per square kilometer (Odoemene, 2011). Prospecting and extraction of petroleum occurs in over 50% of the Niger Delta region, resulting in an array of access roads, pipelines, wells, gas flaring, and flow stations that are often located
near homes, schools, farms, and within communities (Nriagu, et al., 2016). The impaired capacity of the people to be self-sufficient due to a degraded and devastated environment is a major cause of poverty in the region (UNDP, 2006). The destruction of waterways and fisheries inhibits the ability of Delta residents to practice traditional means of subsistence, which has led to food insecurity and unemployment for low-skilled farmers and fishermen.

Collusion between the Nigerian State and Corporate Power

The plight of Niger Delta residents came to the international fore with the assassination of Ogoni leader, Ken Saro-Wiwa, and eight political activists by the General Abacha governorship. Although Nigerian law specifically prohibits the importation of firearms by commercial firms for private use, Shell in the realm of Nigerian politics is not the typical multinational. Under pressure by the firm, who warned that “the importance of [the Shell] organization on the nation’s economy cannot be overemphasized”, the Nigerian Inspector General conceded to company demands and approved the importation in 1994 of 130 submachine guns, 30 pump-action shotguns, and 200,000 rounds of ammunition from a London-based firm, XM Federal (Okonta and Douglas, 2003: 138). Subsequent investigative reports by the British newspaper The Guardian reveal the webs of collusion that tied the Shell Corporation and its security affiliates to several murders within the Delta region during the early 1990s.

In a letter dated December 1, 1993, Shell’s Managing Director in Nigeria, applied for an increase in ‘supernumerary police guards’ for the company (also known as ‘spy

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2 On the morning of November 10, 1995, Kenule Saro-Wiwa, Barinem Kiobel, John Kpuinem, Baribo Bera, Felix Nwate, Paul Levura, Saturday Dbee, Nordu Eawo, and Daniel Gbokoo, collectively known as the Ogoni Nine, were hanged in Port Harcourt Prison.
“police”) from 1,200 in 1993 to 1,400 in 1995 (Frynas, 2001). Several ethnic groups later testified that Shell paid them to incite ethnic conflict and violence. These supernumerary guards were drawn from the Nigerian national force and serve as a crucial law enforcement resource for the multinationals. Internal government memoranda revealed collusion with the multinational: “Shell operations still impossible unless ruthless military operations are undertaken for smooth economic activities to commence…” (quoted in Boele, 1995). No individual from Shell International or its Nigerian subsidiary was ever held criminally liable, although the company did pay a negligible fine for its collusion with the Abacha military regime during the 1990s.

Bounded by long-term contractual obligations and dependent upon the revenue garnered from the extractive economy, the Nigerian government largely fails to enforce any modicum of environmental protections. The Nigerian National Oil Corporation (NNOC) was founded in 1971, later renamed the Nigerian National Petroleum Corporation (NNPC), to manage the government’s ownership stakes in the concessions of the multinational oil companies and perform its own exploration, drilling and refining functions. By 1974, the Nigerian government had acquired a 60% interest in each of the six major multinationals operating in the country (Ebohon, 2012). Between 1974 and 1984, the NNPC had drilled 42 exploratory and appraisal wells, although none of these discoveries were ever successfully developed (Ebohon, 2012). The NNPC is neither independent from governmental interference nor transparent and is considered one of the “biggest and most chaotic” of the world’s national oil companies (Soares de Oliveira, 2007: 93). Severally hampering national efforts to develop a truly indigenous oil industry was the lack of industrial capacity and dearth of technological knowledge that prevented
native development and self-sufficiency, forcing the NNPC to cede these licenses to multinational operators.

Corporate malfeasance, official indifference, governmental negligence, and sabotage and dereliction of the infrastructure has led to a substantial amount of crude oil spillage into the Niger Delta. From the period of 1976-2005, the Department of Petroleum Resources estimates that the crude spill volume within the Niger region to have been 3,121,909.8 barrels resulting from 9,107 cases of spills (cited in Ebohon, 2012). This has resulted in an estimate of 240,000 barrels of oil crude spilled into the Niger Delta annually during this period, resulting in substantial levels of environmental pollution and destruction. The causes of pipeline failure result primarily from the following factors: primarily due to unknown causes (31.85%), third-party activity (20.74%), and mechanical failure (17.04%) (Ordinioha and Brisibe, 2013: 10).
Inconsistent data regarding the quantity of reported oil spilled can be attributed to a number of reasons, including: difficulty in assessing some spill sites in the Delta; security concerns; the high volatility of Nigerian crude, which causes an estimated 50% to evaporate within 24-48 hours; intentional underreporting; and inadequate government oversight and corporate monitoring. Cumulatively, the decades of pollution resulting from the venting of gas, oil spillage, site clearing, deforestation, and ecological disturbance has left the Niger Delta to be designated as one of the top five most polluted regions in the world. Oil despoliation has destroyed acres of farmland and polluted surface and ground waters, while the traditional Delta occupations of fishing, hunting and agricultural production have witnessed substantial drawbacks (Odoemene, 2011). While Shell has steadfastly claimed that sabotage is culpable for the majority of oil spills within
the region, independent NGOs have reached different conclusions. The United Nations affiliate International Oil Working Group in a 2001 fact-finding mission concluded:

“The claim of sabotage is patently false…There has been almost no arrest for sabotage of petroleum pipelines. Much less prosecution of any accused. The oil companies have been claiming that the oil spills, the pipeline explosions were all caused by sabotage. But there is no evidence to this so far” (quoted in Oluduro and Oluduro, 2015: 73-74).

With little environmental oversight from government agencies in the region, Shell and other MNCs are left to self-report both the causes and sizes of the leaks as well as the processing of soil and water samples used to tabulate pollution levels. There are substantial incentives built into existing agreements to deflect responsibility for oil spills away from multinational corporations. Environmental damage determined to have been caused by sabotage are the legal responsibility of the state, as outlined by the 1960 Joint Operating Agreement and MoU (Memorandum of Understanding), thereby absolving the oil companies of financial culpability.

*The Curse of Black Gold—The health implications of oil production in the Delta*

In this rather dense area of 40 million inhabitants (2015), the despoliation of the natural environment as a result of the activities of petroleum production has a profound impact on the lives of Delta inhabitants. The covert nature of spills resulting from exploration, corrosion of infrastructure, and sabotage, makes it difficult to calculate its contribution to the disease burden in the region. The introduction of hydrocarbons and known carcinogens such as polycyclic aromatic hydrocarbon, benzo(a)pyrene, and trace metals resulting from oil spills and flaring has filtered into the water table and has

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3 Population estimate and growth projections provided by the Niger Delta Development Commission (2006). For further population data, refer to Appendix.
affected the traditional crops grown in the Delta. The caustic effect of crude oil has reduced, or eliminated, soil fertility and crop yield, resulting in a 60% reduction in household food security (Ordinioha and Sawyer, 2008). Additionally, oil pollution affects the physiochemical properties of the soil such as temperature, structure, nutrient content, and aeration. Petroleum residue has the added effect of reducing the ascorbic acid content of vegetables by as much as 36% and the crude protein content of staple food crop cassava by 40%, which has led to a 24% increase in the prevalence of childhood malnutrition within Delta communities (Ordinioha and Brisibe, 2013).

The long-term health of populations and individuals is inextricably bound up with socioeconomic development (Phillips and Verhasselt, 1994: 3). Post-impact assessments (PIA) of petroleum industrial activities are conducted annually within the region in order to evaluate the impact of the oil industry on the physical environment and human health. However, the majority of PIAs are conducted without significant contribution or analysis from health professionals and often ignore the immediate and long-term implications of continual environmental degradation upon impacted communities. Human Rights Watch (1999) estimates that petroleum hydrocarbons in streams within the Niger Delta are silted to 360 to 680 times the legally permissible levels of the European Union. The sources of the contamination are various and include antiquated petroleum infrastructure, sabotage, operational error, and unknown factors (Ordinioha and Best, 2013). These elevated levels of oil pollution adversely affect the health outcomes of approximately 1,500 communities across the Niger Delta resulting in immediate, short-term, and long-term health effects. In political terms, this foundational account of an “original affluent society” (Sahlins, 1972) serves as a charter for Ogoni ownership of the land, a resource
framed as a cultural and spiritual heritage that would be spoiled by oil and stolen by the state. According to the correspondences established in this vision, the devastation of land and water is tantamount to the destruction of tradition itself, one that sustained a harmonious balance between ecology, economy, and community.

Prior to the development of the petroleum industry in the 1960s, agriculture and non-oil revenues accounted for 78.2 per cent of the national revenue, dropping to 1.2 per cent by 1977, while crude oil’s share rose to 98.9 per cent in less than two decades after independence (Olusakin, 2006: 6). Additionally, agriculture’s share of total employment fell to 25 percent from 59 percent between 1970 and 1982, while infrastructure and services rose from 10 percent to 23 percent (Oyejide, 1993: 83). Despite the increasing share of the mining sectors’ contribution to GDP, total employment remained at less than 0.5 percent (ibid). In the manufacturing sector, import duties and prohibitions favored imports of intermediate goods and parts for assembly into consumer durables and capital goods.

The dramatic shift in the Nigerian economy from an agrarian economy to hydrocarbon state has not addressed the fundamental issues of underdevelopment, poverty, environmental degradation and regional violence. Furthermore, various spillages over the years have caused considerable changes in the physical and biological characteristics of the air, water and land within the region (Benedict, 2011). Instances of asthma, diarrhea, abdominal pain, skin and renal disease, and infection are dire in the Delta region, adding to the overall low quality of life. Studies of oil spills in other regions of the world have indicated major physiological health consequences including abnormalities in hematologic, hepatic, respiratory, renal, and neurologic functions with
incidences of asthmatic attacks, headache, diarrhea, dizziness, abdominal pain, back pain, and other symptoms (Nriagu, et al., 2016).

