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Oil politics and the Niger Delta developmental conundrum

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Oil has become a dominant element within the power capability profile of any nation. Nations enter into war because of oil. The Gulf War in 1991 is an example. In Nigeria the crisis is between the federal government and oil producing communities in the Niger Delta region. Despite the abundant oil wealth, there has been unimaginable mass poverty and negligible development in the region. Efforts by the federal government and oil companies to improve the quality of human lives and to provide infrastructural development, have been insufficient to ameliorate the problems. Presently, the insensitivity of government and oil companies have created more tensions and crises which not only threaten the industry, but also national security. In fact, youths within the area, by association of various ethnic militia groups, have become restive in their bid for greater control of their natural resources. The paper, therefore, examines developmental issues in oil producing communities against background of government establishing an internal security task force to deal with the youths. The paper concludes that the federal government and oil companies should change their current hostile approaches in order to work towards infrastructural development of the region.

Key words: Economy, oil politics, policy.

INTRODUCTION

During the last two decades, the Niger Delta region of Nigeria has been enmeshed in crisis, which has resulted from total neglect and lack of infrastructural development. It is estimated that about 2.5 million barrels of crude oil is produced daily within the region. According to a Central Bank of Nigeria (CBN) report, the production contributes almost 95% of Nigeria's foreign exchange earnings and 90% of its revenue (CBN Annual Report, 2003). However, little substantive progress has been made, which addresses development issues in the producing region. Hence, the region continues to witness unimaginable mass poverty and low levels of human development, environmental degradation, social inequalities, unemployment, and so on. It is, therefore, an irony of fate that the area, which produces a bulk of the oil is the least developed in the country.

This situation may be attributed to the nature of revenue allocation formula which has been dysfunctional. It may also be traced to the non-performance of the contented disposition of the political leaders who ordinarily should have been the voice of the masses. As a result, every effort to develop the region through policy reforms and socio-economic and political measures, have yielded little or no result.

The absence of any meaningful development has necessitated the control of resources that are within the region. As expected, the youths by way of various ethnic militia groups have become restive in their bid for greater control of their natural endowment. Presently, this restiveness has manifested in activities such as kidnapping, pipeline vandalization, oil bunkering and other anti-social behaviours that are directly resultant of failed leadership. Hence, the country has not only witnessed an economic crisis, but also political instabilities. The paper is, therefore, motivated by contradictory roles, which are played by the Nigerian state; first, in terms of the

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allocation of resources and, second, as the major recipient of oil revenue. Hence, the paper examines the rate of development in the oil producing Niger Delta area whether it is commensurate with the environmental damage as a result of oil exploration. It also highlights the oil industry and politics that have impinged development within the region.

The paper is divided into five sections. The first is an introduction while the second deals with an analytical framework; the third section examines the oil industry and the state of economy; and the fourth section evaluates oil politics and the crisis of development; while the last section deals with suggestions and conclusion.

Divergent analyses of development

Various scholars provide different definitions for the term development. Obasanjo and Akin (1991) define development as a process, which is concerned with peoples' capacity in a defined area over a defined period to manage and induce positive change, namely to predict, plan, understand and monitor change and reduce or eliminate unwanted or unwarranted change. In other words, development concerns people, since they constitute a repository of energy for development and it is the careful release of this energy that constitutes development. According to them, development entails several aspects. It is not only about consuming, it is also about producing. However, it is concerned with creation by people themselves of technology, which is required for development, as well as development, by people of the capacity to manage their own affairs. In relation to the Niger Delta, the exploitation that continues to exist within the oil communities because of their outcry against neglect and marginalization by federal government, is an epitome of contradictions in respect of development.

Some scholars argue that development is a qualitative and quantitative improvement in the lives of the people. Soyombo (2005), whilst explaining national development, defines it as qualitative and quantitative improvement in the living conditions of people of a state in line with national objectives, as indicated in its national development plans.

