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A Historigraphic Assessment of the Petroleum Industry and Its Impact on the Nigerian Economy

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Abstract
This paper examines the socio-economic impact of the petroleum industry on the Nigerian economy since the discovery of oil in 1956 to 2015, from a historiographical point of view. If historiography is the study of the way history has been and is written and interpretation of such in the works of individual scholars, then the aim of this work is to assess the writings of various scholars on the petroleum industry and its impact on the Nigerian economy. In essence, this work is a critical examination of sources and selections of particulars of authentic materials written by various scholars, the synthesis of which is the outcome of this narrative that sums up the impacts of petroleum industry such that can stand the test of critical methods.Fundamentally, then therefore, the paper traces the historical development of the petroleum industry with a focus on some of the problems of management of the wealth of resources accruable from the internal and external dynamics of the structure and its overall impact on not just the economy but to the Nigerian citizenry at large. Specifically, another problematic focus of the work has been to ascertain the extent to which corrupt practices, social and political mal-administration has led to the undermining of the economic benefits derivable to the people of Nigeria from petroleum resources which to a large extent shape their economic social well-being. The work, no doubt, undertook a critical re-appraisal of the underdevelopment of not just the Niger Delta crises but other issues arising from it, such as youth restiveness, pipeline vandalism, militancy and kidnapping of expatriate workers and how this has impacted on Nigeria's image and foreign policy. The study further established that the multinational companies in the region, (despite their claims of justification for improving the welfare of the people) have to a large extent undermined the yearnings of the people by not giving adequate compensation to the problems generated by environmental degradation.The study relied mostly on primary and secondary data delivered through a content analysis of extant literature, Internet Reports Commissioned Projects, especially statistics from the Central Bank of Nigeria Bulletins Nigerian National Petroleum Corporation Reports/ Bulletins and others from the National Bureau of Statistics and Nigerian Society of Economic Research (NISER).
Keywords: Petroleum, Nigerian Economy, Degradation, Exploitation

1. Introduction

Petroleum or crude oil has been defined as an oily, bituminous liquid, consisting of a mixture of many substances, mainly the elements of carbon and hydrogen, and this known as hydrocarbon. It also contains a very small amount of non-hydrocarbon elements, chief amongst which are Sulphur, nitrogen and oxygen[1] As a vital, versatile and flexible, non-reproductive depleting, natural (hydro-carbon) resource, it is a fundamental input to modern economic activities, providing about 50% of the total energy demand in the world, excluding the former centrally planned economies. The industry activities covers the exploration and production of crude oil as well as petroleum refining, marketing and servicing.[2] Energy is without any doubt one of the vital inputs in the process of economic growth and development of nations developed or developing.

The specific policy objective with respect to petroleum and mining in Nigeria has been summed up as follows: an active government participation in mining operations, diversifications of mineral products' the organization and regulation of the development of mineral reserves so as to optimize their contribution to the overall national development effort; the conservation of the country's mineral resources, research into efficient extraction methods and wider application and use of manpower development and accelerated transfer of technology achievement of internal self-sufficiency in the supply and effective distribution of petrol- industry products, commercialization of gas and the control of the environmental problems of oil production[3].

With such lofty ideals, there is no gainsaying that the petroleum industry in Nigeria is the largest and main generator of GDP in the continent's most populous nation. As of 2000, oil and gas exports accounted for more than 98% of export earnings and about 83% of federal government revenue, as well as generating more than 14% of its GDP. Petroleum also provides 95% of foreign exchange earnings and about 65% of budgetary

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[1] http://www.aip.com.au/industry/fact_refine.htm, retrieved 10th June 2015
[2] Ohuizu Chinonye C, The Oil Sector Vis-À-Vis The Agricultural Sector; The Nigerian Experience (1981-2007). A Project Submited to the Department Of Economics, Faculty of Management And Social Sciences; Caritas University, Emene, Enugu.2010, 5.
[3] F.B. Dayo, A.O Adegbulugbe, A.F.Oluwola- Nigeria Since Independence: Science and Technology, P407.

revenues[1].

Nigeria's proven oil reserves are estimated by the United States Energy Information Administration (USEIA) as between 16 and 22 billion barrels (3.5 x 109m3), but other sources claims there could be as much as 35.3 billion barrels (5.61 x 109m3). Its reserves make Nigeria, the tenth most petroleum-rich nation, and by far, the most affluent in Africa. Nigeria has a total of 159 oil fields and 1481wells in operation, according to The Ministry of Petroleum Resources[2]. Nearly all other country's primary reserves are conciliated in and around the delta of the Niger River but off-shore rigs are also prominent in the well-endowed coastal region. Nigeria's petroleum is classified mostly as "light" and "sweet" as the oil is largely free of Sulphur, Nigeria is the largest producer of sweet oil in OPEC. The sweet oil is similar in composition to the petroleum extracted from the North Sea. This crude oil is known as "Bonny light". Other crude-oil types found in Nigeria named after their export terminals are Quaiboe, Escravos Blend, Brass River, Forcados and Pennington Anfani.

The United States of America remain the largest importer of Nigeria's crude oil, accounting for 40% of the country's total oil exports. Nigeria provides about 10% of overall US oil imports and ranks as the fifth-largest source for oil imports in the US. There are six petroleum exporting terminals in the country. Shell owns two, while Mobil, Chevron, Texaco and Agip own one each. Shell owns the Forcados which is capable of storing 13millon barrels (200,000m3) of crude oil in conjunction with the nearby bonny terminal. Mobil operates primarily out of the Qua Iboe terminal in Akwa Ibom State, while chevron owns the Escravos terminal located in Delta State and has a storage capacity of 3.6 million barrel (570,00 m3). Agip operates the Brass terminal in brass, a town 113 km, South West of Port Harcourt and has a storage capacity of 3,558,800 barrels (565,700m3) while Texaco operates the Pennington. Terminal[3]. Through the introduction of deep water drilling, 50% more oil is extracted than before the new forms of retrieving the oil.

Natural gas reserves in Nigeria are well over 187 trillion cubic ft (2,800km3), the gas reserves are three time as substantial as the crude oil reserves. The biggest natural gas initiative is the Nigeria liquefied natural gas company which is operated jointly by several companies and the state. Began exploration in 1999. [4]

Since the Royal Dutch Shell discovered oil in the Niger Delta in 1956, precisely in Oloibiri, in Bayelsa State, the oil industry has been marred by political and economic strife largely due to a long history of corrupt military regimes, civil rule and complicity of multinational corporations, otherwise known as the international oil companies-IOCs. There are six of these several companies who dominate the oil industry in Nigeria. Altogether, these major companies hold some 98% of the oil reserves and operating assets. A range of others have minor interests some of which were recently acquired. There are three major actors in the Nigeria oil industry, they are the Ministry of Petroleum Resources, the Nigerian National Petroleum Corporation (NNPC) and its subsidiaries, the oil prospecting companies constituted by the multinational companies and indigenous companies with their subsidiaries[5].

The Federal Government of Nigeria regulates the operations and activities of the oil industry which is done through the enactment and implementation of bills and acts. Several bills and acts have been passed to check petroleum exploration and exploitation. The major ones were the Petroleum Act of 1969 (CAP350), the oil pipeline Act (1966) and the Land Use decrees of 1978.[6] With a proven reserve of 36 billion barrels of oil, Nigeria produces over 2.5 million barrels per day, making it a major source for heavy consumers like the United States and the European Union, while China is not left out in striving to secure a measurable share in Nigerian oil exports for its booming economy.[7]

The rest of the paper is organized as follows: section two is a review of the state of the problem related literature; section three is the theoretical framework of analysis underlying the work. The research methodology and technique is contained in section four. The positive and negative impacts of the work in section six; while section seven contains the summary of the findings, recommendations and conclusion.