Oil revenue accrued almost entirely into the coffers of the federal government, which led to a massive increase in capital expenditures. Federal disbursements rose fortyfold, while state capital spending grew by a factor of 16. Overall government spending increased faster than GDP and as a result, total outflows as a proportion of GDP rose sharply: starting at 6 percent in 1960, the ratio reached 15 percent in 1970 and then doubled again within the next five years (Oyejide, 1993). Oil revenues had risen steadily from the post-independent period from an insignificant position of 2.6% of total exports in 1960; escalating to 92.7% in 1975; 96% in 1980; and a high of 96.4% in 1983 (Ezeala-Harrison, 1993). Despite increased revenues from the oil boom, budget deficits began in 1975 and remained throughout the next 10 years forcing Nigeria to accept a Structural Adjustment Program (SAP) from the World Bank and the International Monetary Fund (IMF).

Research suggests that the emergent trend in carcinogenic diseases in the Delta are a result of exposure to the radioactive elements of flaring and chronic exposure (Benedict, 2011). The increased instances of autoimmune diseases and the continued destruction of the ecosystem reflects the devalued nature of human existence in the region. Some of the hazards associated with oil production include:

a) cancers (particularly of the stomach, rectum, and kidneys),
b) dermatitis and other skin ailments,
c) upper respiratory infections,
d) childhood leukemia, and
e) reproductive issues, including spontaneous abortions.

Women are disproportionately affected by environmental changes in the Delta region who traditionally are principle custodians of their communities and the major income earners (Odoemene, 2011: 130). Security forces sent by the government to protect the property of multinational corporations have routinely entered homes, assaulted residents and sexually violated women (Mortished, 1996; Odoemene, 2011). These acts of institutional violence have larger sociocultural implications not only for the women who are direct victims but also their families and the larger community.

*Eternal Sunshine—Gas Flaring in the Delta Region*

Over 2.5 bcf (billion cubic feet) of gas, or about 70-75% of associated gas produced, is flared daily due to the unavailability of industrial capacity needed to gather and process this gas, a figure that represents 40 percent of the total continental natural gas consumption in 2001 (Audu, et al., 2016; Ebohon, 2012; Oluduro and Oluduro, 2015). Nigeria’s proportion of gas flaring is more than 15 times the world average and 4 times the OPEC average. The amount of gas flared by Shell’s Nigerian subsidiary is higher than in any of the other hundred countries in the world where the multinationals conducts business. As a result a large amount of the nation’s gas resources and potential revenue is squandered, and just as importantly, contributes to the destruction of the local ecosystem and adds to the overall carbon levels in the atmosphere.

This persistent issue has beleaguered the Niger Delta region since the beginning stages of oil extraction in the 20th century. Between 1970 and 1979, an average of 97 percent of natural gas produced within Nigeria was flared into the atmosphere; falling to an average of 72 percent from 1980-2000 before rising gradually in the new millennium.
to an average of 75 percent (UNDP, 2006). Successive Nigerian governments and regional administrators have been content with rent-seeking without reinvesting oil profits into infrastructure development and native-led technologies. Although the practice was legally banned in 1984, the flaring of natural gas has continued unimpeded as oil companies have argued that complete prevention is impossible. The effort to regulate the flaring of gas began in earnest in 1980 when the MNCs were mandated by the Ministry of Oil to develop plans for the viable utilization of all associated gas produced from a field or group of fields and projects to re-inject all gas produced in association with oil but not utilized in an industrial project. The Act provided that after January 1, 1984, no company engaged in oil and gas production shall flare any associated gas without the written consent of the Minister of Oil.

Close to the end of 1984, evidence revealed that none of the oil companies operating in Nigeria had complied with the provisions of the Act and there was no verification that the Minister was enforcing obedience to the law. Exemptions to the legislation were added regarding equipment failures and the percentage of impurities contained in the gas, effectively exempting 86 out of Nigeria’s 155 oil fields from the anti-flaring legislation (Oluduro and Oluduro, 2015). The penalty imposed upon the remaining oil fields, was a mere 2 kobo ($0.0009) for each 1,000 standard cubic feet (scf) of gas flared, making it more economical for companies to flare the natural gas rather than capture and re-utilize the industrial byproduct. Fines were increased in 1998 to USD $11 for every 1,000 scf flared and implementation plans for the complete cessation of flaring were mandated by legislation such as the Associated Gas Re-Injection Act (2004), but such efforts have proven inadequate to end the practice. There are more than 25
petroleum-related environmental protection laws regulating the activities of the multinational oil that are largely unenforced by the government due to the economic interests of the state.

Not only is gas flaring in Nigeria particularly high, but the World Bank has noted that “Nigerian oil fields contribute more to global warming than the rest of the world put together” (Singh, et al., 1995: 67). In the first nine months of 2015, Nigeria produced 7.8 billion cubic feet (bcf) of natural gas per day, of which 44 percent was exported and another 43 percent was used for purposes other than commercial sale⁴, leaving just 13 percent, or about 1 bcf/day, for the domestic market (World Bank, 2015). It is estimated that flaring costs the Nigerian economy approximately US$2.5 billion a year, with the waste enough to serve the electrical demands of the entire continent (Audu, et al., 2016). Capturing the flared gas would not only have positive effects on the environment and denizens of the region but also offer opportunities for the development of petrochemicals such as fertilizers and insecticides. Simply put:

“Gas flaring has continued unabated because it is cheaper to produce oil in Nigeria with gas flaring because the federal government and the oil companies are not yet ready to invest the necessary capital on the technology for the collection, processing and exportation of gas which would add tremendously to Nigeria’s wealth” (Benedict, 2011: 204).

In contrast, the United States and the United Kingdom flare about 0.6 and 4.3 percent of their natural gas respectively, utilizing gas injection technology implemented by the same companies—Shell, BP and Chevron—who argue the reduction of gas flaring in the Niger Delta would be cost prohibitive.

⁴ These activities include gas re-injection for the purpose of oil recovery, flaring, and fueling other gas and oil operations.
The combustion of natural gas leads to the formation of large amounts of soot and black carbon (black smoke highly enriched in polycyclic aromatic hydrocarbons) that are deposited on nearby land, buildings and properties and inhaled by local residents (Nriagu, et al., 2016). Not immediately observable are the health effects of prolonged oil exposure to communities surrounding the oil fields. The emission of about 30% of the flared gas is methane, which has a global warming potential 64 times more hazardous than carbon dioxide (Benedict, 2011). The importance of capital goods is evident when comparisons are drawn between labor-intensive and capital-intensive industries. The petroleum industry is an example of a capital-intensive industry, utilizing expensive, highly automated machinery and a small work force. In 2005, Exxon-Mobil reported annual sales of $3,073,213 per employee, whereas McDonalds reported a figure of $43,527 per employee. Additionally, of every $100 of sales generated in the petroleum industry, $7.40 was profit, whereas the figure was $4.50 in the food industry (Nolan and Lenski, 2006). The continued unemployment and impoverishment in the Niger Delta is indicative that the surplus value from the labor inputs within the region are overwhelmingly going to institutional actors such as the NNPC, the Nigerian government and the multinational corporations.

Without adequate indigenous technological capabilities and industrial infrastructure to exploit the natural gas resource, Nigeria remains beholden to MNCs for its basic energy needs. As of 2010, the daily power generated was about 3,700MW (megawatts), where as the peak load forecast during the year was 5,103MW, a shortage of nearly 1,400MW (Onakoya, et al., 2013). Although the richest country on the continent, Nigeria ranks amongst the lowest in terms of electrical energy produced per
capita in Africa. Nationwide, approximately 45 percent of Nigerians do not have access to any form of electricity. Despite constant disruptions to the national supply power, as recently as 2015 more natural gas was being flared in Nigeria than used to generate electricity.

Reducing natural gas flaring in the Niger Delta would lower “CO\(_2\) emissions while opening new economic opportunities through gas utilization, and at the same time, enhancing energy security by increasing available supplies, engendering peace and stability in the Niger Delta region, and the nation at large” (Oluduro and Oluduro, 2015: 75). Satellite imagery taken from 1986-2003 showed that more than 50,000 acres of mangroves disappeared from coastal areas, largely as a result of oil and gas exploration activities, despoliation and soil erosion (Odoemene, 2011). The lack of a clearly defined long-term vision for the petrol and natural gas sectors, along with the absence of legal and regulatory frameworks to hold foreign MNCs accountable, are notably absent sociopolitical conditions that perpetuate the extensive mismanagement of Nigeria’s state revenue.
Climate variability is also undermining Nigeria’s efforts to achieve energy security. Though dominated by thermal source, the country’s energy mix is complemented by hydropower, which accounts for one-third of national grid supply. As a result of poorly maintained infrastructure, such as dams, variability in yearly rainfall results in power outages that affect both Nigeria’s energy output and its economic growth potential. Agriculture accounts for about 40 percent of Nigeria’s Gross Domestic product (GDP) and accounts for 70 percent of employment. Virtually all agricultural production is rain-fed, therefore leaving the industry agriculture highly susceptible to weather fluctuations. Increases in temperature, along with changes in precipitation and hydrological patterns, will further exacerbate existing vulnerabilities (Cervigni, et al. 2013). Food scarcity resulting from climate change has been linked to political instability and the impetus for social movements such as the Arab Spring. The Niger Delta, already...
home to several militia groups, could and has become a source of violent political action due to inaction and negligence by the State.

The inconsistency of the electricity supply and poor condition of the power grid has caused Nigeria to become a net importer of electricity, with the country importing about 75 per cent of its domestic fuel usage. Even with the importation of foreign energy supplies, chronic shortages and long queues at gas stations in Lagos are commonplace (The Economist, 2015: 44). Citizens largely unable to afford the increase in fuel costs have forced the state to provide fuel subsidies to stem potential unrest and the overdependence on fuel-wood as an energy source. An increase in the annual budget dedicated for fuel subsidies, which has the effect of assuaging a disenchanted public, and the depreciation of the naira on the international market, constrains the available options for the nation to alleviate the financial pressures. The fuel subsidy also has the residual effect of benefitting wealthy households, whom tend to spend more on fuel than their poorer counterparts (World Bank, 2015). Additionally, this has had a profound impact of the currency reserves of Nigeria as its currency, the Naira, has fallen 102.6% in value since 2010 against the U.S. dollar, the international currency used by all nations to purchase petrol.