He argues that rapid improvement of the standard of living of the average Nigerian has always been a major objective of the country's national development plans. According to him, other key objectives of the development plans include: Reduction in the level of unemployment; equitable distribution of income; reduction in the incidence of poverty; improvement in the quality of life of the people; more employment opportunities; greater access to and ownership of houses; and access to basic necessities of life such as qualitative health services, potable water, education and electricity. It is when these objectives are achieved that one can talk of national development.

National development goes beyond growth in economic indicators such as the Gross Domestic Product (GDP) and Per Capita Income. It also concerns itself with discrepancies between economic indicators and quality of life that have led to the development of the "Human Development Index" as alternative indicators of development (Soyombo, 2005: 210). However, Soyombo (2005) concludes that at all levels of development three essential developmental concerns are for people to live a long and healthy life; to acquire knowledge; and to have access to resources that are necessary for a decent standard of living.

Accordingly, Afonja and Pearce (1986) believe that development is aimed at fulfilling four conditions of stabilities, which include: The stability of normative patterns; level of commitment of acting units; acceptance of a common definition of the situation; and integration of the system itself into the larger system of which it is part. They argue that these four conditions are given because of the fact that traditional societies resist innovations so that fulfillment of any condition does not necessarily mean that growth and development has occurred. Similarly, Sanda (1985: 1 - 3) assert that development is a transitional process, which sustains a multifaceted improvement in human conditions, which result from structural and functional changes in social, economic, political, techno-scientific as well as other spheres of human existence. According to Sanda (1985), development entails normative and organizational changes in society, which result in:

1. Improvement and expansion of the mental horizon of the population arising from functional education, and
2. Sustenance of positive and highly functional values, customs and practices regarding all aspects of life and living.

Wilnesky and Lebeaux (1995), therefore, defines development as being formally organized and socially sponsored institutions, agencies, programmes, which function to maintain or improve economic conditions, health or inter-personal competence for a part or all of a population. Kundan (1997 cited in Akintoye and Awosika, 2000) describes sustainable development as a construct, which envisions development as meeting the needs of a present generation without compromising the needs of a future generation. It implies that while development meets the needs of the present, it does not compromise the ability of a future generation in order to meet their own needs. However, this ability to meet needs is determined by human capital (via education, health care, technological advancement, and so on) and physical capital (machine, tools and so on). He argues that continued sustainable development is only possible or assured when it is agreed upon and indeed concrete steps are taken to raise the level of literacy in any society. Furthermore, he emphasises good governance.

He states that it depends on the extent to which government is perceived and accepted as being legitimate; committed to improving peoples' well-being; responsive to the needs of its citizens; competent to guarantee law and order; able to deliver public services; enabling a policy environment for productive activities; and is equitable in its conduct. In relation to the Niger Delta, the statement of the former Governor of Rivers State, Dr. Peter Odili is apt. He opined that if the federal government has realised its responsibility and has sufficiently focused on the neglect of the Niger Delta, its difficult environment and the needs of its people, should have been transformed into sustainable development.

Nyerere (1971) has a similar viewpoint. He argues that in developing nations, the tendency has always been to conceive of development in terms of socio-economics solely. There is also a need to look beyond mere economic indices and to place emphasis on human development, namely the full realization of human potential and maximum use of the nation's resources for the benefit of all. This realization was echoed by leaders such as the late Indira Gandhi who asserted that development policies should benefit all strata of the population, and not merely a favoured minority.

Development, according to Adedeji (cited in Onimode and Synge, 1995) refers to a process of bringing about fundamental and sustainable changes within society. He notes that development transcends as well as encompasses growth and embraces aspects of quality of life such as social justice, equality of opportunity for all citizens, equitable distribution of income and democratization of the development process. Eze (2005: 1) refers to development as a goal that should precede development actions, whether it concerns people, organizations, or nations.

When it concerns people, the goal is human development; when it concerns organizations, the concern is organizational development, and, when it concerns societies, the goal is national development. Regarding each of these, the goal of development should first of all be clearly set out in the form of directions, destinations and action plans, followed by implementation of the action plans, and finally by the realization or otherwise of development itself. Accordingly, he opines that it is quite certain that a society, which is in a state of learned helplessness, cannot meaningfully embark on genuine national development without first achieving successful emancipation.