2. Literature Review

Copious, rich and available literature exists on the petroleum industry and the Nigerian economy. This is not surprising as the industry is the power hub of the nation and as such has generated several agitations, reactions and issues arising from the dependent sectors. Apart from several articles and proposals from human rights activities and fundamentalist dating back to the Isaac Boro and Ken Saro-Wiwa, the Ogoni nine days, many

[1] Petroleum Industry in Nigeria- Wikipedia, the Free Encyclopedia file 111c: Users/Gbengas Documents, Dr. Alex/Petroleum Industry

[2] http://www.lubconinternational.com/history-of-the-oil-indistry, Retrieved 15th October 2014.

[3] US Energy Information Administration (USEIA) "Nigeria Country Analysis Brief" December 1997.

[4] http://www.gsocorp.com/nigeria_oil_production.html

[5] Michael, Baghebo. And Timothy, Okule Atima, The impact of petroleum on economic growth in Nigeria, Global Business and Economics Research Journal ISSN: 2302-4593 Vol. 2 (5): 103.

[6] Ibid 103.

[7] Osarofasa p 454

multi-national companies now sponsor image-making, write-ups and articles, as reflective of the bias of such articles, on the newspapers, internet to convince and justify their activities in the Niger delta, not just to Nigeria but to the world over. Other perspectives are from the federal and state governments on the Niger- delta, the NNPC and its other subsidiaries, all have contributed to the immense knowledge and vibrant issues happening in the petroleum industry.

This is good as it has thrown much light on the happening and developments in the sector as a whole. However, a critical examination have actually clearly shown the genuine and articulate ones that can truly contribute to a deeper and meaningful understanding of the issues at stake in the Niger-delta and Nigeria as a whole.

In his article, *Conceptual Perspective on the Peripheral Position of the Third World Countries in the International Economic System*, Chibuzo Nwoke advocates the need for a critical reconceptualization of the framework for understudying international economic relations between the market economy and the third world countries, which to him, is nothing but a study of imperialism and un-equal exchange.[1]Nwoke contends that the assumption bases of the relations between the centre and the periphery are quite at odds. Since the transactions between the powerful and weak countries are disturbed asymmetrically, in favour of the powerful. This asymmetry in the distribution of benefits suggests a basically exploitative relationship between Nigeria and the major market economy which it transacts its oil business with, represented into the main by United States, Britain and other western European countries, Canada and Japan. He is of the view that the major issue arising from the inequality of the Centre-periphery system is dependence as distinct from interdependence and as related to the oil industry, the lack of technology and skill by Nigeria to tap its petroleum resources subjugates it to a dependent partner with the international oil companies and their countries of origin. According to him, being mostly primary resource exporters,[2] Nigeria and other peripheral countries have been concerned with forming producers associations (such as OPEC), importing capital and technology and stabilizing export earnings from their primary resources. But these policies have failed to prevent their subservience vis-à-vis the developed industrial/north".[3] He posited that the major forms of appendages with market economy countries include, trade contacts for sales/markets of the resources of the periphery, investments contacts where foreign entrepreneurs tend to own and control new investment and most important sectors of the economy such as mining, agriculture, export and import trade manufacturing and financial institutions.

The third factor as he contends are the aid contacts which creates a dependency problem because of the strong attachment to such short and long term developmental loans from the lMF and the World Bank. Finally, he asserts that there is limited possibilities of radical change within the centre-periphery system; if these dependent countries do not go for meaningful changes on their own. He concludes that, in order to begin to effect such changes, Nigeria and other third world countries must first recognize their present peripheral status and inevitably reject the status and struggle against it. They must constructively disengage from the unjustly world economic system, rejecting the international division of labour imposed by that system by developing their own technologies, skills and capital systems. Despite the strong thesis presented by Nwoke Chibuzo for a radical change, the work failed to critically identify the major ways to tackle all the enunciated problems of underdevelopment and dependency. In light of the fact "that Africans have not truly achieved economic and technological independence". His final solution which reiterates Julius Nyerere's simple advice of integration among their world countries in a struggle to bypass the Centre-periphery system of global inequality, is suggestive gradual process and cannot provide any immediate conserves to the growing exploitation tendencies of the capital market economies. Howbeit, the article captures the realities of this realigns which are quite Germaine to this study. For example, the study clearly pointed out that the neo-colonial system transferred political leadership to elements who are closely linked to the very interest of the market economies. Such professional intermediaries who organize foreign capital access to third world natural resources and favourable investment climate in the present period are known as comprador elements. Other possible disadvantages highlighted by the work are; the stronger party can determine, or at least influence the terms of exchange such as volume of trade, price relations and point of time, accordingly to its own interests and can use this forum of dependent in order to exert pressure upon the dependent country[4].

Prof Wale Oyemakinde's intellectual masterpiece entitled, *The Origin Of Foreign Domination Of The Nigerian Economy* traces the evolution of Nigeria's present economic system form pre-colonial days through the colonial period, when eventually at their exit at independence, they ensured the economy have been properly put under foreign domination. Prof Oyemakinde has noted; any observer of the contemporary Nigerian economic

[1] Nwoke Chigbuzo: Conceptual perspective on the peripheral Position of the Third world Countries in the International Economic System. Page 1 in Nigeria's Economic Relations with the Major Developed Market Economy Countries 1960-1985, NIIA.
[2] Ibid
[3] Ibid
[4] Ibid

scene would see that the growth points of the economy are in foreign hands. Whether one talks of manufacture or construction or banking or marketing or even the services like adverting or accounting consultancy, the major interests remain under external domination.

He argued further that the inherent system could not even been seen as a passing phase for it does not seem that the expatriate business concerns are getting any less interested in their economic empire. Rather, they appear to be consolidating their gap through multinational corporations of big diversions. Citing various examples, Oyemakinde noted that the establishment of the colonial economy early in the 20th century indeed heightened the subordination of local interest to those of the metropolitan authority. According to him, Nigeria was to produce those cash crops which the British industries needed as raw materials and also provide the market for the sale of the manufactured goods. Even if cheaper and better materials were available elsewhere, the territories must only buy form Britain to stimulate production activities in her factories[1]. He observed that even though the colonial masters were interested in achieving economic development in their dependencies, but it was not exercised in benevolence, as the strategy was that of investments (sowing) in order to reap. At independence, expatriate business concern was built solidly to the advantage of a relatively awareness for cooperation and coordination of efforts. His panacea to further improvement of the Nigerian economy is that there is no substitute for strengthening the active participation of Nigerians in their economy. For as he further noted, political freedom is hardly meaningful when economic control is in foreign hands. Nor should we be deceived into believing that by controlling 40%-60% shareholding in expatriate firms, we are controlling their policy to that degree"[2]. He noted that even private concerns were administered with more seriousness of purpose than most public corporation in the country. His criticism of these corporations were precise, as he observed that since the drive for profit motive is lacking, the urge for efficiency will be far-fetched, while huge debts could be incurred and the tax payers would be called upon ultimately to redeem habitués which they know more about[3].

Although the work did not use the international oil companies in its case studies, it focused mainly on public corporations such as NEPA, the Nigerian railway corporation, the licensing offices, etc. however, Prof Oyemakinde incisively captured the nature and operations of the multinational corporation when he noted, that these MNCs are known to utilize their immense resources and influence to dominate political forces the way they wished"[4]. In conclusion of the work, he noted:

"Unlike churchgoing when the congregation is expected to look up to the supernatural, external economic relations almost invariably lead to the more able exposing the less able at a point in time. Therefore, every effort by The Federal Government to get the local element and work force well organized, united and efficient to make them win in any competition against rival expatriate concern should be encouraged[5].

Prof Olajide Aluko has presented two major topical issues in the history of the petroleum industry through his articles*: "*Oil At Concessionary Prices For Africa: A Case Study In Nigerian Decision – Making" (1) 322 and the "Nationalization Of The Assets Of The British Petroleum" G. O Olusanya and R. A. Akindele in the *Structure And Processes Of Foreign Policymaking And Implementation Nigeria, 1960-1990,* vintage/NIIA Lagos 1990.

In the first article, Aluko argued the difficult and controversial decision of the federal government in 18th July 1974 to sell oil at concessionary prices to other African countries, given the fact that Africa was the centre price of Nigeria foreign policy and evaluated, if the decision was rightly taken in the interest of Nigerian economy and its overall consequences on the policy.