While this is appalling in a country blessed with energy-producing resources, opportunities for alternative energy production, such as biomass, bioenergy, and solar energy development are available for public and private investment. Biomass resources in Nigeria are substantial, including cocoa, wood, grasses, shrubs, forage, and animal waste, representing a potential of 144 million tons per year (Ibotoye and Adenikinju, 2007). The industrialization of biomass is more labor intensive (100 times more workers
per unit of energy produced) compared to the production of fossil fuels, thereby potentially reducing domestic unemployment. The primary energy consumption mix in Nigeria, biofuels and waste, comprise nearly 89 per cent of the total primary energy consumption in 2012 alone, while oil products and natural gas comprise 9 per cent and 2 percent respectively (see Figure 4—Primary energy consumption in Nigeria by fuel type, on the following page). Biomass production for the use of energy can supplement the consumption of fossil fuels, helping to reduce CO₂ emissions and help mitigate the domestic effects of climate change.

Cities such as Kano, Abuja, and Ibadan, situated in the densely populated but less fertile North, have strong potential for the generation of biomass power owing to their high population centers and large concentrations of consumer waste. Fuelwood is utilized by 60% of the rural populace and 50 metric tons are consumed annually, far higher than the natural rate of forest tree replenishment (Giwa, 2017: 624). The continual utilization of biofuels (especially firewood) is the single most important factor for the increase in deforestation and desertification within many Nigerian states. The 2016 UNDP Human Development Report estimates that during the period of 1990-2015, the forest area as a percentage of Nigeria’s total land area has decreased by 59.4% (2016: 266).
For a country that produces nearly 2 million barrels of oil per day, chronic energy outages are deplorable and undermine the economic independence of the nation. The inability of Nigeria’s four antiquated refineries to efficiently process its crude oil leaves the energy supply beholden to the multinational corporations. At the core of the fuel scarcity are disagreements between the government and oil companies regarding payments over a subsidy scheme. The Nigerian state agreed to a MoU (Memorandum of Understanding), obligating the government to compensate wholesalers importing fuel into Nigeria—the difference between the open-market cost of fuel and a fixed pump price of 87 naira ($0.43) per liter.
The scheme had the effect of keeping fuel prices low, ensuring that businesses, banks, and mobile networks can operate under a semblance of normalcy. During the period of the oil price downturn, it is estimated that the fuel subsidy paid to the NNPC and multinational corporations has cost the government USD $35 billion between 2011 and 2014, drawing down the Excess Crude Account (ECA) account to a balance of USD $2.1 billion (World Bank, 2015). These fiscal obligations were expected to have increased to 18 percent of all government oil revenue in 2015, with projections putting the figure at 30 percent by 2018 (see Figure 5—Share of fuel subsidy in government oil revenue, above). These artificially low fuel prices encourage excessive consumption of energy and create distortions in the open market. Efforts to eliminate the subsidy in 2012 by then President Jonathan Goodluck, led to violent protests in the capital Abuja.
However, this scheme is prone to corruption from institutions such as the NNPC and the oil companies whom are incentivized to overstate imports and purloin the difference. In fact, official petrol imports have substantially exceeded actual consumption, signifying potential malfeasance.

Acknowledging the effects of climate change and the need for a reduction in greenhouse gas emissions through a sustainable development plan, the Nigerian government created the “Vision 20: 2020” initiative. A central tenet of the plan is the stimulation of economic growth and diversifying the economy from oil production in order to achieve a Gross Domestic Product (GDP) of $900 billion USD and a per capita income of $400 USD per annum by 2020 (Elum, et al., 2016: 12886). Such economic benchmarks would rank Nigeria as one of the 20 developed economies in the world but ostensibly depends on the utilization of available energy resources as it has a direct bearing on other economic indicators like unemployment rates and low capacity utilization in the manufacturing sector. From 1975 until the mid-1980s, capacity in the manufacturing sector fell from 77 per cent to 35 per cent and has yet to recover (Shaxson, 2007). Critical to this strategic development plan is energy production, which the Federal government intends to expand to 40,000 MW of power by the target year of 2020—five times its current installed capacity—requiring a substantial investment in infrastructure upgrades to meet this objective.

**Theory**

Globalization is a facet of the contemporary world that countries ignore at their peril as no nation “can afford to be isolated from the expanding economic network of the
Globalization resulted from neoliberal policies by a powerful set of national and international forces in the advanced industrial countries to deprivatize cross-border trade, finance, information flow and movement of people (United Nations Development Programme 1999). At the very center of development “lies the supply side: quality, flexibility, the efficient combination and utilization of productive resources, the adoption of technological development, an innovative spirit, creativity, the capacity for organization and social discipline” (Kay, 1998: 18). Countries compete on their relative strengths and competitive advantages within the world economy.

There are two contending opinions on the issue of globalization. Some observers believe globalization has brought rapid prosperity to underdeveloped countries while others argue that globalization serves the needs of the metropolitan countries at the expense of the peripheral countries. During the colonial era, the economies of Africa, Latin America and Asia were oriented towards the export of primary products (principally agricultural and minerals), under the control of the European metropole, and constituted as markets for imported manufactures from the same metropolitan countries (Irogbe, 2005: 43). The Western powers of the 19th century were able to “organize markets in every type of essential commodity, including human labor, into an international system, but they also ensured that control was centralized in London and other capitals of the industrializing powers” (Weinstein, 2005: 344). Capital from the empire was used to develop transportation facilities, roads and infrastructure that would facilitate the exploitation of the people and their natural resources, and for the maintenance of law and order.
Modernization theory emerged in the mid 20\textsuperscript{th} century as an explanation of how industrial societies of North America and Western Europe developed, primarily through the growth of industrial capitalism during the 19\textsuperscript{th} century. Since the 1950s, “primary attention has focused on ways in which past and present premodern societies become modern (i.e. Westernized) through processes of economic growth and change in social, political, and cultural structure (Borgatta and Montgomery, 2000: 1883). Societies advance in reasonably predictable stages through which they become progressively more complex. In the economic sphere, modernization is the specialization of economic activities and occupational roles, and the growth of markets. Sociospatially, it signifies increased urbanization, worker mobility, economic flexibility, and the weakening of traditional elites. Within the cultural sphere, modernization signifies a demarcation between various cultural and value systems (e.g. a separation between religion and philosophy), secularization, and the emergence of new intelligentsia (Peet and Hartwick, 1999: 76-77). Advanced industrial technology results in economic growth as well as a myriad of others changes in the social and cultural dynamic and though the particular facets may differ amongst societies, they predominantly conform to the social, political, and economic norms of Western societies.

Modernization implies a reconfiguration of social and political institutions that results in levels of development able to achieve a sustainable level of economic growth. While other theories may concern themselves with autonomous productive capacity, an equitable allocation of wealth, or micro-level economic concerns, modernization often defines “development mainly in terms of economic output per capita” (Borgatta and Montgomery 2000: 1884). Economic growth can be achieved by the introduction of
more capital inputs, labor outputs, and the implementation of new technology, but this method of growth over time results in diminished returns (Viterna and Robertson, 2015: 253). Increased capital output results in the growth of the middle class and subsequent inflation in consumer goods and labor costs, forcing manufacturing to seek cheaper labor markets. More durable growth “requires investments in the ideas, innovations, and abilities of the workers—their human capital—to most efficiently increase formal economic output (ibid.). Indexes of gross domestic product (GDP) ignore the income stratifications within societies so although Botswana may have a higher GDP per capita than Brazil, it says nothing of their relative levels of industrial adaptation.

Sociological theories of development appear to be irrelevant in the context of multi-ethnic, institutionally weak, or failed states. Political science, in particular, institutionalists, suggest that the inability to control territorial borders is the greatest indicator of sovereign power and its ability to compel obedience to the rule of law and implement policies. An economic plan of development cannot exist in the absence of a viable state. Modernization policies that saw Japan grow its economy after the 19th century Meiji Restoration or Import Substitution Industrialization (ISI) policies that pushed the Korean economy ahead and gave rise to domestic industrial powerhouses, such as Samsung and Hyundai (the chaebols), were state-led economic initiatives that protected local industries and provided subsidies and investments for sectors that produced high-value industrial outputs.

The theory of ‘New Institutionalism’, first developed by American political scientists and economists John Meyer and Brian Rowan during the 1970s, proposed the following two conditions:
1) ‘Institutions matter’: they influence norms, beliefs, and actions; therefore, they shape outcomes;
2) ‘Institutions are endogenous’: their form and their functioning depend on the conditions under which they emerge and endure (Przeworski, 2004: 527).

The fundamental idea that organizations are deeply embedded in social and political environments suggests economic change is achieved through opportunities defined by internal institutional structures particular to each developing society and which evolved incrementally (North, 1990). In the years following the Second World War, newly independent countries across Asia, Latin America and Africa were expected by economists and politicians alike to develop according to established theories of modernization. The divergent results observed with emerging economies offer insights into the operational differences in state management and economic policy as well as the relationship between the State and industrialists, which are rooted in the sociopolitical legacy of their respective colonial experiences. The relative success and failure of countries to effectively channel investments into key industries, enact their economic and political will, corral industrialists, and enforce protectionist trade policies in the post-World War II period is best explained through economics rather than sociology.

Late-late industrialized nations are characterized by state-led economic policies that focus upon the manufacture of finished goods, rapid industrialization and export-led growth (Rodrik, 2013). In their prior colonial roles, the majority of developing countries were “always intended to be a limited state, designed to collect just enough taxes to finance orderly alien rule” rather than an institutional architecture which post-colonial success could be built (Kohli, 2004: 231). Various periods of military rule in Nigeria allowed a multiethnic state to centralize power and mobilize capital and resources into indigenous industries. However a lack of domestic innovation, an ineffective system of
tax revenue collection, failure to mobilize national promotion of exports led to an overdependence on “outdated and overused technology, requiring the support of either the state or foreign actors for sustained development” (ibid. 129), limiting the industrial potential of the state. This in turn led to inflationary pressures and periods of capital scarcity when adverse global economic factors resulted in reduced funding. Furthermore, unlike the example of post-World War II Korea, high illiteracy rates, poor education infrastructure and non-existent labor laws in Nigeria resulted in an unprotected workforce capable of producing primarily light consumer goods of low sophistication that were further down the value chain.