In Africa, however, the line of confrontation are often drawn because of issues of exclusions, identity, frustrations and denial of basic needs to certain areas of communities by those who maintain forces of coercion. According to Anyadike (1997), conflicts in Africa arise as a result of a global economic system that keeps the continent locked in a vicious cycle of poverty and domination, which is aggravated by local conflict for power and wealth. This seems to hold true in the Niger

Delta. Since the Nigerian state lacks autonomy, it simply expropriates by using coercive instruments to sustain its dominance. This leads to penury, acute environmental degradation and gross underdevelopment in oil – producing areas. Hence, conflict occurs in the area as a result of protests against injustices such as environmental damages and displeasure with successive government policies regarding programmes of oil companies that are perceived to be unjust, inadequate and repressive. As a result, peoples' economic future has led to an intensification of the struggle for survival at individual and group levels. The consequence is the social-conflict profile of the country.

Every society is expected to improve the conditions of its people particularly their quality of life. It should be concerned with provision of basic needs such as food, water, education, good healthcare, shelter, and so on for all people. Any concerted effort to achieve this is called development. Our discourse, therefore, when situated within the theoretical realm of distributive justice, provides an analytical framework in order to understand the situation within the Niger Delta. The "theory on rights" asserts that basic rights should be enjoyed within a state and protected through legal and extra-legal instruments. Rights can be categorized into political, social and economic rights. The denial of social rights explains the pervasive poverty and underdevelopment within the region. The Niger Delta's agitation is premised on right denial particularly and access to oil wealth to boost living standards.

Drawing from this theoretical argument of what development concerns, the present study argues that the basic problem in the Niger Delta region is a lack of development. Neo-liberal scholars regard development as being beyond the economic indices, as well as the totality of changes that occur on the social system within a given period of time, which can impact on the lives of the people. It is therefore imperative that the government should design a more comprehensive development package that is people-oriented in the Niger Delta region.

AN OVERVIEW OF OIL INDUSTRY IN THE NIGERIA ECONOMY

Oil was discovered in the south-eastern part of Nigeria in the 1950s, and was first exported by 1958 (The Europa Year Book, 1988: 2016). Presently, oil exploration and exploitation is undertaken by British company, Shell/Beyond Petroleum (BP), along with other foreign companies such as Agip/Phillips, Safrap, Mobil, Texaco and Chevron. The Nigerian government has major shares in these companies, which operate the joint stock ventures. During the late 1960s and 1970s, the development of the oil industry transformed the entire economy of the country as the nation earned considerable foreign exchange. Nigeria became a strategic and important

international participant because of its oil production.

Nigeria joined the Organization of Petroleum Exporting Countries (OPEC) in 1971. OPEC regulates oil prices and production within oil producing nations. Later in 1973 it became Africa's leading petroleum producing country (The Europa Year Book, 1984: 2164). As a member of OPEC and as the world's seventh largest producer of petroleum, Nigeria has benefited enormously from oil. The Nigerian economy expanded at an estimated annual rate of 8.0% between 1971 and 1977. The quantum of foreign aid was reduced and a large number of jobs were created (The Europa Year Book, 1984: 2164). The average production of petroleum from 1975 to 1980 was about 2.2 million barrels per day (The Europa Year Book, 1984: 2164), which earned \$23,405 million by 1980 when the price was \$32.00 per barrel. In the fiscal year 1981 - 1982, the price of oil rose to \$40.00 per barrel before falling to \$30.02 per barrel in 1983 (The Europa Year Book, 1986:1976). Table 1 provides details of oil selling prices during the selected years 1981, 1982, 1991, 1992, 2001 and 2002.