According to Aluko, the reasons for the decision of the Gen Yakubu Gowon regime to sell crude oil to other African countries was masterminded by the four-fold increase in crude oil prices by nearly all the members of the OPEC between October 1973 and early January 1974 as well as the cut-back in oil production by the Arab countries and the Arab oil embargo on the US and the Netherlands[6]. He posited that given the fact that the Soviet Union and the Eastern European countries had never been dependent on oil from the OPEC countries, the United States and western European countries were badly hit by the energy crisis. But the worst hit were the non-oil producing countries in the third world, because they lacked the foreign exchange to pay for the sharp increases in oil prices. Given this background, it may be understood why pressures on Nigeria came from many different infrastructural level[7]. He noted that while United States condemned the use of oil as a political weapon and the staggering increases, the Soviet Union was hardly moved, since it produced enough not only for home

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[1] Oyemakinde Wale; The Origin of Foreign Domination of the Nigerian Economy in Oyemakinde. W. Essays in Economic History Stalize ltd Ibadan P60.
[2] Ibid
[3] Ibid 69
[4] Ibid 69
[5] Ibid
[6] Olajide Aluko, Oil at concessionary prices for Africa: a case study in Nigerian decision – Making (1) vintage/NIIA Lagos 1990, p 322.
[7] Ibid.

consumption but also for export to some African countries. In his argument, although the demand on the Nigerian economy were heavy, as the recently launched N30 billon five – year development plan 1975-80 showed, the state of the economy was healthy enough to make it possible for Nigeria to assist development in the rest of Africa, where many countries found it difficult to balance their budgets even before the energy crisis, through the supply of crude oil at reduced rates. He observed that even though it generated controversy when the first crude oil consignment was sent to labia, Gowon's image and influence within other influential members of his cabinet was shining enough to carry the decision-making process through. He posited out the key roles played by Mr Philip Asiodu, Permanent Secretary of the Ministry Of Mines And Power, Mr. J.T. Iyalla, Permanent Secretary of the Ministry Of External Affairs, Alhaji Shettima Mnnfuno, the Commissioner of Mine and Power and Dr Okon Arikpo the Commissioner Of External Affairs, Aluko asserted that the decision was applauded at the all African delegation to Economic Commission of Africa (ECA) ministerial meeting in Nairobi and strengthened Nigeria's relations with many West African States. More importantly, this singular act pared the way for the formation of the (ECOWAS) treaty which was signed in Lagos on 28 May, 1975.

Aluko's article had strong inclination for Nigeria's International Relations and Gowon's passionate commitment to black Africa. However, at home, the decision was not so welcome as general Gowon's pan Africans posture and spend riff attitudes were condemned because many Nigeria's were suffering at the time the decision was taken. This position is supported by the fact that in May 1975, Gowon also agreed that his government would assist in paying the salaries of the civil servant of Grenada as it had already headed to assist in the development of panda and new cannier. The tenacity of Aluko's argument in justifying such an action in decision making was soon confirmed on 13th September 1975, when the government of Gowon was toppled when he was in Kampala in an OAU Head of State meeting.

The second article of Prof Olajide Aluko is quite relevant to the work because it marked the period of General Obasanjo's first tenure which was an extension of General Muritala Mohammed who succeeded General Yakubu Gowon. Entitled the *Nationalization Of The Asset of British Petroleum*. Aluko posits that "the decision to take over all the assets of the British petroleum on 31 July, 1979 bewildered the whole world, given Niger's colonial heritage with Britain. He asserted that even though the decision to nationalize BP was greeted with dismay anger and fury in Britain. It rapidly provoked further acerbic arguments between the two countries, which were not unrelated to the grant of independence to the southern African countries of Zimbabwe-Rhodesia, which Margaret Thatcher worked against by supporting the government of the puppet Muzorewa against the all-party inaugurating elections of that year. He observed that largely as a result of the oil boom, the economy of the country was going reasonably well as a result of increase in oil production from an average of 1.52 million barrels a day in March, 1978 to 2.44 billion barrels a day in March 1979.[1] He pointed out that Nigerians position was strong especially in relation to Britain at the time. By July 1979 the value of British investment in Nigeria was over $2 billion, whereas in 1978, Britain exports to Nigeria amounted to over $1 billion (which was higher than her exports to South Africa) the value of Nigeria's export to Britain was only about 86 million pounds. More importantly, Britain's market was not important for Nigeria's crude oil at the time. For at the time, although, there were over 7000 British nationals working in different parts of the country and few in critical sectors of the economy, the Nigerian government felt that if the worst were to happen, they could be replaced by experts from this industrialized countries. Given these economic circumstances, the Nigerian government felt strong enough to call Britain bluff over Zimbabwe and South Africa. British petroleum had been involved with shell in oil exploration at the time and the production, marketing and lifting of crude oil. It has been estimated that the investments of BP in Nigeria amounted to about 1billion pounds (about N1.5 billion) by July, 1979. The Shell BP petroleum Development company of Nigeria LTD had oil concessions covering an area of 31,801.9 square rules expiring on 3rd November, 2000 them, more than 80% of all the concession granted to oil companies in the country. Furthermore, in terms of production, Shell-BP had been responsible for an average of 60% of total production in Nigeria. In 1979, the two great oil companies were responsible for producing about 1.373 million out of a total of 2.422 million barrels a day. These revelations would clearly confirm the level of foreign domination of Nigeria oil at this point and its implication, for Nigerian's economy too.

Although the action was condemned as Margaret Thatcher, British prime minister announced " the action as sudden and arbitrary′ Lord Carrington , secretary of state condemned it and added that the seizure had badly strained Anglo-Nigerian relations and that Lagos would regret the timing to the decision as it was unhelpful and counterproductive.

On the Nigerian side, Nigeria's commissioner for External Affairs then defended Nigeria action on BP by replying Britain that a tanker on charter by BP to ship crude oil to south Africa had been caught red-handed and that the federal authorities measures against BP was appropriate and within the rules of international law. On his part, General Obasanjo gave moral and material support to the liberation movement reiterating that Nigeria would not relent in her efforts until all vestiges of colonialism and racial discrimination are destroyed in Africa.

[1] Ibid.

Aluko concluded from the study that procedure and decision making process had become centralized under the Obasanjo/Yardua government that it was under the Gowon regime, because the press, bureaucrats and some political leaders were able to play an important role in the decision. However, in light of developments, especially during his second term as a civilian president, one is particularly surprised at the action of the once liberal minded solder when he sent solder to the Niger Delta town of Odi in later years, how much of rationalization and centralization of decision making in that action in a more democratic period has remained questionable and a more sour point for his government at the period.

A more current work by Micheal Baghebo and Timothy Atima entitled The impact of petroleum on economic growth in Nigeria examines the impact of petroleum on economic growth of the Nigerian economy between the period 1980-2011 and made giant strides in its assessment of the situation of the petroleum industry complementing the earlier reviewed worked which took us to 1979. The author started their highly analytical research work which made use of the econometric approach in estimating the relationship between oil export, foreign direct investment, corruption index, external debt and the Nigerian economic growth by defining the upstream and down steam sectors. The upstream referred to activities such as exploration production and delivery to an export terminal of crude oil or gas, while the downstream, on the other hand encompassed activities like loading of crude oil at the terminal and its user especially transporting supply trading, refining distribution and marketing of the petroleum product.[1]

The authors noted that previous studies on the Nigerian economy in the last decade show that the petroleum industry has been playing a dominant role in the economy time past decade shoe that the petroleum industry has been playing a dominant role in the economic development of Nigeria. This according to them "is evidenced by the total oil revenue generated into the federation account form 2000-2009 which amounted to N34.2 trillion, while non-oil was N7.3 trillion, representing 82.36% and 17.64% respectively. The mean value of oil revenue for the 10 years period is N3.42 trillion compared to non-oil revenue at n732.2 billion.[2]

Baghebo and Atima argued that despite this staggering figures, the Nigerian economy has been be derided by sustained under development evidence by poor human developmental and economic indices including poor income distribution militancy and violence in the Niger delta, endemic corruption, unemployment and relative poverty. Worrisome to them is that "irrespective of Nigeria huge oil wealth the country has remained one of the poorest to the world. They posited that the Niger delta region which produces the oil wealth that accounts for the bulk of Nigeria's earning has almost emerged as one of the most environmentally degraded regions in the world as evidences from the world wildlife fund report released in 2006. The work noted that outside of the energy sector, Nigeria's economy is highly inefficient, as the human capital is underdeveloped. Adding that Nigeria's economy is struggling to leverage the country's vast wealth in fossil fuel in order to displace the devastating lack that affects about 57 percent of its population.