The key variable in post World War II development outcomes for moderately industrialized countries appears to hinge upon different policy choices regarding import substitution industrialization and economic substitution industrialization. Underdevelopment countries remain so as a result of “the institutional constraints (that) define a set of payoffs to political/economic activity that do not encourage productive activity” (North, 1990: 110). Nigeria placed itself upon a path of dependency, rather than modernization, through an overreliance upon foreign capital and technologies, which prevented growth in indigenous capital formation and the possibility of domestic innovation to hedge against global economic slowdowns.
Broken Spears: The Shortcomings of the Nigerian State

Ex Africa semper aliquid novi
(From Africa always something new)
-Pliny (AD 23-79)

The past 60 years has witnessed the transformation of the Nigerian economy from an agriculturally based economy to one essentially dependent disproportionately upon petroleum exports (Idemudia, 2012). Although the period of colonial rule was relatively brief in the totality of African history “it totally reordered political space, social hierarchies and cleavages and modes of economic production” (Young, 1994: 9). The birth of the nascent Nigerian state therefore came about under the spectre of mineral abundance and foreign control of those resources. The transfer of political sovereignty did not result in the nationalization of industries vital to the financial success of an independent Nigerian nation.

The overall weakness of governmental institutions in Africa is compounded by the fact that the colonies themselves were social constructs. At independence, the Nigerian state lacked effective political institutions of governance and was utilized by administrative elites to maintain power while simultaneously using public resources to enrich themselves and their supporters. Dominant ethnicities such as the Yoruba, Igbo, and Hausa have governed political office since independence, largely enriching their patrimonial networks, at the expense of marginalized ethnic minorities. The economic development of metropolitan centers at the expense of the peripheral communities are not only provoked by the hope of financial gain, but also by the norms of interpersonal relationship in societies that are dominated by groups of unequal power” (Pillay and Dorasamy, 2010: 370). The monopoly of power enshrined within governmental
institutions gave rise to inequality within society, primarily benefitting groups with access to levers of the State thus creating unequal wealth and the security apparatus to protect their assets. To ignore sociopolitical realities during the colonial period and institutional frameworks present at the time of independence is to perceive subsequent historical events from a dehistoricized perspective.

Following the post-Civil War period of the 1960s, resource rents have increasingly been utilized largely to support urban centers such as Lagos, Port Harcourt, and Abuja, or funneled into the personal accounts of the political elite and ethnic majorities rather than the region where oil resources are located. Various commissions were administered during the colonial period, such as the Raiman Commission (1958) and the Binus Commission (1964), which recommended that 50 percent of oil revenue should be allocated to regions providing the resource. The military government issued Decrees No. 13 (1970) and No. 9 (1971), pegging derivation levels at 45 per cent while declaring all offshore oil deposits the exclusive domain of the Federal government. Subsequent decrees reduced derivation to 20 percent (Decree No. 6, 1975), where others such as the Abayode Commission (1977) and the Okigbo Commission (1980) eliminated the derivation entirely. From 1981 until 2001, the percentage allocated to derivation fluctuated between 1 per cent to 3 per cent before settling upon 13 per cent, following the recommendations of a 1995 constitutional conference. These funds do not go directly to the communities themselves but are held by their respective state governments in trust for the source communities.

Under SAPs, unemployment rates soared, food prices increased, the currency was devalued and various fees for education and health services were imposed. Since over 95
percent of Nigeria's export earnings and 80 per cent of government revenues accrue from oil revenue, growth in agriculture and manufacturing could not offset the depreciation in purchasing power and foreign reserves available to the State from the collapse of oil export revenues (Watts, 2004: 50). Previous failures of National Development plans were partly due to the failure to diversify revenue streams and the inability to cultivate indigenous technology to process and refine petroleum products into durable ancillary goods such as petrochemicals. Capital investment supporting native iron smelting and bronze technology, despite their historical roots in regions such as Akwa and Benin, instead were diverted to the construction of factories for multinationals such as Volkswagen and Peugeot, as well as the Ajaokuta steel rolling mill, all of which were heavily subsidized by the Nigerian State yet never completed.

On a local level, some of the areas in which corruption is prevalent include:

a. Inflation of prices of bought items;

b. Over estimation of costs of projects;

c. The ‘ghost worker’ syndrome;

d. Non-completion of construction and infrastructure projects; and

e. Outright payment of bribes and kickbacks to politicians


The Economic and Financial Crimes Commission (EFCC) is the official government body responsible for investigating and prosecuting graft in the country. A subset of this commission is the Nigerian Financial Intelligence Unit (NFIU), responsible for prosecuting money laundering, and the financing of terrorist activities within the country. The Nigerian initiatives have brought some improvements, more notably, the increased global awareness of the issue and several important international initiatives aimed at depriving corrupt officials the use of the international financial system to
launder their ill-gotten wealth (Enweremadu, 2013: 52). With new developments in shale oil technologies—“fracking”—adding supply to the international markets, the price per barrel of oil continuously trades at one-third its 2008 peak of $140 per barrel and is unlikely to recover in the near future.

The term “peak oil” has recently made its way into the popular lexicon of media publications and governmental decision-making processes. The expectation is that oil production will reach a maximum output, or “peak”, in the foreseeable future in which the daily output of the resource will steadily decline. Accurate projections of remaining oil supply in Nigeria, and indeed worldwide, is complicated by technological limitations, drilling techniques employed, and political developments. Many of the largest Nigerian oil fields under production have already peaked, and are declining at a documented rate of 4-12 percent per annum (Höök, et al., 2009). The amount of energy required to extract each barrel of oil, known as “energy return on investment (EROI), averaged out to 35 barrels produced for each barrel invested in 1999, and has been steadily diminishing ever since (Pennock, et al., 2016: 180). Discussions concerning the peak production of oil are ardently contested, with many experts and stakeholders offering a myriad of projections (for further information refer to “Appendix B—Forecasted Dates for World Peak Petroleum Production” in the Appendix). The development of deepwater, arctic and tar sands sources of energy suggests that the majority of easily available oil is already under production, as many of these new sources are economically viable only at prices above $80 per barrel.

The pursuit of a sustainable economy should be a prime objective of the Nigerian government as there can be no meaningful long-term political sovereignty without
economic independence from corporate interests. Even in the absence of peak oil phenomenon, the planet may be unable to sustain current levels of hydrocarbon and greenhouse by-products. Recent estimates suggest that humanity cannot burn more than 565 gigatons of additional carbon dioxide in order to remain below the 2°C (3.6°F) increase currently established as the upper limit for sustaining human life on Earth (McKibben, 2012; 2016). Without a well-defined global commitment to a low-carbon future, it is likely that MNCs will extract a significant portion of the estimated 2,795 gigatons of fossil fuel reserves to maintain profits and shareholder value.

State regulation over corporate activities and the environment did not occur until 1988 and the passage of The Federal Environmental Protection Agency Act (FEPA). The Act explicitly forbids the emission of hazardous substances into the air or upon the land and waters of Nigeria and subscribes criminal and civil liability for violations and subsequent damage, which for corporations amounts to initial penalties of 2 million Naira and additional daily fines of ₦200,000 (Ogbodo, 2009). In addition to specified damages, an entity that violates the Act shall be liable for:

1. the cost of removal thereof - including any costs which may be incurred by and Government body or agency in the restoration or replacement of actual resources damaged or destroyed as a result of the discharge.
2. costs of third parties in the form of repatriation restoration, restitution or compensation as may be determined by the Agency from time to time (Benedict, 2011).

Critically, the Act provides that no person or entity shall be liable if they prove that the discharge was caused solely by natural disaster, an act or War, or through sabotage, a

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5 ₦2,000,000 is equivalent to approximately 5,560USD; ₦200,000 is approximately 560USD.
loophole that the oil companies have exploited voraciously throughout the years. The cause of oil spills are monitored and reported to the Nigerian government by the multinational oil companies, providing an incentive to place blame on individual actors and therefore avoid paying compensation to the State under the provisions of The Federal Environmental Protection Agency Act.

The concentration of investment in export facilities instead of production-enhancing infrastructure further concentrates control over exchange and profit (Bunker, 2005: 224). At the end of 2008, the Ministry of Niger Delta Affairs (MNDA) was created to serve as the primary governmental institution to ensure the rapid socioeconomic development and establish security within the region. It is the latest iteration of government agencies, such as the Niger Delta Development Board (1960), The Niger Delta Basin Development Authority (1976), the Oil Mineral Producing Area Development Commission (1992), the Niger Delta Development Commission (2000), designed to facilitate socioeconomic development (Oyeniwe, in Munyaradzi, 2017). Evidence suggests the Ministry of Niger Delta Affairs has been instrumental in brokering peace with militant organizations in the region (Okonkwo and Etemire, 2017), but less successful in implementing infrastructure projects and fostering economic development with an estimated 90% of MNDA projects abandoned (John-Mensah, 2016).

The post-independent Nigerian state is characterized by the centralization of federal power and exclusive control of resources. In pluralistic societies, where ethnic majorities have historically controlled positions of political power, matters of revenue sharing and resource allocation adopt “political, religious and social dimensions” (Idemudia, 2012: 186). This centralization of power may be attributed to the protracted
periods of military rule, the heavy reliance of the State budget on the proceeds of oil extraction, and other important revenue generating resources. As a result, “the rural sector contains most of the poverty and most of the low-cost sources of political advance, but the urban sector contains most of the articulateness, organization and power” (Lipton, 1993). The marginalization of the rural populace and their migration to the major cities has many unintended consequences. Unemployment, exposure to crime, prostitution, child labor, language insecurity, threat of homelessness, bribery, and depression are all impediments to the successful urban integration of rural migrants. Socioeconomic reform and state-building in Nigeria, if it is to occur, must begin in the rural sector where 60 percent of all Nigerians live.