Table 1 show that, the selling price during 1981 and 1982 recorded the highest per barrel when compared to the 1991 and 1992. In the first quarter of 1991, the selling price recorded the lowest of US \$ 18.60 per barrel. A reason for the decrease in price was the pressure from developed countries on OPEC owing to a recession in the world economy. However, the price of oil increased to US \$ 25.44 per barrel in 1992 and further increased to US \$25.85 and \$28.90 in 2001 and 2002, respectively. The reason was attributed to the Gulf War and Middle-East crisis. The gradual increase in the selling price may not be unconnected with the high demand of oil from Asian countries, particularly China, and protracted industrial action by Venezuelan oil workers (CBN Annual Report, 2003: 70). Improvement in levels of prices boosted foreign exchange earnings, which enabled Nigeria to achieve high economic growth at an average rate of 9.7%.

Despite these earnings, the external debt has remained problematic for Nigeria. In fact, the external debt had increased from \$12.91 billion in 1982 to over \$ 20 billion in 1985 and, by 2003 it was \$36.33 billion. It has also been observed that over 30% of the country's earnings were spent each year on debt servicing and in 1992 alone a total of \$5.655 million was spent on it. This has resulted in deficit budgets. In 1988 the country recorded a deficit of over 12.6 billion Naira, which further increased to 15.4 billion Naira in 1989. In the fiscal year 1990 - 1991 the total deficit exceeded 17.5 billion Naira, while the inflation rate was 53.1% during that period (The Africa Guardian, 1990: 29; Punch, 2004).

The truth of the matter is that the nation's leadership is not linked to collective purpose. The extent to which resources are adequately and judiciously mobilized for development is mainly attributed to leadership in the same way as the level of development influences

Table 1. Oil selling price in Nigeria: Comparative figures.

Year	Selling price in US\$
1981	40.00
1982	30.02
1991	18.60
1992	25.44
2001	25.85
2002	28.90

Source: i) OPEC Bulletin, Vol. xxiii, No. 9, October 1992 (pp. 41 and 45);

ii) OPEC Bulletin, Vol. xxiv, No. 1, January 1993 (p. 32) and
iii) Yomi Onakoya, "EU Adopts Energy Efficiency Policy to Counter High oil Prices" New Age, February 23, 2005 (p. 25).

leadership qualities. An illustration of the relationship is the fact that certain nations under transformative leadership have risen above the natural limitations of their environment in order to achieve sustainable development. For example, Japan has developed in spite of the fact that 50% of its area is mountainous and also lies in one of the highest earthquake active regions in the world. In contrast, Nigeria, which is greatly endowed with natural resources, have failed to achieve a level of development, which is commensurate with its level of endowment because of poor leadership that is characterized by short-sightedness, corruption, self-centeredness and political instability (Bammeke, 2005: 277 - 278). Nigeria has not produced a national leader; rather it has ethnic based leaders (Ugoh, 1995). Hence, there is no meaningful development.

OIL AND THE NIGER DELTA DEVELOPMENTAL CONUNDRUM

Niger Delta's struggle for economic survival first hit the boiling point in 1965. This was when the late Isaac Boro and his group took up arms to fight for a separate political entity for the region. It was the first military coup of January 15, 1966 that brought the uprising to an end. The region's long standing history of marginalization or exclusion from the mainstream of Nigeria's social, economic and political activities has been the centre of the Niger Delta's crisis. Other predisposing factors, which have contributed to the crisis are the region's poor performance regarding human development indices, namely: Political instability, social/communal conflicts, poor governance, environmental degradation, economic deprivation arising from unhealthy influences of competition for economic resources, which is made worse by the general paucity of infrastructural development such as electricity supply, safe drinking water, roads, health facilities, education, and so on (Akpabio, 2009). These are issues that are taken for granted in the region. As a result,

poverty levels are highest in oil communities where the wealth of this country is produced. People of such areas are poor and social infrastructure is equally unavailable in their towns and villages. Youths have taken to crime and female youths have entered prostitution as a profession. Presently, the area is riddled with the much-dreaded Acquired Immune Deficiency Syndrome (HIV/AIDS). It is on record that the Niger Delta has one of the highest prevalent rates of the disease in Nigeria (Federal Ministry of Health and National Action committee on AIDS, 2003). These problems are compounded by the ecological problem created by the production of oil, which grows daily. Given the abundance of crude oil in this area, the inhabitants should have corresponding wealth and development.