The rest of the research which is filled with data and tables of short run parsimonious result concluded that oil revenue impacts negatively and significantly on real GDP and that the impact of corruption index on real GDP is negative and statically insignificant. Apparently, the calculating form the highly technical work suggest that overall. The impact of oil on the citizenry is quite low, compared to the amount generated due to corruption.

This work also benefitted immensely from a chapter written by Oye Ogunbadejo titled, *Energy, National Development and International Relations International Dimensions*. This work focused on the place of energy in Nigeria's national development, asserting that oil continues to be the driving force behind budgetary allocations and the pace of natural development. According to Ogunbadejo, natural resources are important for the survival of the international community. The commercial fuels that power the world's industrial economies are oil (39 percent of world energy consumption), coal (32percent) natural gas (24percent) and hydroelectric and nuclear power (5percent). He posited that the fossil fuels (coal, oil and gas) thus account for 95 percent of the world energy consumption which are primarily mined in Russia, Venezuela and Mexico (Latin America), Nigeria and Angola (in Africa). But by far the largest source of oil exports is the Middle East, in particular, the countries around the Persian Gulf, viz Saudi Arabia, Kuwait, Iraq, Iran and the Small Sheikdoms of United Arab Emirates, Qatar, Bahrain and Oman. He noted that eh importance of oil in the industrialized economies helps to explain the political importance of the Middle East in international relations. Citing Iraq's invasion of Kuwait in 1990, coupled with the possibility that the Iraq army could move next into Saudi Arabia, the West was quick to react and intervene to checkmate the actions of Saddam Hussein as it threatened their sources of stabled and inexpensive supplies to oil. He therefore pointed out that Nigeria's role and importance in the energy market of the world is that it provides a safe alternative to the oil rich but conflict-prone, Middle East. Accordingly, the

[1] Adebisi David Alade The Discovery of Oil in Nigeria: Socio-Economic Contributions to Growth and Development, https://www.academia.edu/10370799/The_Discovery_of_Oil_in_Nigeria_Socio-Economic_Contributions_to_Growth_and_Development.

[2] Michael, Baghebo. And Timothy, Okule Atima, The impact of petroleum on economic growth in Nigeria, Global Business and Economics Research Journal ISSN: 2302-4593 Vol. 2 (5):104

west takes advantage of the Nigerian qualitative oil, "the sweet crude", which is highly valued. Take the United States for example, by 1994, Nigeria had become one of its notable oil suppliers, supplying crude at the average figure of 640,000 barrels a day, for which it grandly supported Nigeria's return to democracy in 1998-1999 elections. According to Thomas Pickering, US secretary of state, "our dependence on Nigeria's oil is real and growing. Indeed, Nigeria now provides 10 percent of US oil imports. Annual trade amounts to more than $ 6million", most of it oil and its companies – Texaco, Chevron and Mobil, have a total of about $3billion in the last five yers13.

Ogunbadejo pointed out that in the dark days of the Abacha Regime when Nigeria became a pariah state in the international community, the US studiously avoided taking the obvious measures, thus despite the stance of other western powers, France, Great Britain who imposed sanctions on Nigeria's membership in the commonwealth, "US president, Bill Clinton resisted imposing an embargo on Nigerian oil purchases, what would have been his most potent political weapon". Arguably, Ogunbadejo noted, Washington never embarked on that policy because the Americans did not want to sacrifice their relatively dependable and less political oil suppliers. US must have taken consideration of the big stake that the major oil companies like Texaco, Chevron and Mobil had more impurity, the multinational oil companies must have influenced the president to soft-pedal on the issue of embargo on Nigerian oil. He concluded that Nigeria should devise an all-embracing national policy that would be aimed at making Nigeria energy sufficient by maximizing the role of gas- the second major revenue which offers more reserves than even petrol itself. Equally important for growth is the necessity to promote and pursue energy-efficient technologies. Obviously, Prof Oye Ogunbadejo work did not focus on the impacts of petroleum industry on Nigeria's economy but nonetheless it provided useful direction for this work in its international and national dimensions. Thus given the array of literature herein reviewed, one is definitely in no doubt that much have been done in the past of petroleum industry and the Nigerian economy. While admitting this fact, it is equally necessary to acknowledge that most of these literatures actually fulfil sectional and fractional aspects of their current research which is a novel attempt to encompass the whole length of oil industry activities since 1956 till 2015. Therefore, what clearly sets this paper apart from existing works is that it has adopted a chronological account of the growth of the petroleum industry since inception and highlights the positive and negative contributions of the industry, not just to the Niger delta region but to the entire nation at large.

3. Theoretical Framework of Analysis

Favoured for the delivery of this paper is the World System Theory, a subset of the economic structuralism thought. This is mainly because Nigeria's petroleum industry took off from a foundation of international oil companies (IOCs). Advocates of economic structuralism, a major approach of international political economy (IPE), believe that economic structure determines politics[1]. The argument is that the world is organised economically and the economy determines how world politics is conducted. Economic structuralism therefore contend that the world is divided between the 'have' and 'have-not' countries and that the "haves" (the EDCs) work to keep the 'have-nots') the LDCS) weak and poor in order to exploit them. As Rourke has succinctly noted: World System Theory traced the current global inequality to the rise of the western political and economic domination especially following the western centred industrial revolution in the mid-1700s. Theorist who take the perspective contend that the evolution of the western dominated capitalist system has distorted developments, leaving vast economic, social and political disparities between the core of the international system (the EDCs) and the periphery (the LDCS)

Like all economic structuralist, World System theorists favour dramatic changes to the prevailing economic model of western dominated capitalism. To paint the picture clearer, the first of the sub-sets of economic structuralist-the Marxist theory, which is based on the ideas of Karl Marx and Friedrich Engels in the *Communist Manifesto* (1848) depicted the struggle between the propertied and powerful bourgeoisie and the poor and oppressed proletariat over the distribution of wealth as the essence of politics. V.I Lenin, took the argument further to international politics when he argued in his work*, Imperialism. the Highest Stage of Capitalism;* (1916) that capitalist bourgeoisie leaders had duped their proletariat workers into supporting the exploitation of other proletariat people through imperialism. As related to this work, that the class struggle included an international struggle between the bourgeoisie (countries like United States and Great Britain) who through their multinational companies such as the Exon-Mobil and Shell Dutch companies sought the cooperation of the ruling elite in Nigeria to exploit and replete the country and its people. The second stand of economic structuralism is the dependency theory. Dependency theorists focus on nationalist effort and unlike Marxist, do not believe that there would be any revolution which would enthrone the workers in a classless

[1] http://ichekejournal.com/index.php/2013-09-30-22-58-13/2-uncategorised/89-the-meaning-and-relevance-of-international-political-economy-in-contemporary-societ,The Meaning And Relevance Of International Political Economy In Contemporary Society, By Orlu, Sylvanus Onyebuchi retrieved 15/06/2015.

society. They, however, contend that the EDCs' exploitation of the LDC is driven by the EDCs need for cheap primary products (such as oil) large external markets for the EDCs expensive manufactured goods (Refined petroleum products made from the imported crude oil form the country earlier), profitable investment opportunist and low wage labours[1]. The dependency argument is deepened by the assertion that neo-colonialism is maintained through a number of ways such as corrupting and cooling (the local elite in LDC by allowing penal wealth in return for giving their countries to benefit the north (EDCs) and other subtle ways such as giving rich countries much grate voting power time IMF and some other IGOs or even using military force to overthrow their government if the local elite is defiant and replace it with a frontier regime[2].