The Delta region ranks low in several metrics of development, such as literacy, access to water and electricity, and GDP per capita, even in comparison to other states within Nigeria. Between 1970 and 2000 the number of people subsisting on less than $1 a day within Nigeria grew from 36 per cent to more than 70 per cent, from 19 million to about 90 million citizens (Shaxson, 2007). Only 27 percent of the residents of the Niger Delta area have access to clean sources of water and 30 percent of households have access to electricity; slightly below the national average of 31.7 percent and 38.6 percent respectively (Ndu, et al., 2014: 222). Public roads, telephone services, access to medical facilities are woefully inadequate as well.

The lack of infrastructure and basic public services has not resulted in lower costs of living in the Delta region as the petroeconomy has led to severe inflation and a cost of living index three times the per capita income of Nigerians. Water transportation, the primary means of transport in the Delta, is so costly that the majority of residents cannot
afford to use it, even during periods of extreme flooding. This seasonal occurrence has
the added effect of transferring oil pollution to farmlands and inhabited areas and is likely
to increase in severity with continued global warming. The petrodollars received for the
exported hydrocarbons, minerals, and ores push up the value of the Naira and causes
inflation. Similar distortions have occurred globally in regions with abundant petro and
natural gas resources, in areas such as Luanda, Angola, Maputo, Mozambique, and
Williston, North Dakota. The dearth of native technology competencies and requisite
skills training means that industry jobs available to the local populace are
overwhelmingly for menial employment opportunities.

The time for action is now. Nigeria’s large population performs well below its
productive economic capacity. Technology offers opportunities “in all sectors of the
economy that include agriculture, industry and commerce, health, education, defense,
local government, transport, energy, and water” (Nherera, 2000: 337). The full potential
of youth can only be realized with increased literacy and an emphasis on secondary and
tertiary education and in this regard Africa lags far behind most of the world. It is
imperative for Nigeria to invest in its national information infrastructure so that it can
participate in knowledge-based development and reap the predicted social and economic
benefits, in order to possibly accelerate, or bypass, the requisite steps of development in
modernization theory.

The GDP of Nigeria is overly dependent on its oil revenues and price per barrel
on the international market. Furthermore, oil is not a renewable resource and at some
period in the future, Nigeria will be depleted of fossil fuel, leaving the country and its 186
million inhabitants with no other viable economic means of development. The
concentration of resources into one sector of the economy renders the nation susceptible not only to cyclical boom-and-bust periods but also has implications that are far more deleterious to modernization and development, including civil unrest and war (see Figure 6- Association between Resource Concentration and Conflicts, below). Oil production has contracted since 2011, and while output stabilized in 2014, recent liquidity and profitability concerns have negatively affected the sector, joining concerns regarding low investment, regulatory uncertainty, and oil theft/vandalism that also contribute to declining output (World Bank, 2015).

![Figure 6- Association between Resource Concentration and Conflicts](source)

The domination of oil politics has resulted in a disproportional focus upon gaining employment within the oil industry. This has resulted in a mono-focus that fails to
realize the potential for other economic activities based on local assets (Agbiboa and Maiangwa, 2012). The neglect of other sectors of the economy increases the economic dependency on natural resources. From a Marxist paradigm, the patterns of capital accumulation of the dominant classes reinforce the economic interests of multinational corporations that are often partly owned by former colonial powers. Opportunities become confined to the resources business, but only for the few; oil fields and oil production infrastructure requires vast sums of capital, while employing a comparatively small workforce compared with farming or manufacturing (Burgis, 2015: 70). There is an imperative need for “sustainable development policies that would enhance Nigeria’s revenue base and the diversifications of its energy sources as the country is strongly dependent on fossil fuel (crude oil) in meeting energy needs” (Elum, et al., 2016: 12881). Paradoxically, the Niger Delta needs to import fuel despite producing over two million barrels of crude oil per day mainly due to antiquated infrastructure of the state power utility, NEPA.

In an ICT (Information and communications technology) based global economy:

“Knowledge has become the coin of the realm in the information-intense global economy and knowledge society that we now live in. A robust and vibrant knowledge base is now the pre-requisite for competitiveness and steady economic prosperity. Clearly, the driving force behind this global change process is none other than the new ICT” (Mhlanga, 2006: 77).

The basic factors responsible for the trend of technological change—the magnitude of the existing store of information, the great size of societal populations, and the amount of communication among societies—are still operative and give every indication of providing even stronger impetus to innovation in the future than they do today (Nolan and Lenski, 2006: 341). Global power and economic influence is “increasingly linked to
control over information, technology, and international banking institutions” (Hite and Roberts, 2014: 11). In the context of rapid globalization, sociocultural change will continue to be propelled by technology in unprecedented ways and unprecedented speed.

Oil revenue as the cornerstone for socioeconomic transformation has not only been disappointing, it has also promoted the social, political and environmental conditions that has enabled civil unrest. Petroleum has been described as a resource that “anesthetizes thought, blurs vision, corrupts…kindles extraordinary emotions and hopes, since oil is above all a great temptation” (Kapuściński, cited in Watts, 2009: 39). The inequitable revenue sharing to oil-producing communities and the destruction of traditional means of subsistence has lead individuals to advocate for socioeconomic self-determination and resource control. As Nna and Eyenke (2004) observed, it is this feeling of deprivation and marginalization, which underscores most of the conflicts in the Niger Delta and militant actions of sabotage, induced spillages and hostage taking. In the absence of state capacity to implement federal development plans, local strongmen in the Delta “will continue to focus on informal trade, often involving drugs, guns, and poached animals to survive, rather than beginning initiatives to promote more routine economic development that would aid all of the people in their region” (Herbst, 2000: 269).

Peaceful appeals to renegotiate the exploitative relationship of the Delta State vis-à-vis the Federal government have largely failed. Following the efforts of activists such as Isaac Adaka Boro and Ken Saro-Wiwa in the 1990s, efforts to implement social change became more radical and militarized.

The emergence of groups such as the Movement for the Emancipation of the Niger Delta (MEND), Niger Delta Vigilantes (NDV) and NDMF (Niger Delta Marine
Force) have altered traditional ethnic alliances within the region. MEND, the largest Delta militant group and largely composed of Ijaw, the dominant ethnic group in the region, was founded in response to state and corporate tactics of repression and economic marginalization. While the Ogoni, the ethnic group of Ken Saro-Wiwa, is comparatively small with approximately 500,000 members, the Ijaw number at least 8 million and live in some of the areas with the richest oil deposits. Youth violence has become social practice, “an activity characterized by circumstances, goals, expectations, behaviors, and discourses in particular contexts” (Daiute, 2006: 9). Sociopolitical relationships in the Delta demonstrate traits of anomie, a state of insufficient normative regulation of individual activities resulting in sentiments of disengagement from societal norms.

Discontent with the Federal government has led to rebellion by militia groups and the sabotage of infrastructure, the kidnapping of industry workers, inter and intra-community violence, attacks on oil installations and pipelines, illegal bunkering (the act or process of unlawfully supplying a ship with fuel), sea piracy, bombings and armed attacks (Idemudia, 2009; Osaghae, 2015). At their peak strength, it is estimated that the largest Delta militia, MEND, was responsible for disrupting approximately 40 per cent of the daily production in the Niger Delta, or 900,000 barrels (Kashi, in Watts, 2008: 25). The discrepancy between common social goals and the legitimate means to attain those goals within a given social structure results in what sociologist Robert K. Merton termed “strain theory” (1968 [1957]). The violent tactics employed by the Nigerian state in response to militant activity in the Delta, particularly under the Abacha military regime, was severe. Classified government memos published by the UK newspaper The Guardian noted the following communiqué:
Shell operations still impossible unless ruthless military operations are undertaken for smooth economic activities to commence […] wasting targets cutting across communities and leadership cadres especially vocal individuals […] (quoted in Boele, 1995).

Various declarations and accords by ethnic groups within the Delta, in particular the Ogoni Bill of Rights (1990), have laid fundamental claims against the Nigerian State regarding resource control and political self-determination. The Ogoni Bill of Rights, written by the Movement for the Survival of the Ogoni People (MOSOP), was the first such document produced by any ethnic group in the Delta region. The declaration outlined the movement’s demands, which called for an end to the environmental degradation of Ogoni land, Ogoni control of economic resources, political autonomy, and direct Ogoni representation in Nigerian institutions. Led by the charismatic leader Kenule Saro-Wiwa, the Ogoni struggle attracted attention from the international community and foreign organizations such as the United Nations, the World Bank, and the Unrepresented Nations and Peoples Organization (UNPO), further strengthening the call for Ogoni justice.

Despite the non-violent nature of the various native campaigns, “military repression resulted in thousands of Ogoni killed, raped, beaten, detained and exiled and the main leaders executed” (Boele, et al., 2001). The radicalization that has occurred in the Delta since the end of the Biafran War ranges from non-violent advocacy to armed insurrection, which is partly explained by “the deliberate infiltration of their ranks by

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6 The relative success of the Ogoni Bill of Rights, including the removal of Shell International from Ogoni land, inspired similar declarations from minority groups within the Delta, such as the Ijaw Kaiama Declaration in 1998 and the Warri Accord in 1999.

7 The postcolonial grievances of the Ogoni people to seek political autonomy and the right to sovereignty over their land is explained forcefully in the foreword to the Ogoni Bill of Rights, written by Kenule Saro-Wiwa, and is included in the Appendix section for reference.
government and oil company agents, thereby narrowing the civic options of those who refuse to be co-opted” (Odoemene, 2011: 126). The socialization of the Delta youth into a culture of violence is a “long-term historical process that has normalized force as a legitimate means of making claims against the state and oil multinationals on the one hand and against competing communities, generations and interests on the other” (Iwilade, 2014: 587). The weakness of the State prohibits the transformation of legitimate force to socially accepted power.