The federal government has been widely accused as being the major culprit responsible for the under development of the oil states. It extracts oil resources through the enabling laws and decrees, thereby depriving oil communities from claims for royalties. For example, the Petroleum Act of 1969 and the Land Use Decree of 1978 permit the multinationals to explore and expropriate natural resources in a manner that impoverishes and under-develops host communities whilst enriching the ruling class and their collaborators (Seteolu, 2001:143 - 144). Under the Land Use Decree, ownership of land in any state of the federation is vested in the state Governor in trust for the people of the state. It means that the federal government has no direct claims to land within the state. The federal government has continued not only to prescribe how much rent is paid by the oil companies for land used, but is also charged with collecting these rents. The apparent justification for the federal government's action is the Petroleum Act, which gives the federal government control of all minerals and gas "in, under, or upon the land and territorial waters of Nigeria" (Suberu, 1999: 28).

The acts, however, refer to ownership of mineral wealth and not ownership of land, which remains vested in the states. In essence, the states are clearly entitled to these rents, but the oil communities have also asserted their rights in terms of what may be regarded as rents on communal lands. As MOSOP remarked, oil royalties and rents are the property of landlords and the federal government must return to the oil communities all royalties (Suberu, 1999: 28). In the words of Eteng (1977), the Nigerian rentier State is perceived as an "unconscionable usurper and landlord", and the oil companies as exploitative illegal tenants. A major problem here is that the laws that govern the oil industry merely addresses operational issues, which serve the interests of oil companies and the federal government, instead of the interests of the oil communities. The general perception particularly among the oil communities is that the laws are the fundamental causes of under development of the areas (Izeze, 1994).

The contradiction between oil communities and non-oil

communities over the control of oil rents is another factor, which undermined development in the region. The reason is attributed to an inter-class struggle over which part of the states would maximize benefits from oil rents. Since oil is found in the coastal areas of the country and adjoining offshore areas, the process of states creation and the growing profile of oil have made the issue of revenue distribution a sore point in inter-state relations. As observed, the oil producing states, which are dominated by minority groups, insist on derivation, while the non-oil producing states, which are dominated by majority ethnic groups insist on principles of equality of states and the size of the population, among other allocating principles. The non-oil producing states have, therefore, accused oil-producing states of greed, and have argued that they do not have a sole right to the oil within their territory. Contrarily, the oil states have not shifted ground as they demand equity, justice and fair play. They complain of being marginalized by numerically dominant groups who continue to benefit from the oil revenue with little or no contribution to federal revenues. The oil communities have argued that a significant percentage of federally collected oil revenue should be returned to them on the basis of the derivation principle.

Derivation is, of course, a long-standing principle of revenue allocation in Nigeria. It stipulates that a significant proportion of revenues that are collected in a locality should be returned to that locality or segment. It featured prominently when cocoa, palm oil and ground-nuts were the main sources of revenue for Nigeria. As Okilo remarks, it has continued to be deliberately suppressed since crude oil became the mainstay of the country's wealth. The nation recognized 100% derivation as a basis for revenue allocation in 1950; but reduced it to 50% at independence in 1960; 45% in 1970; 20% in 1975; 15% in 1982; and 3% in 1992 as crude oil became the main source of national revenue (cited in Suberu, 1999: 30). In fact, derivation has become progressively de-emphasized as mineral exploration replaced agricultural exports as the principal source of government revenues and foreign exchange earnings in Nigeria. Change in the principles of distribution have been denounced by ethnic minority groups as a politically motivated assault by a majority of nationalities regarding the economic rights of minority oil communities that are perceived as being too small and weak to threaten the stability of the federation (Suberu, 1999; 29).