The World System theory is particularly evident in the work of Emmanuel Wallenstein entitled *The Modern World System*s. Scholars who subscribe to this perspective are also called globalists. The theory essentially employs the framework of the dependency analysis, they however differ slightly in the sense that they locate the dynamics of the world economic structure to the global level of international relations as chiefly defined and influenced by the dominant capitalist system. The strength of the argument of the world system lie in the fact of their assertion that understanding why they developing countries are in persistent crisis of poverty and underdevelopment, one needs to understand the nature of exchange relations.

Perhaps, it is important to emphasise that the World System theory forms part and parcel of the contemporary political economy approach which is an essential intellectual tool or framework for organizing concepts ultra-national level, which is structurally in favour of the capitalist societies, a weakness of the despite its abundant utility in locating he dynamics at the production level analysis, is related to its results which is still highly reflective of the perpetuities tendencies of the ruling elite, who a continuously liaising with the western-dominated capitalism.

For it could happen that a few people would monopolize the benefits resulting from increased production of goods and services (unlike oil industry) while the majority would remain in need. The problem then becomes how to wrest power form the few monopolist. Like all economic structualists, world systems theorists favour dramatic changes to the prevailing economic model of capitalism. Unlike their core Marxists counterparts they do not believe that capitalism and the state system should be wiped out, yet they are sceptical of it. The theory contends that it can be supported only if it is radically reformed form exploitative capitalism to cooperative capitalism which recognize the moral and practical advantages of ensuring at least minimally and acceptable economic and socialist conditions for all. For the disadvantageous category might be ill-equipped to share of the rising wealth and products. Without gainful employment for a majority, adequate purchasing power and the mind to get organized to improve their lot, the poor majority would be more sectors, while the gap between the haves and have-nots widen as the fortunate ones lord over them. That is the position of the paper and advocating theorems or hypothesis for interpreting the interplay of politics and economics in defining the structures of both domestic and international economic system as represented by the Nigeria petroleum industry and its inherent manifestations.

A major weakness of the theory however is that it conceives the international economic system as a unique environment where the resource and wealth must be equitably allocated, but this is not so in reality because, as Hans Morgenthau submits, politics among nations is the struggle for power that is devoid of morality[3]. Petroleum or energy resource is power and you don't give up power so easily when you have it! Secondly, the theory is not ready to enforce the compliance of the expectations, rules or decision of the theory.

The Discovery of Petroleum in Nigeria

In October 1960, Nigeria gained full independence from Britain with the British monarch continuing to preside as Head of State, but the country quickly altered its relationship with its former colonizers by declaring Nigeria a republic of three federated states (the Eastern, Western and Northern Regions). As Falola and Heaton posited, petroleum became an ever more important commodity in the Nigerian export economy during the 1960s but the civil war of 1967-70 hampered the expansion of the industry.

As Fayose has noted, one of the most outstanding contribution to our knowledge of the geology of Nigeria during the first half of this century was Shell D'Arcy now known as Shell Petroleum Development Company[4]. Shell D'Arcy pioneered the search for oil in 1937. From its base at Owerri in Imo State, the company commenced a systematic search for oil in different parts of the country but was later narrowed down to about

[1] http://revisionworld.com/a2-level-level-revision/sociology/world-sociology/sociological-explanations-development-under-development/dependency-theory

[2] Ibid.

[3] Hans J. Morgenthau Politics Among Nations: The Struggle for Power and Peace7th ed, New York, MC graw-hill, Companies Inc. 2006.

[4] Fayose E A: The Development of Earth Sciences in Nigeria Since Independence; Science and Technology the first 25 years, Heinemann, 148

103, 600sq km around the Niger Delta Basin. These early efforts involved massive exploration activities which included a detailed study of the subsurface geology of the entire areas mainly from borehole records. The Second World War interrupted the search for six years, while exploration resumed in 1946. Subsequently, a new company now known as Shell BP Petroleum Development Company of Nigeria was formed and it drilled the first exploration well in 1951 at Ihuo, 16km North East of Owerri. This dry well (i.e. no oil) reached a depth of 3. 422m. in 1953, the company drilled at Akata – 1 well which contained some oil. The first successful well as drilled at Oloibiri in the Rivers States (now Bayelsa State) in January 1956[1]. Later in that same year, another discovery was made at Afam and Bonny also in the Rivers State. Pipeline connections between Oloibiri and Port Harcourt were immediately constructed. The first cargo of crude oil was shipped in February 1958 through the oil tanker ship, *Hemifusus* to Britain at the cost of £1, 764m for the first 4000 barrels which eventually reached a production and export rate of 5, 134 barrels a day.[2] It must however be noted that a German Company, Nigeria Bitumen Corporation had been granted a prospecting license before Shell D'Arcy in 1908 but due to unsuccessful exploration initially and the outbreak of the first world war in 1914 terminated its operations.

Further interest in Nigerian oil was consolidated in 1914 with an ordinance making any oil and mineral under Nigerian soil legal property of the Crown, the Mineral Act of 1914. By 1938, the colonial government had granted the state-sponsored company, Shell (then known as Shell D'Arcy) monopoly over exploration of all minerals and petroleum throughout the entire colony[3]. Initially a 50–50 profit sharing system was implemented between the company and the government. Until the late 1950s, concessions on production and exploration continued to be the exclusive domain of the company, then known as Shell-British Petroleum. However, other firms became interested and by the early 1960s - Mobil, Texaco, and Gulf had purchased concessions[4].

A history of the Growth and development in the Petroleum Industry

As Abubakar Siddique Mohammed has noted, the Balewa regime which formally took over the running of the country in October 1 1960, from the British colonial administrators did not depart from the course charted by the British colonialists. The colonial policy of explore and exploit for export continued. Indeed, the first civilian administration did not include oil within their scheme of things and consequently, did not evolve an oil policy[5] Mohammed further posited that the Federal Ministry of Finance only had a petroleum section which merely handled petroleum profit tax. However, in 1965, the Port Harcourt oil refinery was established primarily to meet Nigeria's domestic requirements for refined petroleum products in 1969. Three years after the overthrow of the Balewa government, the petroleum decree 1969 was promulgated vesting in the state the entire ownership and control of all petroleum found in Nigerian land, territorial waters and continental shelf.[6] Thus it must be asserted that petroleum became an ever more important commodity in the Nigerian export economy during the 1960s even though the civil war of 1967- 1970 hampered the expansion of the industry. As Falola and Heaton has noted "two thirds of the known petroleum reserves had been in arrears controlled by Biafra, and while the FMG did increase production in the fields it controlled, its main preoccupation was with winning the war and reinforcing Biafra into the federation.[7]

Immediately after the war, Yakubu Gowon then Head of State was compelled to reform the petroleum industry for its assuming potentiality in the Nigerian economy. Crude oil production had grown 5,100bpd in 1958 to over 417,000 bpd in 1966 on the eve of war. However, after the war in 1970, the total production rose from 396 million barrels to 643 million in 1972 and 823 million in 1974[8] Falola has further pointed out that the massive growth in the production and profitability of the petroleum industry in the early 1970s were N3.7 billion and 1976 they were over 5.3 billion. The reason for this growth was attributed to a global scarcity even as Nigeria had joined Organization of Petroleum Exporting Countries (OPEC) in July 1971 which in late 1973 set up an embargo on western countries over their support of Israel in the Yom Kippur war in October of that year.[9] More so, the journey of OPEC gave Nigeria three major advantages over the Middle East market, shorter haulage America and Western Europe markets and crisis free oil stabilizing and regulation of prices.

It must be noted that the focus on petroleum as the basis for Nigerian economy led to the neglect of

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[1] Ibid P. 148

[2] Ibid

[3] http://www.lubconinternational.com/history-of-the-oil-industry Retrieved 26 November 2012- http://news.bbc.co.uk/2/hi/africa/7840310.stm Retrieved 26 November 2012

[4] *U.S. Energy Information Administration (U.S. EIA), "Nigeria Country Analysis Brief," December 1997.*

[5] Abubakar, Mohammed, Petroleum and Energy Since Independence: The Economy P 105 in The Report of Crude Oil Sales Tribunal of Enquiry p.14.