The village of Warri in Delta State, a loci of youth militant activity, was host of a 2004 survey that sought community-led channels for peace. A total of 689 respondents, spanning different ages, genders, and occupations, highlighted the following major areas for improvement:

1) More money/resource control—97% of respondents
2) Peaceful consultations with the communities—94.6%
   Pay compensations for damages done to the environment—94.6%
3) Dialogue with the poor people not just the few rich ones—94.4%
4) Employment of indigenes by oil companies—91%
5) Scholarship for indigenes—90.2%
6) School building—88.3%
7) Hospitals/health centers—88.2%
8) Agricultural tools provision—86.9%
9) Water supply—85%
   Electrification—85%
10) Low-cost housing estates—84.7%


Culture change is the outcome not only of “blind forces” of adaptation and survival but also of movements, inventions, and official actions undertaken with change.
in mind (Weinstein, 2005: 83). Traditional social ties within Nigeria are being rapidly replaced by individualized, choice-based social, political and economic institutions, which while increasing freedom also increases the risks that individuals are forced to take, in areas such as employment and welfare. Decades of state violence have desensitized young people to social disorder, the economic incentives clearly favor violence rather than peaceful networks (Iwilade, 2014: 590). A 2009 amnesty deal with militant groups in the Niger Delta led to rebels turning in their weapons for cash payouts from the State, and negotiations for a 10 per cent stake in oil revenues.

However these temporary solutions fail to seriously address the underlying issues of government corruption, political sponsorship of violence and environmental degradation that continues to fuel resistance in the Niger Delta (Agbiboa and Maiangwa, 2012). Unfortunately at this point, these paramilitary groups are simultaneously responding to and maintaining an economic system that perpetuates their sociocultural marginalization. Within rentier states with weak political institutions revenues generated through natural resource exploitation allows federal institutions to diffuse pressure to democratize budget allocations by placating a few strong men operating outside of the formal bounds of the law.
Conclusion

The Ogoni took stock of their condition and found that in spite of the stupendous oil and gas wealth of their land, they were extremely poor, had no social amenities, that unemployment was running at over 70 percent, and that they were powerless, as an ethnic minority in a country of 100 million people, to do anything to alleviate their condition. Worse, their environment was completely devastated by three decades of reckless oil exploitation or ecological warfare by Shell.

Kenule Saro-Wiwa, “My Story” (1996)

An environment substantially polluted by petroleum cannot enjoy peace, common prosperity or true sustainable development. This was established by the 25th Principle of the Rio Declaration on Environment and Development adopted by the United Nations Conference on Environment and Development, which declared “peace, development and environmental protection are interdependent and indivisible” (UNEP, 2012). The oil production that has occurred in the Niger Delta over the last 50 years has largely brought poverty for the indigenous population. The government impetus for the Biafran civil war that raged between the now-defunct Eastern Region from July 1967 to January 1970 was in large part the effort to maintain control of the regions’ oil field in the hands of the Federal Government as it was to preserve the integrity of its national borders.

The socioeconomic underdevelopment experienced within the Niger Delta “cannot be meaningfully examined in isolation from the general predicament of the Nigerian state as a weak state marked by misspent oil rents and chronic bureaucratic and political corruption” (Agbiboa and Maiangwa, 2102: 110). Political scientist Francis Fukuyama claims that “a nation’s well-being, as well as its ability to compete, is conditioned by a single, pervasive, cultural characteristic: the level of trust inherent in the
society…and this depends on the crucible of trust, social capital” (Fukuyama, 1995: 7, 33). Trust in this regard, is “the expectation that arises within a community of regular, honest, and co-operative behaviour, based on commonly shared norms, on the part of other members of the community” (Ibid. 25). When tolerance is “the norm, everyone flourishes—because tolerance breeds trust, and trust is the foundation of innovation and entrepreneurship” (Friedman, 2007: 424). The idea at the core of social capital is extremely simple: social networks matter” (Putnam and Goss, in Putnam, 1992: 6).

Social trust, norms of reciprocity, networks of civic engagement, and successful cooperation are mutually reinforcing and indicators of successful nation-building.

Social capital must be considered as a part of a broader (multicausal) model containing numerous social actors and sociopolitical variables. The availability of “networks of social relations spread between individual subjects (firms, workers) and collective actors (interest groups, public institutions) can in fact condition the paths of development” (Trigilia, 2001: 433-434). In addition, the stability of social structure and political institutions affects the development, or destruction, of social capital. Social capital is “social structure which facilitates certain actions or actors within the structure, and, thus, it seems to create some sort of attribute of the network among groups, that may extend to the entire society” (Kovalainen, 2005: 72). Therefore, it must be maintained and constantly renewed within the fabric of the society, as it depreciates over time.

Failed Efforts: The attempt to implement western models of modernization

In Africa and resource-rich, yet underdeveloped, countries such as Nigeria, “the epitome of post-colonial misrule in European eyes, metaphors of malfeasance—
kleptocracy, neopatrimonialism, clientalism, prebendalism—have long been the accepted
terms, popular and scholarly alike, for indigenous modes of governance” (Comaroff and
Comaroff, 2005: 7). Following the second World War, newly independent countries
across Asia and Africa were expected to develop according to a theory of modernization.
By following a Western development pattern of technology, open markets, capital
investments, and financial expertise, nascent third-world nation-states were anticipated to
proceed along an economic evolutionary scale, joining Western countries’ enjoyed
exclusive positions at the apex. This paradigm was rooted fundamentally in the European
experiences of the British and French Empire, and largely unaccounted for the role of
slavery and colonialism in the development of the centers and the underdevelopment of
the periphery.

Since the 1950s, attention has focused on methods in which premodern societies
become industrialized (i.e. Westernized) through processes of industrial growth and
change in social, political, and cultural structures and market orientations. Assumptions
were made that all nations were proceeding upon a linear path that ranges from Fourth
World to First World, towards a progressively industrial society, which drew heavily
upon sociological precepts of structural functionalism (Parsons, 1964). Societies, as the
theory explicated, advanced in reasonably predictable stages through which they become
progressively more complex. Such cultures would exhibit the social, political, cultural,
and economic features of Western European societies, focusing upon the development of
highly specialized, differentiated, and technologically sophisticated institutions (e.g.
schools, research and development, media, and parliaments), as well as a burgeoning
industrialized economy (Viterna and Robertson, 2015). Advanced industrial technology
results in economic growth that accelerates change in the social and cultural dynamic and though the particular manifestations may differ amongst societies, they largely conform to the social, political, and economic norms of Western societies.

The colonial state “was very much a creation of European history in Africa; a fact not lost upon many Africans, particularly throughout the wars of resistance against settler colonialism” (Nkiwane, 2001: 280-281). The imperial foundations of the Nigerian state ensured its premature integration into global capitalism and world economic systems at the expense of nation building. When delineating the boundaries of their new territories, “European negotiators frequently resorted to drawing straight lines on the map, taking little or no account of the myriad of traditional monarchies, chiefdoms and other African societies that existed on the ground” (Meredith, 2005: 1). Despite suggestions to create a continental federation of states, the Organization of African Unity (OAU) legitimized the territorial status quo, acknowledging that the colonial system “permitted nations to be born…African unity…requires full respect for the frontiers we have inherited from the colonial system” (Good, 1964: 632). The legally recognized borders are “a novel and arbitrary political unit; the territorial boundaries, legal identities, and often even the names of states are contrivances of colonial rule” (Jackson and Rosberg, 1982: 14). Kwame Nkrumah’s vision of a United States of Africa was pushed aside and pre-colonial borders of African nations were maintained as a manner of political expediency despite their demographic inconsistencies, which arbitrarily divided ethnic communities and created tense political alliances between ethnic groups of disproportionate size.

Countries that have a history of having been colonized for a long period of time tend to have political structures that are less responsible and unaccountable (Pillay and
Approximately 75 to 80 percent of all target poverty groups are located in the rural areas of Africa and Asia and about 70% in Latin America (Todaro, 1995). Within Nigeria the proportion of households living below the poverty line in the urban centers of Lagos, Ibadan, and Kano were 63.7%, 62.1%, 35.02% respectively (Imobighe, 2011).

The establishment of the petroleum infrastructure within the country preceded the development of any semblance of a representative political structure. Decolonialization is the political and epistemological movement aimed at liberation of ex-colonized peoples from global coloniality and modern neocolonialism (Justus and Solomon, 2016: 208). The HDI (Human Development Index) is a metric published by the UNDP (United Nations Development Program) that focuses upon individuals and their capabilities as indicators for the development of a country, rather than solely economic growth. The report, published annually by the United Nations, ranks countries based upon variables such as “Freedom of well-being”, represented by capabilities and the possibility to achieve; and Freedom of Agency, represented by voice and autonomy, available to its citizens (HDR, 2016). The HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrollment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP, income). With a GDP estimated by the World Bank at $481.1 billion (2015), Nigeria ranked 152 out of 188 countries measured, indicating a “Low Human Development” nation according to United Nations metrics.
Most Nigerians are “excluded from the profits of the oil wealth, (and) most of the wealth has not been invested within the country, contributing to most Nigerians living below the poverty line” (Agbiboa, 2012: 109). The globalization of prevailing economic, social, and political norms is not synonymous with internationalization, which emphasizes collaboration predicated upon mutual benefit between multiple parties. After nearly six decades of resource extraction in Nigeria, the country has failed at indigenization of this vital industry. MNCs operating in Nigeria lack a formal plan to increase indigenization of their operations within the country despite legislation to the contrary (Irogbe, 2005). Some of the multinational oil companies doing business in the Nigerian Delta are among the richest corporations in the world including Exxon (USA), Royal Dutch Shell (Netherlands), and Total (France). What has developed is an extractive industry “largely hobbled by structural constraints, and an extraversion that serves the demands of global extractive actors, the global oil market and the interests of the transnational petro-elite” (Onuoha, 2016: 287).