The situation has been aggravated by the country's politics. Politics in Nigeria has degenerated into warfare where winners control federal power and all resources that are associated with such control. Given the centric tendencies and the political dominance of the three ethnic groups (Hausa-Fulani, Yoruba and Igbo), oil has made the federal government the conducts of socio-economic struggles, thereby institutionalizing the tyranny of major ethnic groups and the subjugation of minorities mostly in the Niger Delta area. The walkout of the South-South

2005 delegates from the National Political Reform Conference depicted how politicized the oil resource has been in the country. Delegates at the conference belonging to the oil communities demanded a 25% special oil allocation which was turned down by members who represent majority ethnic groups. Members who, belong to majority groups, however, agreed to 17% from the present 13%. On protest, the South-South delegates staged a walkout, which ended the conference in an abrupt manner (Obi, 2000). A general perception is that the Nigerian State and its ruling class are more engrossed in rent collecting activities and thus negate the need for development planning and the issue of development of technology of labour. Hence, the struggle for and control of power at the centre becomes a "bone of contention" among diverse interest groups.

The crisis in the Niger Delta is understood not only as an inter-class struggle, but also as intra-class rivalry because of its backwardness. The federal government has resorted to elite manipulation in the form of recruitment and appointment of local and active individuals from the area against the entire population. In other words, the crisis is the struggle between liberal elites (traditional rulers, politicians, top government officials, oil company executives and businessperson) and radical groups (human rights activists, journalists, youths, students, workers, women and the peasantry). These groups have strong justifications for their various positions. Hence, in every community the leadership and, in fact, the entire population are divided along these lines. It is no longer a secret to note privileged members of the region working for peace, which is perceived as tolerance of the unjust system.

The killings of the Ogoni four otherwise known as 'Vultures' by their radical youths, which resulted in the arrest and killing of Ken Saro-Wiwa and eight others by the federal government, is an example of the intra-class struggle within the region (Ukpere, 2007: 21). The radicals are new-comers who are trying to take over the leadership of the Niger Delta. They believe that the liberals are conspiring with the federal government and are therefore, corrupt. It is, therefore, believed that any programme to solve the crisis will be doomed to fail if the federal government continues to adopt this policy.

Another dimension of the crisis is the insensitivity of oil companies. It is important to acknowledge the contributions of oil companies in establishing projects that have helped to ameliorate the harsh consequences of neglect and deprivation, which are suffered by people from the region. However, there is also a need to state that it is futile to expect these oil companies to be agents of development within the region. They cannot go beyond a certain limit because their primary responsibility is to acquire profits for themselves. In a real sense, the oil companies have not adequately addressed environmental problems such as gas flaring and oil spilling (Tayo, 1994). As the region's economies are rained

by pollution, there can hardly be any meaningful development. This is visible through environmental devastation, which has distorted socio-economic development without provision of commensurate developmental infrastructure. Implications of this are that the oil companies have no legal obligations towards their local host communities, while the host communities have no say in how and what happens to oil revenue. In his treatise, 'The functional relationship between globalisation, internationalisation, human resources and industrial democracy', Ukpere (2007: 20 - 21) has posited that the current state of affairs symbolised the destructive tendencies of global capitalism. According to him, "Communal crises is on the rise in different parts of the world, while local people are protesting over the destruction of their land and forest, the source of their livelihood and the pollution of their environment; the battle of Seattle, the struggle of indigenous people in Mexico and many others, the protest of the Ogoni people in Nigeria and the hanging of Ken Saro-Wiwa, are all reflections of the destructive tendencies of Capitalism (self interest) and transnational practices".

In fact, there is no other place in Nigeria where the impact of the Land Use Decree has manifested, in all its imperfections and inequalities, as in the Niger Delta region (Onuoha 2005: 124). However, the oil companies have shifted blame to the federal government. The Shell Petroleum Development Company (SPDC), in particular, has claimed that the federal government obtains 55% of the revenue whereas, 30, 10 and 5% go to Shell, Elf and Agip, respectively (SPDC Report, 1996). According to SPDC, since the federal government owns majority shares in the oil companies, in addition to collecting petroleum royalties and profit tax, it is the responsibilities of the federal government to provide and maintain social infrastructure.