[6] Ibid P 105.

[7] Falola Toyin an Mathew M.Heaton, A History of Nigeria, Cambridge University Press Cambridge 2008, P182

[8] As Cited by Ibid Federal Office of Statistics, National Accounts of Nigeria, 196-61, 1975-76, Lagos: Federal Office of Statistics 1977.

[9] Ibid p182.

other sectors that are necessary for a stable and balanced economy. The oil boom rather than providing an impetus to grow the productive sector of the Nigeria economy, instead encouraged a rise in imports of even local items such as groundnut and palm oil which used to be Nigeria's staple cash crops. The oil boom also resulted in widespread corruption on the part of government officials responsible for the collection and allocation of revenues. It led to the development of a rentier state in Nigeria. As Falola and Heaton explained in a rentier state, the bulk of government revenue comes from outside service provisions or internal borrowing.[1] The vast bulk of government revenue comes from rents paid to government through licences and royalties from the multinationals petroleum corporation such as shell BP, Fina, Agip Texaco, Mobil etc.

By May 1971, the Nigerian National Oil Company (NNOC) was established to supervise oil extraction and provide guidelines to the multinationals that carried out oil production. In 1976 the NNOC was merged with the Ministry of Mines and Power to form the Nigerian National Petroleum Cooperation (NNPC). By 1975, Decree 6 increased federal government share in oil sector to 80%, with only 20% going to states. By 1978, perhaps one of the most important steps taken by the federal government was the creation of the land use act which vested control over states lands in control of military governors appointed by the federal military regime. Eventually this led to into the passing into law Section 40(3) of the 1979 constitution which declared all minerals, Oils, natural gas, and natural resources found within the bounds of Nigeria to be legal property of the Nigerian federal Government.[2] In July 1979, the Obasanjo regime nationalised the interest of British Petroleum (BP) when the government established that the company had oil deals with apartheid South Africa. It must be pointed out that despite these reforms, corruption still continued, while Gowon promise of handing over to democratically elected government was severally aborted, on July 30 1975, a group of young officers led by Gowon's own chief of security, Col. Joseph Garba had a bloodless coup that topple Gowon who was in Kampala, Uganda attending an OAU head of state meeting.

He was succeeded by Murtala Mohammed who was again assassinated on 13th February, 1976 while his second in command, Olusegun Obasanjo took over immediately. Obasanjo's regime continued in the footsteps of Mohammed and committed to restore Nigeria to a democratic rule. Apart from its reforms, Obasanjo handed over to Shehu Shagari in in October 1, 1979. A major reform of Shagari in 1982 was the Revenue Act which reduced Federal Government share of oil revenue from 80% to 55%. While the remaining 1.5% was earmarked as a special fund to develop oil producing areas.[3]

The second republic ended on December 31, 1983 when President Shehu Shagari's government was toppled by General Muhammadu Buhari who became the Chairman of the Supreme Military Council (SMC) in the 1980's and 1990's, the military governments conducted several attempted reorganization of the NNPC to increase its efficiency. However, not much could be achieved. Red tape and poor organizational standard, with the NNPC being divided into several sub-entities each fulfilling a particular function. This is despite the NNPCS growing participation in the industry, including development and exploitation of numerous off-shore wells. As a result, the functionality of the industry has been dependent on foreign corporations, not the NNPC.[4]

Thus, the sudden jump in oil prices caused by the first gulf war in 1990 and 1991, as confirmed by various researchers, was at the best squandered. The Babangida administration was widely accused of "mismanaging" the oil windfall from the gulf war price jump which accounted for about $12.5 billion in revenues. It was also alleged that the federal government also siphoned off about $12.5 billion between 1988 and 1994 into private accounts or expenditures "clandestinely undertaken while the country was openly reeling with a crushing external debt"[5] Jubril Aminu, the oil minister of Babangida and his predecessor, Rilwan Lukman promoted the North-South dichotomy in the oil investment ensures that the North had greater control of NNPC. After the failed Social Democratic Party (SDP) and National Republican Party (NRC) election of June 12, 1993 which MKO Abiola won but was not declared winner of the free and fair election, the Ibrahim Babangida government had to step aside as Nigerians revolted against the injustice meted out to M.K.O Abiola. Babngida stepped down on August 26, 1993 due to pressure from the armed forces ruling council.

Soon Earnest Shonekan was appointed chairman of the Interim National Government, but his administration was short lived as he was forced to resign from office as defence minister, Sani Abacha became the new head of state. His repressive rule soon got former head of state, Olusegun Obasanjo arrested on march 13, 1995 for secretly supporting a military coup on November 10,1995. Abacha hanged Human rights and Environmental Rights activist, Ken Saro-Wiwa and eight other Ogoni men for their outspokenness on the Niger Delta degradation and neglect by the Federal government. Three months after the Abacha led Coup had removed Shonekan, Abacha cancelled most of the terms of contracts and the award of oil leases negotiated under his

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[1] Falola Toyin and Michael Heaton.
[2] http://Find.galegroup.com/gtx/information and source gate-retrieved 26 November 2012.
[3] Quoted in GreenPeace Internationals Shell Shocked, 11 (Green Peace)
[4] http://www.Swissinfo.ch/eng/businesstraders collide in oil corruption says Swiss, Swiss NGO.
[5] Chibuzo N. Nwoke, in Daniel Omweh (ed) The Management of Nigerias Energy Resources For National Development(Introduction) NIIA,2006 PP51-54,

predecessors. He dismissed Don Etielet, the petroleum minister and other top officials of the petroleum ministry. In his place, he appointed Dan Etete as the oil Minister whose brief was to do Abachas bidding particularly in starving the oil sector of funds.[1] During his tenure, the four refineries were grinded to a halt so that Abacha and his Cronies would continue to import refined petroleum products into the country. He also used the award of oil acreages and import allocation papers to silence some of those opposed to his agenda to stay in office as civilian president, particularly certain categories of military officers. When General Abubakar took over power on June 9, 1998 following the death of Abacha, he too continued with the politics of allocating oil blocks, but the only difference from Abacha was that he vowed to hand over political power and kept his promise.[2]

At inception of Obasanjos administration in 1999 a new policy on the petroleum pricing emerged. The price of Petrol rose from N22.00 per litre in 1999 to N65 in 2006. The stance of the federal government was that Nigeria must pay commercial prices for petroleum products. The arguments were, the bulk of fuel used in Nigeria was imported and comparable prices must therefore be paid. Further, the subsidy was only aiding the corrupt practices of a few Nigerians who were smuggling the products to neighbouring countries of Niger, Chad, Cameroon and Benin Republic and making lot of money from this. It was further argued that the consuming public was wasteful because of cheap fuel prices and that high prices will encourage an economical use of the products. While international prices were rising, actual refined production in the country was falling.

Since then, there has been several fuel strikes owing to the various reasons even during Goodluck Jonathans Era, a true born of the Niger Delta. Some were born out of disaffection of some Petroleum workers whose task of lifting the fuel has been compounded through various avenues. Now that Buhari, erstwhile Petroleum Minister and Head of state has taken the reins of power, his energies should be directed inwards to address vital socio-economic and political problems hitherto unresolved to enhance development more important, the resuscitation of the broken down refineries should be a primary objective of his tenure. Also, his government should ensure that corruption and mismanagement of petroleum should be reduced highly to ensure economic prosperity. As Oye Oginbadego has noted, in future date should be set, as an inspiring policy target to work towards. Possibly the 2025, by which time energy needs would be fully met in a comprehensive and all-embracing programme.[3]

In his submission, Amadi Ahiamadu has categorised the oil industry in Nigeria into six major periods as follows; the scratch period (1943-1967); the search period (1967-1970); the surge period (1970-1985); the scourge period (1985-1998) the scramble period (1999-2012) and the sabbatical period (2012-the present) each of these periods in his conception has been earmarked to portray a historical place in the history of the oil industry. According to him, the scratch period started in 1943 when Shell's frantic search for crude oil in parts of the then Owerri province (out of which rivers province was carved in 1956) knew no bounds. In 1960 satrap/elf joined the scene by cutting straight paths along thick forests to enable seismographic tests that could be carried out. This was a ransacking period when every and single virgin forest was cut open including farms, gardens, paths, cemeteries, swamps and fishing ponds. At this point, several natives were employed and simple compensations paid on crops destroyed in the cures of the operations.