British colonialism in Nigeria established “a neopatrimonial state that relied on indirect rule using divide and rule tactics that put different ethnic groups in conflict with each other and that focused on keeping administrative costs low for Great Britain” (Ciccantell, 2007: 318). World systems theory notes the complex relationships that organize countries into an interrelated international economy thereby administering the allocation of wealth power, and resources amongst nations. The principal implication is that nations cannot be understood in isolation because its particular economic state is wholly shaped by its location in the world system. The logic of the theory is counter to modernization in the sense that it is functionalist, “insofar as units’ roles in the system
account for their actual expression” rather than utilitarian, whereby marginalized countries are unable to seize upon opportunities due to lack of capacity, knowledge or means (Robertson and Lechner, 1985: 111). Modernization presumes that it is a goal of dominant countries to ‘Westernize” the whole world and ignores the fact that leading economies often flourish at the expense of marginalized nations, in a system of exploitation that patterns colonial paradigms and dependencies.

The Modernization paradigm is “a celebration of Western civilization, a proclamation of the ‘self-confidence of ethnocentrism’ achievement” (Tipps, 1973: 2006). The Western world is perceived as “superior to the Third World in all social, political, and economic aspects” (Hulme and Turner, 1990: 35). Implicit is the assumption that development in the Western European model is the paradigm to which underdeveloped nations must aspire. During the colonial period, Indigenous markets were controlled by remote Europeans monarchies and their relative socioeconomic and political marginalization within the world system at the time of independence made it difficult for these countries to simulate the economic trajectories of developed nations. Dependency therefore was considered a structural phenomenon, transformed by macrosocial pressures, and immersed within “the global system and its various forms of interaction with national societies as the primary object of inquiry” (Valenzuela and Valenzuela, 1978: 550). The metropole exploits the satellite and appropriates some, or all, of its economic surplus. Context, it appears, matters as much as cultural values and ideologies.

Contemporary societies are industrializing in a world that is dominated politically and economically by already industrialized societies with which they are interdependent.
Bourgeoning economies enter into an established market where the most advanced and largest competitors have the greatest advantage. Peripheral countries, which includes the majority of the African continent are marginalized economically as a result “of their incorporation into the world capitalist order or system where they play subordinate roles, such as: the production of primary goods whose prices are inherently unstable and cheaper relative to capital goods produced by the advanced countries which command higher prices” (Osaghae, 1999). Economic dependency results in a situation where marginalized countries are “conditioned by the development and expansion of another economy to which the former is subjected” (Dos Santos, 1970: 231). While finished capital goods contribute to capital formulation and enjoy relatively stable retail and wholesale prices, raw materials extraction and primary goods are deleterious in nature and are vulnerable to fluctuations in the trade market.

Nigeria is at the nadir of its petroleum resources, situated at a geopolitical crossroads between global powers such as the United States and China. U.S. military security partnerships in the Gulf of Guinea with ECOWAS (Economic Community of West African States) led to the establishment of the U.S. Africa Command (AFRICOM), in part to counter competition in the “scramble” for Africa’s resources. As sociologist Charles Tilly notes: “The later the state-making experience…the less likely…internal processes…are to provide an adequate explanation of the formation, survival or growth of a state” (Tilly, 1975: 46). Colaresi and Thompson (2003) found significant statistical correlation between the absence of democratic institutions in nations that gained independence after 1950 and the level of their trade interdependency. The ability of Nigeria to capitalize from this renewed interest in the continent lies in its capacity to
strengthen its sociopolitical institutions and a vision for sustainable development that is inclusive of technology transfers and building native industries.

Modernization implies a reconfiguration of social and political institutions that results in levels of development and sustainable levels of economic growth. In order to suggest ways forward for the Nigerian polity it is important to assess why its large oil wealth has not translated into socioeconomic development. Economic windfalls from high commodity prices for oil, resulting from geopolitical events such as the Arab oil embargo in 1972, the Iranian Revolution of 1978, and the Iraqi invasion of Kuwait in 1990, led to increases in governmental spending and debt obligation with little concern for the long-term diversification of the economy. And again, even per capita indexes of gross domestic product (GDP) ignore the income stratifications within societies so although Botswana may have a higher GDP per capita than Brazil (see Nolan and Lenski, 2006: 207), but it says nothing of their relative levels of industrial adaptation.

African colonies were acquired in the interests of foreign policy even though their acquisition was justified publicly in economic and philanthropic terms (Perraton, 1967: 233). The vast political maps inherited at independence “created huge differences among the various African countries in their potentials for nation-building, economic development, and stability” (Gordon, 2007: 59-60). By the time Africa regained its independence after the late 1950s, the continent had acquired a legacy of political fragmentation that could neither be eliminated nor made to operate satisfactorily. The African geopolitical map is thus a permanent liability resulting from greedy acquisitiveness during a period when the European quest for minerals and markets was justified by its innate sense of manifest destiny.
The ability of African countries to exercise political and economic sovereignty “was heavily affected by the fact that neither political nor economic structures had yet broken free of the colonial legacies of authoritarian governance and economic dependence on export of primary commodities” (Booker and Minter, 2001: 15). Under such inequitable conditions it is apparent that few, if any, third world countries, including Nigeria, can expect to join the ranks of the more prosperous nations utilizing the mechanisms of globalization or modernization theory. The path to development offered by the modernization model has been replaced by the opportunities provided by exploiting their niche strengths and competitive advantages in order to expand their economic base within an ever-changing global environment. Modernization orients the global economy vis-à-vis the metropoles of Western countries and assumes its own pre-eminence and a yearning of other nations to pattern their institutions accordingly.

Colonialism destroyed Nigeria’s traditional organizational and economic structures and usurped the country as well as the continent’s capacity to control their own socioeconomic development and political destinies. The relative wealth of Western nations is intrinsically connected to a political and economic history predicated upon a system of exploitation, not simply the merits of a supposed inherent superiority. Current notions driving the concept of a resurgent Africa are based upon exogenous and endogenous factors, which have historically defined the continent as a supplier of primary products for the benefit of the global capitalist system. Following the Berlin Conference of 1884–1885, African colonies were formed as territories of European conquest and settlement. Little consideration was given to the long-term developmental strategies of the African countries themselves, a problem that became evident as the post-
Independence poverty and economic dependence “not only continued but escalated, becoming integral parts of the present world economic order, with African governments borrowing largely to service debt obligations rather than to finance sustainable economic development” (Abrokwaa, 1999: 660), an unfortunate facet of African politics that continue until the very present.

Possible solutions and the challenges faced by the Nigerian State

Securing an adequate domestic supply of natural gas will require the provision of commercial enticements and billions of dollars in additional investment, as well as strategy partnerships with multinational corporations. Incentives such as tax relief, research and development cost sharing, special depreciation allowances, capital grants, and the granting of privileged revenue sharing provisions are potential mechanisms the Nigerian state may pursue in order to forge more mutually beneficial terms with MNCs (Ajayi and Ajayi, 2013; Akyüz, et al., 1998). Another alternative that is increasingly becoming viable are economic partnerships with international organizations such as the Asian Infrastructure Bank (AIIB) and the CNPC (China National Petroleum Corporation). Collaborations with non-traditional entities offers the potential for “…the reorganization of resource extraction and production on the continent in ways that lift it out of its marginal position in the globalized division of labor which since the days of the ‘old scramble’, has defined it as an object of domination and exploitation by forces from ‘outside’” (Onuoha, 2016: 289). The central government has to assuage power companies about their obligations to supply the domestic market but also must ensure that the regulated tariffs on domestic supply are adequate enough to cover their costs.
Despite their relatively disadvantaged economic position, poorer nations can industrialize by supporting national industries through investments and protectionist policies. Nigeria, during the initial oil boom of the 1970s, failed to invest into development schemes that would diversify the production and export portfolios of the country. Niger Delta states have become so dependent upon federal budget derivations they have abandoned the pursuit of internal revenue generating schemes and, on average, depend upon the federal government for 90 per cent of their funding budgets (Osaghae, 2015). Nigeria remains economically limited with inefficient institutions and no long-term economic planning due to “severe misalignments between the economic interests of politically dominant actors and the rest of society” (Stevens and Dietsche, 2008: 63). Intergenerational poverty within the Delta region is not due to insufficient social capital but rather “is reproduced precisely through the ways in which they are incorporated into markets” (Harriss, 2000: 94). Policies to promote social inclusion, enhance access to social services, and encourage environmental sustainability would vastly improve the quality of life in the region.

Economic mismanagement heavily affected Nigeria during the commodities bust in the 1980s, drying up the coffers of the military regime, requiring structural adjustment loans from the World Bank and IMF to pay back its debts. The rise of Reaganomics, Neoliberalism and Thatcher-era policies saw a global deprivatization of state-owned industries and public utilities. The self-styled Washington Consensus developed amongst policy makers who believed that national economies and markets would grow faster and more efficiently unhindered by state interference. The protections enjoyed under policies of Import Substitution Industrialization (ISI) were deemed ineffective as they prevented
the markets natural ability to exploit its natural function of favoring producers with competitive advantages. What occurred under Structural Adjustment Programs (SAPs) was the abolition of trade restrictions and protective tariffs, resulting in developed economies flooding the market with cheaper products, destroying the ability of peripheral economies to compete and, as was the case in Nigeria, to feed its own population. Exogenous economic assistance would prove to be a failure in providing a long-term solution to the developmental needs of Nigeria.

The elimination of import restrictions, trade barriers, a devalued currency, and the lowering of taxes was believed to make a country more attractive to foreign direct investment (FDI), whereby investments in capital and technology would result in the expansion of markets. What occurred was MNCs buying up previously nationalized industries and largely repatriating the profits. Native governments, suffering a depletion of their domestic tax base became more beholden to foreign corporations for revenue and foreign exchange dollars in order to pay back their debt obligations. The transfer of technology never materialized and the domestic labor markets largely benefitted from meager job prospects within lower management or fieldwork.

Nigeria’s domestic economy is “not only shaped by the interaction with a more powerful external economy but it’s also shaped by the process” (Irogbe, 2005: 42). While the State has benefited largely from FDI targeting resource exploration, Nigeria, like most sub-Saharan African countries, has lost out in the value-added FDI required for generation of economic growth and employment (Owoeye, 2010). The ideological shift in policies of development during the 1980s is a marked difference from modernization theories that placed the state in a central position in the pursuit of national development.
Now the state would only be accountable for implementing laissez-faire policies of market liberalization and free markets and enforcing the rule of law. The levels of FDI decreased precipitously from 2015-2016, 46.86 per cent falling from $9.64 billion USD to $5.12 billion USD, reflecting a lack of confidence in the Nigerian polity’s response to dwindling oil revenues (National Bureau of Statistics, 2017).