The federal government, however, attributes the roots of the underdevelopment of oil communities to their difficult geographical terrain, bad leadership and the people themselves. It claims that owing to the fragile ecology of the Niger Delta, oil production has the impact of upsetting the delicate balance between land, water and life. Notwithstanding, the federal government has tended to respond to the inevitable crises in the Niger Delta. Adjustments in revenue allocations indicate the impression that the federal government is sympathetic to the plight of the Niger Delta region.

For example, General Babangida's administration raised the derivation fund from 1.5 - 3.0%. It also established the Oil Mineral Producing Areas Development Commission (OMPADEC) to administer the fund. The establishment of the Commission in 1992 was a "genuine" intension to develop the neglected oil producing areas of the Niger Delta by using the quota of production for employment, project distribution and contract awards. The federal government, by way of the Commission, has spent billions of Naira in these oil

communities for development. According to some observers, the federal government's initiatives reflect its magnanimous and godly spirit in sympathizing with the circumstances of the impoverished oil communities. These observers have therefore, advised the people to give OMPADEC a chance (Suberu, 1999:37). However, via its operations OMPADEC has neglected to share projects, contracts and employment. The body also used the huge amount of money to create hundreds of uncompleted projects most of which have no direct relevance on the lives of the oil communities. As a consequence, no significant impact was made.

In view of this, President Obasanjo's administration replaced the OMPADEC by establishing the Niger Delta Development Commission (NDDC) in 2000 with similar mandate. The government also provides for 13% derivation to the oil states. Given the years of denial experienced by this region, it is worth describing this development as positive. The truth is that 13% does not address the issue of dependency and resource control, which were identified as being major causes of the Niger Delta crisis. Besides, the composition and operations of the Commission was faulty. The inadequate representation of the oil communities is offensive in view of the inclusion of persons from the non-oil producing areas. The result is that while the oil communities are being starved of projects and the people are becoming poorer, persons from non oil producing areas are becoming richer. Without prejudice to the enormous efforts of the NDDC to reach the oil communities with projects and programs that will uplift peoples' standard of living, the crisis in the region cannot be resolved in any meaningful way by institutions such as the NDDC. Thus, the establishment of the Commission was based on exploitation, authoritarianism and 'survival of the fittest'.

Accordingly, the arrogant treatment and deprivation of the federal government towards the oil communities engendered feelings amongst them that they are perpetually disinherited and expendable people. Efforts to fight perceived injustices and exploitation led to the formation of ethnic associations such as the Movement for the Survival of the Ogoni People (MOSOP), the Association of Mineral Producing Areas of River States (AMPARS), the Association of Minority Oil States (AMOS), the Ethnic Minority Rights Organization of Nigeria (EMIRON), the Ethnic Rights Organization of Africa (EMIROAF), the Movement for Reparation to Ogbia or Oloibiri (MORETO) and, recently, the Niger Delta Peoples Volunteer Force (NDPVF), Niger Delta Vigilante Service (NDVS), Movement for the Emancipation of Niger Delta (MEND) amongst others (Ugoh, 2004: 68). These groups are therefore demanding the restructuring of the federation in a manner that would give more autonomy to the states - a sort of self-determination within the federation (Ogoni Bill of Right, 1990). In addition, they insist that oil companies should contribute to the creation and expansion of infrastructural

facilities such as basic amenities, community development projects, employment of indigenes, and so on. Indeed, the intensity of their demands are often expressed in the vandalisation of pipelines, oil bunkering, kidnapping and hostage taking of oil workers, as well as children and other people who are not associated with the oil industry. Lately, hostage-taking has become an alternative to robbery and cannot be anything more than sheer banditry and brigandage. At present, small arms and more sophisticated weapons are smuggled into the region from regional and international markets, which has led to the increased arming of militias. Undoubtedly, the government has responded to the restiveness with a military solution, an action perceived by a majority of the people across the country as evidence of a failed state. Presently, there is a Joint Task Force (JTF) in the region instead of the regular police that deal with the militant youths.