The nest phase which he dubbed the search period also involved the search for relevance and quest for regional control of their resources. This led to a civil war through major coup d'état in January and July of 1966. Throughout the period of 1967-70 there was no lasting solution to the problem of inequality and reckless rampage of both land, human and material resources of the Niger-Delta. The surge period 1970-1985 was marked by a resumption and reopening of all oil operation activities in the Niger Delta by the servicing companies. Ahiamadu posited that the government of Nigeria at this period was befuddled by the oil boom such that Nigeria became so centralised with about 36 states and 778 local government areas with no comprehensive development plans, the military dictatorship embarked on several developmental plans building international airports, international universities, teaching hospitals, dual carriage express ways of several thousand kilometres, bogus military and police barracks, polytechnics, government offices, hospitals, radio/TV stations and new federal and state capitals. These projects were carried out with minimum foreign capital, since the oil was booming and paying all the bills effectively throughout the country. Nigeria at this time became a leading spokesman for the Organization of Petroleum Exporting Countries (OPEC) up till 1983 when the global oil glut weakened OPEC's influence in global economics. At this point the big oil companies found a cheap game in fostering political instability than in fulfilling the legitimate expectations of their host communities. As he further observed, the surge period witnessed more military coups than all the other periods put together because of the intense power struggle within the Muslim controlled army to harness Nigeria's oil wealth for personal and parochial interest. From J.T. Aguiyi Ironsi, Yakubu Gowon, Murtala Mohammed to Olusegun Obasanjo who

[1] Ibid
[2] Oye Oginbadego, Energy, National Development and International Relations, in Chibuzo N. Nwoke and Daniel Omoweh P218.
[3] Ibid.

handed over power to a democratically elected Shehu Shagari who was equally ousted in 1983 by Mohammed Buhari, then Ibrahim Babangida, to Shonekan briefly back to another military rule Sanni Abacha to Abdulsalami who eventually handed over to Olusegun Obasanjo in 1999, and the establishment of the current civilian administration of Umaru Yaradua, Goodluck Jonathan and now Mohammadu Buhari again, the story has not been too different in terms of justification of accrued wealth and its management by the rulling elite.

The next phase is dubbed the scourge period 1985-1998, which coincided with the encounter between Niger Delta elite and environmentalist and the federal government to honour the contractual obligations to the people of the area, the period witnessed soaring living conditions as men like Claude Ake, Tam David West, Ken Saro—Wiwa and Edwin Clarke raised their voices. According to Ahiamadu, while the land in the creeks and swamps were becoming more impoverished, the cities were growing at its expense. The aftermath of the scourge period was a progressive deterioration of economic, social and cultural fabrics which held the Nigerian societies together in the past. The fifth period, the scramble period 1999-2012 was marked with sympathetic government intervention in resolving differences between the oil companies on one hand and their host communities on the other. President Umar Musa Yaradua and his deputy, then Jonathan fostered what came to be called the Corporate Social Responsible debate (CSR) which eventually quelled some of the militant activities of the Niger Delta youths and their capturing of foreign workers of the oil companies for ransom and vandalisation of pipelines.

The sabbatical period which begun in 2012 till date when Goodluck Jonathan handed over to Mohammadu Buhari has been dubbed the Rest period in Nigeria oil terrain who knows what the future holds for the petroleum industry? This period has been quite peaceful mainly because the Niger Delta people feel satisfied that their own son was at the helm of affairs and no doubt did his best to curtail marginalization in Niger Delta. What the future of the oil petroleum holds depends so much on how Buhari is able to turn around the tides that controls the oil. More is expected of his tenure as a former commissioner of petroleum resources and head of state. Already, many top echelons of the oil industry has been sacked and replaced with new helmsmen to ensure that there is a complete overhaul in the oil industry. This has been accompanied by the ongoing resuscitation of the three major refineries in the country to start production of petroleum.

10. Positive Impacts of Petroleum to Nigeria's Economy

No doubt, the petroleum industry has contributed in more than numerous ways to enhance not only the Nigerian economy but the living standards of its people. In all, no less than 20 literatures were consulted from a historiographic point of view drawing out the very essence of the positive and negative impacts of the petroleum industry on Nigerian economy. Some of the positive impacts are highlighted as follows.

Hitherto, the establishment of the petroleum and allied industry, there existed few companies which employed Nigerians in large numbers. Apart from the dominance of the agricultural sector which remained Nigeria's dominate sector, factories (manufacturing and artisans- and other small scale industries could not engage as much a Nigeria's as the current involvement of about the petroleum industry. The petroleum industry after its creation, opened up new areas of employment opportunities for a crop of Nigerian (skilled and non-skilled) labour as never before. Despite the foul cry of non-performance of the sector, many Nigerians from various parts of the country have been engaged since the construction of the refineries for such jobs as building of roads, bridges, coaxing of drilling sites transportation of materials and equipment's to and from sites, building of staff quarters and recreational facilities, off-shore and on-shore construction facilities. Apart from this services, the coming of the oil companies have genuinely opened up new social services in and close by the installation such as provision of local food services and drinks, restaurants and other petty services supporting the major functions. Also, there has been employment for Nigerian graduate of geology, engineering, earth sciences and other support services/administrators for seismic and drilling operations, supervisory and managerial functions. There can be on doubting the fact that the Nigerian National Petroleum Company and its other allied companies have over the years benefitted generations of Nigerians not only in its administrative offices but through their various marketing networks. Obviously, the several foreign companies (IOCs) international oil companies, despite their apparent technical staff from their home countries, normally employ Nigerians in their home countries normally employ Nigerians in their companies to ensure the smooth running of their own profit making venture too[1].

More importantly, the contribution of the petroleum industry to growth and development of the Nigerian economy can be enumerated in terms of the industry's impacts on the economic variables responsible for economic growth in Nigeria. The gross output of the sector consists of the proceeds from oil exports, local sales of natural gas and other indices of value which can be obtained adding together the various payments made to the federal government in terms of rents, royalties, profit taxes, harbour dues, the wages and salaries of employees paid locally and other net retained earnings. Huge receipts of monies to the government from the oil

[1] Sani Fatungase, Ex Mobil Staff, NNPC Oil Pipeline Headquarters Mosimi, Sagamu, Ogun State.

sector serves as elite major source of income to Nigeria's economy. It is no longer a guess work that petroleum remains the highest source of earning for the Nigerian government. The industry has contributed immensely in both foreign exchange reserves and government revenues. It may be comfortably asserted that the government share of crude oil revenue accruing from various joint venture agreements with the international oil producing countries is roughly 75 percent of all government revenues.

The table below summaries the combinations of oil earnings to revenue generation in Nigeria.