Regression analysis has demonstrated that the effect of resource wealth within a nation largely depends upon the quality of its political institutions, and in particular the degree of clientelism in the public sector (Robinson, et al. 2006). A 2007 World Bank review of public expenditure management in Nigeria finds that financial reporting and monitoring remains a “very weak area”, leaving the government “open to diversion of funds and outright corruption” (Ndikumana and Boyce, 2011). The analysis concludes that this state of affairs is not accidental, but is the result of deliberate decisions. These deficiencies are not technical so much as environmental, insofar as for many years “soft” financial management has been part of how the Federal Government has wanted to run its affairs (ibid.). State capacity and mechanisms of accountability that enable “(g)ood governance thus becomes a crucial factor shaping the growth-enhancing potential of natural resources by means of its effect on political elites’ incentives to invest such resources” (Kurtz and Brooks, 2011: 752). The prospects for the developing countries to avoid potential pitfalls ultimately depends upon the governments ability to reorganize the terms of resource extraction and production and, more importantly, investment into programs and infrastructure that facilitates growth in its industrial capacity to compete within a global economy.
The mismanagement of oil revenue runs counter to the declared mission of the Nigerian state to diversify their sources of revenue. For political elites, “the control of such resources creates the challenge for the resistance of industrialization that could dilute their power base” (Ebohon, 2012: 212). “A society’s cultural norms and values, including its history and possibly colonial influences, largely determine the types of institutions that the society creates for itself” (Pillay and Dorasamy, 2010: 366). This is particularly acute in Africa where state-building and the demarcation of territory and land occurred before nation building could take hold. Corruption is determined to be an inevitable by-product of the State’s failure to diversify from a dependent, primary-export focused mono-economy (Rodney, 1972).

The nation-state, defining the domain, procedures, and object of citizenship, has lost much of its sovereignty, undermined by the dynamics of global flows and trans-organizational networks of wealth, information, and power (Castells, 2004: 402). Since independence Nigeria has borne witness to several coups and extended periods of military rule, indicating weakness of the state apparatus. These high levels of political fragmentation led to excessive amounts of oil revenue to be wasted and little to no measurable on personal incomes (Bjorvatn, et al., 2012). According to Sung (2002), “the implementation of policies and regulations that augment government discretion in the distribution and consumption of goods and services encourages corrupt transactions”. The problem with the Nigerian state is simply a failure of political will and leadership.
The Nigerian state is not even corruption. It is organized crime.

-Al-Haji Nuhu Ribadu
Chairman, Nigerian Economic and Financial Crimes Commission

The efficacy of an economy is determined largely by the legal framework under which it operates and the prevailing philosophical inclinations of those charged with the responsibility for national planning and development (Agbaje, 2014). Resource wealth does not presuppose political management and a “country is cursed only when it becomes dependent on, and enriched by, export of natural resources before accountable and democratic state institutions are established and consolidated” (Amundsen, in Williams and Le Billion, 2017: 18). Furthermore, Brunnschweiler (2008) suggests that diversified economies are less likely to suffer negative effects of natural resource wealth. Local oil commissions charged with overseeing the distribution of derivation funds must provide alternatives for rent-seeking and empower stakeholders through job training and micro-credit initiatives (Idemudia, 2012).

Strong government and stable political coalitions, particularly in pluralistic societies, tends to channel resources wealth into productive ventures, even in the presence of weak institutions (Poteete, 2009; Bjorvatn, et al., 2012). While resource-rich countries have disparate social histories and varying experiences with colonialism and the capitalist system, Nigeria was ranked in the bottom quartile in a 2008 study of 141 developing countries by The Brookings Institution, based upon criteria such as inflation, rule of law, conflict intensity, child mortality and gross human rights abuses (Rice and Patrick, 2008). The dependence of both developed and developing nations upon fossil fuels has rendered the entire industrial world beholden to the corporate oil sector and its constituents.
In the Niger Delta, the abundance of oil has led to a rentier effect, (which deters the collection of taxes, the pressure for democracy and good governance); conflict effects (social, economic and political conditions that lead to violent conflicts); and repress effect (repressive tendencies of the Nigerian state and security forces) (Ross, 1999; Watts, 2004). The economic primacy of the extractive industries and the inability of the state to process and refine its oil resources affords considerable political advantage to the multinational corporations. The imbalance of rent sharing between the Federal government and revenue-producing states in the Delta region put an impetus upon “the capture of state power as the ultimate price of the contestations between competing factions of the ruling petro-elite, while huge oil revenues reinforce the repressive capacity and impunity of the state in ways that undermine the democratization of African societies” (Onuoha, 2016: 288). What was occurred in the Niger Delta is a “combustible mix of exploitation, violence, and the large-scale removal and transfer of energy resources and wealth from the sites of production to those of consumption, accumulation and distribution” (Obi, 2010: 221). In recent years, non-oil tax revenues in Nigeria have totaled a mere 4 percent of GDP, with much of this revenue accruing from the megalopolis of Lagos.

While Nigeria has largely avoided civil conflict since the Biafran War of the 1960s, the presidency of the Republic has been controlled by several military regimes since independence. Despite the political turmoil, the economic malfeasance, corruption, money laundering, and civil conflict, Nigeria has consistently ranked in the top three African economies according to GDP for the past two decades, alongside South Africa and Algeria. The costs of environmental damage may be deemed acceptable if, on
average, a greater percentage of oil revenue remained in the Niger Delta and fostered a viable agricultural and industrial economy. After years of double-digit growth, manufacturing within Nigeria contracted by 2.1 per cent, year-on-year, in the first three quarters of 2015 (World Bank, 2015: 2). If socioeconomic development is a process by which economies grow efficiently and ensure political stability and cultural autonomy, while guaranteeing basic needs, services and security, then Nigeria has fallen short.

Chinua Achebe, celebrated author of *Things Fall Apart*, noted in 1983 that “corruption in Nigeria has passed the alarming and entered the fatal stage; and Nigeria will die if we keep pretending that she is only slightly indisposed” (Achebe, 1983: 58). Continent-wide, Africa is confronted by a multifaceted intersection of external and internal actors involved in “the struggle for the region’s oil resources: oil multinationals, national/state oil corporations, independent actors, indigenous oil companies, petro-elites, oil-producing communities and oil-related insurgent movements” (Onuoha, 2016: 284). For Nigeria to break its vicious cycle of excessive public spending, inflation, and exchange rate depreciation, and to reach levels of development achieved by other nations, leaders need to adopt stabilization and structural measures that ensure the efficient use of state resources and the provision of basic social services to its citizens. Larger global corporate culture must shift from exploitative globalization to more collaborative internationalization between nation-states that respects national sovereignty, multiculturalism, and global diversity (Irogbe, 2005). For Shell to actively engage in this process it must establish a corporate social responsibility (CSR) framework to conduct business in an ethical and sustainable manner that contributes to economic development.
while improving the quality of life of its employees, the community and the nation at large.

The resolute decisions taken by the Chinese state, an authoritarian political system, is largely responsible for the increase of private investment and entrepreneurship in China, as well as China’s rapidly growing role in higher technology industries and R&D activities that will provide much greater value-added and greater potential to contribute to long-term economic development that can perhaps serve as a model for the Nigerian state (Ciccantell, 2007). In Africa, it is widely accepted that a similar process of capital accumulation is needed to substantially reduce poverty. Hence, Nigeria should not only attempt to reduce capital flight but also put in place measures that emphasize the relationship between income per capita and poverty reduction. The Fifth Schedule of the 1999 Nigerian Constitution\(^8\) provides measures to prevent money laundering and capital flight by federal, state and local officials, although this measure is largely unenforced.

Nigeria, although located within a tropical region, has yet to make investments into its solar energy potential, despite having the only company in West Africa that manufacturers solar panels\(^9\). In comparison, Germany’s current installed solar capacity is approximately eight times greater than the highest peak total electricity generation in Nigeria (Giwa, et al., 2017). Nigeria has manufacturing and derivatives from its extractive industries, an imperative mission as oil revenue continue to decline as a percentage of GDP considerable potential to grow its non-oil revenue through the

\(^8\) The Fifth Schedule states: “The President, Vice-President, Governor, Deputy Governor, Ministers of the Government of the Federation and Commissioners of the Government of the States, members of the National Assembly and of the Houses of Assembly of the State, and such other public officers or persons as the National Assembly may by law prescribe shall not maintain or operate a bank account in any country outside Nigeria” (noted in Aghaje, 2014: 367).

\(^9\) This company is Nigeria’s National Agency for Science and Engineering Infrastructure (NASENI), which has produced about 2,800 pieces of solar panels since 2011 (Giwa, et al., 2017: 635).
diversification of its. Of course, the multinationals cannot be absolved of their social responsibilities and lapses in appropriate corporate governance but the onus is upon the Nigeria state to legislate and enforce protectionist laws that gives primacy to all Nigerians rather than a limited group of ethnicities and religions who have historically benefitted from systems of corporate patronage.

The framing of Nigeria persistent underdevelopment is pitched in a binary framework of oppositions: “corrupt, self-seeking African leaders on one hand; incorruptible, accountable and compassionate Western institutions on the other; chaos and conflict on the one hand, order and stability on the other; despotism on the one hand, democracy on the other” (Wilson, 2012: 136-137). Initiatives such as the Oil Producing Area Development Commissions (OPADC) have led to marginal improvements to the financial transparency of oil revenue in Nigeria, but with corruption remaining rampant throughout the economy. Nigeria is a political fiction; it is country still waiting to be realized. The prospects for the Nigerian state emerging from its dependency in oil will ultimately depend upon its ability to act as a catalyst for the reorganization of the terms of resource extraction and production and, more importantly, investments into programs and infrastructure that will facilitate social transformation in a manner that will lift the country from its marginalized and exploited position within the globalized division of labor.
References