In order realize this, President Musa Yar'Adua established the ministry of Niger Delta. The ministry was mandated among other things, to formulate and coordinate policies for rapid socio-development and security of the Niger Delta region. In addition, the government has proclaimed amnesty for the militants' youths and urged them to surrender all illegal arms in their possession unconditionally within 60 days from May 5, 2009 to October 6, 2009. Amnesty is a process, which ensures peace in the region. Meanwhile, the partial acceptance of the amnesty deal was to give the government the benefit of the doubt. In other words, the amnesty deal is an exercise in futility if people failed to see any seriousness of purpose by the government in terms of development. Former US Ambassador to Nigeria, Mr. Walter Carrington, aptly stated that until basic infrastructure, which is necessary to hasten the social and economic development of the Niger Delta was put in place, any other approach to the crisis would merely scratch the surface.

PROSPECTS FOR DEVELOPMENT

The analysis shows that there is no reasonable effort towards developing the Niger Delta. The issue of resource allocation has been politicized and has become a bone of contention among the oil states and non-oil states. Every attempt by various administrations to resolve the issue has failed, while the present government's efforts are too early to conclude. Evidently, the key to achieve a permanent solution is a return to allocation principles of derivation where revenue, which accrues from the endowments of various regions, are used to develop the areas. Moreover, the type of state that is capable of reshaping the nature of the crisis in the Niger Delta cannot be a parasitic state. The state should represent the 'overall will' of the citizenry and not the will of those in power or merely sections of the country. The

state should be oriented towards development in a sustainable way. Such a state should strive to end dependency at both centre and state levels (Oseze, 2000).

Logically and rationally, real development will not come to Niger Delta unless there is effective leadership in Nigeria. There is a need for the country to produce a good leader characterized by self-discipline, loyalty, modesty, humility, good human relations, ability to listen and willingness to make sacrifices for the sake of the people. At present, the custodians of state power is deeply involved in the appropriation of wealth from the region through brazen corruption, while any opposition is visited with summary punishment.

The federal government should go beyond the pretensions of the NDDC, which is directly under the influence of politicians who use the outfit for unnecessary political patronage, frivolous and unsubstantiated claims and visions that negate the whole essence of community development. The government should establish a visitation committee to assess periodically what the NDDC has done for the oil communities. The federal government should change its old and negative ways, and embrace those attitudes and behaviours that enhance development by embracing a full democratization of the centre, both politically and economically. Concentration of power at the centre should be broken down with an emphasis on the decentralization of power. In essence, there should be commitment towards true federalism as it was done before independence. There is a need for the federal government to set fundamental rules that will promote fair and responsible operations of the oil multinational companies towards a pro-development approach.

The government should establish labour-intensive establishments in the region to absorb the hordes of unemployed youths that might graduate from the skills centre and other educational institutions. In other words, the youths should be empowered. Use of a military option to solve the problem would be counterproductive because no amount of military intervention can suppress the genuine feelings of the people. Finally, various policies including the Land Use Decree of 1978, the Petroleum Act of 1969, the 1999 constitution, and so on that have allowed the oil multinationals to ignore the demands and agitations of the oil communities, should be abrogated or reformed.

CONCLUSION

This paper, has argued that under-development of the Niger Delta area is largely shaped, influenced and fashioned by the character of the Nigerian state. The country is not democratic in a real sense of the term and also not completely federal. Ingredients of good governance can hardly be associated with its management.

Both the centre and the state government are basically

dependent on oil resources from the Niger Delta. The degree of dependency implies the huge resource flow from the region leaving people to live in poverty, frustration and deep crises. Those without any option confront both the federal government and the oil multinational companies. The result of this state of affairs is instability. It occurs because the people of the areas are minorities and suffer under the dictatorship of majority groups under both the military and democratic dispensation. Indeed, true federalism and resource control by states are the surest ways of bringing development to the people. In other words, development aspirations of the people will be best served if the custodians of the state, civil society and ordinary people are mobilized towards fundamental reform of the Nigerian state. This target will remain a failure until appropriate policies are established to reduce, if not eliminate, the over-bearing dependence on oil.

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