Table 1 Oil Earnings and Non-Oil Earnings in Nigeria, 1990-2008

(In Millions)

Year	Total	Oil revenues	Percent(%) share	Non-oil Revenue	Percent(%) share
1990	98,102.40	71,887.10	73.28	26,215.30	26.72
1991	100,991.60	82,666.40	81.85	18,325.20	18.15
1992	190,453.20	164,078.10	86.15	26,375.10	23.85
1993	192,769.40	162,102.40	84.09	30,667.00	25.01
1994	201,910.80	160,192.40	79.34	41,718.40	28.66
1995	459,987.30	324,547.60	70.56	135,439.70	29.44
1996	523,597.00	408,283.00	78.07	114,814.00	21.93
1997	582,811.10	416,811.10	73.23	166,000.00	26.77
1998	463,608.80	324,311.30	69.95	139,297.60	30.05
1999	946,187.90	724,422.50	76.56	224,765.40	23.44
2000	1,906,159.70	1,591,675.80	83.50	314,483.90	16.50
2001	2,231,600.00	1,707,562.80	76.52	903,462.30	23.48
2002	1,731,837.50	1,230,851.20	71.07	500,986.30	28.93
2003	2,575,095.90	2,074,280.60	80.55	500,815.30	19.45
2004	3,920,500.00	3,354,600.00	85.57	565,700.00	14.43
2005	5,547,500.00	4,762,400.00	85.86	785,100.00	14.15
2006	5,965,101.90	5,287,566.90	95.01	677,535.00	4.99
2007	5,715,600.00	4,462,910.00	78.08	1,200,800.00	21.92
2008	7,866,590.10	6,530,610.10	83.02	1,335,960.00	16.98

Source: *CBN Statistical Bulletin, 50 Years Special Anniversary Edition, December, 2008*

Although in recent years, the trend of energy supply has been threatening, such that some Nigerian companies relocated to Ghana and other neighbouring countries for industry, yet in the days of petroleum boom in Nigeria, the availability of the commodity aided Nigeria's industrialization immensely. Several manufacturing and industrial schemes in Nigeria benefited from Nigeria's petroleum industry in the 70s, 80s and even up till the 90s when management and technical problems set in to destabilize the status quo. Apart from engineering the transport industry in Nigeria, petroleum served as a vital commodity to oil the wheel of Nigeria's progress in industrialization as it supported other industries through bills of exchange and foreign direct investment. The import export shipping and aviation industries had their share of benefits from the petroleum industry while international business investments gained from its presence in Nigeria.

Another area that petroleum has contributed positively, is that of enhancing Nigeria's image in the international arena. The role played by Nigeria as a regional power in the West Africa sub region to a large extent was made possible through its economic capability which is derivable for its petroleum potentialities and factors as population and other economic indices. There can be no doubting the fact that oil is power, and no country shies away from power, as such Nigeria's oil wealth has attracted a lot of foreign investments to the country. Although foreign direct investment had been dominated by the international oil companies, yet other manufacturing engineering, trading, export concerns has been the bane of attraction for Nigeria's oil industry. To our immediate neighbours, Nigeria has been able to provide supply of oil to them at reduced rates, even much to the consternation of Nigeria local sales at times. The World Bank considers the foreign direct investment of a country as investment made with the aim of acquiring long term management interest (usually 10% of voting stock) in business enterprises operating in company's quality in a company. Such investment were considered as "green field investments or merger and acquisition, which involved the acquisition of existing interest's racer than new investments. Nigeria's role in the new partnership for Africa development (NEPAD) in conjunction with South Africa no doubt, was influenced by its economic position in Africa, all manifested through its position as a key player in the oil industry worldwide.

Apart from the above factors, the federal government and relevant authorities in the petroleum industry have articulated strategic policies positively aimed at expanding the nation oil base. A notable policy to this effect is the federal government's privatization policy, allowing individuals the rights to private ownership of oil exploration activities and oil wells. This had been done through the provision of special incentives to indigenous entrepreneurs willing to participate in upstream exploration activities. Such incentives were in the form of allocation of acreages in the nation's oil basins to indigenous investors. The thinking is that Nigerians who are qualified in the nation's oil industry can perform credibly well in the downstream and upstream oil exploration activities. Although, this factor has been grossly abused especially by collaboration with Nigeria's leadership bracket, the intention was actually aimed at allowing Nigerians the benefit of competing with other foreign private concerns. Notwithstanding, there are still a number of indigenous Nigerian companies operating under this facility in Nigeria's petroleum opportunities currently.

Other notable production –related petroleum policy of the federal government include the introduction of non-price incentives to prospective oil explorers. These non-price incentives have been enumerated as economic and business review EBR 1992); and this include exploration incentives, petroleum profit tax modification, royalty rate modification, enhanced animal allowance and investment text royalty the importance of lower unit costs of petroleum products to enhance the movement of people and goods in commercial quantities especially in light of the fact that the product is produced in the country and as such citizens need to enjoy certain average or percentage sore of the cost. In a study of 2012 which examined the performance of the transport industry in terms of its contributions to gross domestic product (GDP), it was discovered that the transport sub-sector in Nigeria has been making significant contributions to the Nigerian economy.

It is not a novel revelation that petroleum has since become the mainstay of contemporary Nigerian economy, either as petrol, diesel, fuel oil, lubricants or petrol chemicals. The three major types lifted from the various depots are the premium motor spirit (PMS), due purpose kerosene (DPK) and the automobile gas oil (AGO). Other product types are the LPG, Liquefied petroleum gas which is used for cooking and lighting while bitumen is useful for road surfacing in the construction industry, the LPFO low pure fuel oil and high pure fuel oil-HPFO are both used for boilers, heaters and sailing of ships, petroleum wax, and other products used for all of these incentives cannot be exhaustively explained in this work, however, these incentives costs of unsuccessful wheels were tax deductible in order to explore drilling. Tangible cost of items for successful exploration wells were capitalized. All exploration drilling were to be expensed or tax deductible. Another of such policies was the approval of investment tax credit which granted companies which obtained any asset for the purposes of petroleum projects the benefit of enjoying investment tax credits on such assets for the accounting period in which the asset was first used.

Apart from production-related petroleum policies, the Nigerian government has instituted some consumption- related policies, the most outstanding of which is the fuel subsidy, which in December 2011, generated social and political problems which paralysed economic activities nationwide. The policy goal for this facility is to encourage domestic private consumption of petroleum products. It required the federal government to pay certain per cent of the marginal of producing petrol products in an effort to ensure uninterrupted distributive role of the transportation system in the country for wood, leather. The policy recognizes making candles, polishes linoleum and automobiles. With all these functions and industrial products, it is not in doubt that the nation's economy is heavily dependent on the oil industry. The manufacture of candles polishes for wood, leather, linoleum constitute separate manufacturing companies of their own with its technical and marketing departments in the country. That is why crude petroleum's GDP rose from N0.43 between 1960 to N12.86 billion in 1995. One of the highest contribution period was the 1975-1979 when it stood at M17.91 billion. Thus, the percentage share of used petroleum in Nigeria's GAP rose from 1.6% in 1960 to 17.4% in 1970-1974 period. It was 22% in 1980, falling to 15.06% in 1985 and to 12.90% in 1990, falling to 15.06$ in 1985 and to 12.90% in 1990. In 1995, it had further fallen to 12.44% crude petroleum has remind the main engine of economic growth in Nigeria inspire of the volatility of the world oil market and its declining share in GDP.[1]

Besides, these statistics, the petroleum industry has provided immense business opportunities to Nigeria entrepreneurs. For example, "virtually all business men can find something of interest in the Nigerian National Petroleum Corporation group, either in the upstream or in the downstream sectors of the industry" Investment opportunities in areas of survey and mapping. These surveys are necessary before meaningful exploration work commences. Also, there are civil engineering works, particularly in the area of preparation of drilling location, construction of pits and slabbing or concretes gabs as registered business men can also supply items such as cement, pipelines and so on. These are areas where Nigerians can harvest alone or in partnership with foreigners.

Immense investments opportunities exist in exploration and production. Although oil exploration started over 50 years ago in Nigeria, not up to half of the sedimentary basins of the country have been seriously explored. The Dahomey basin, Anambra basin, Sokoto and Chad basin have hardly been investigated for the purpose of finding oil or gas.

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[1] Ugwu Linda Chidinma, The Relative Impact Of Oil And Non-Oil Exports On Economic Growth In Nigeria: 1983-2007, A Research Project Submitted Department Of Economics Faculty Of Social Science, Caritas University, Amorji-Nike Emene, Enugu July, 2010.

Thus given all these insights, it is clear that the presence of employment opportunities in any given country form part of its basic social needs. The availability of food, shelter, wealth and protection forms part of the sustenance, self-esteem and freedom core values gratitude index for every good economy. Regarding the provision of infrastructure as an index of impact on the Nigerian economy, the NNPC as from 1986 when issues of degradation blew up into crisis, urged all its joint venture partners to undertake upgrading basic amenities in the Niger delta area. The infrastructural provisions include, construction of rural road network, in four oil communities- in Delta state, Idieze, Benekuku, kwake and Okpi. Also, intensive electrification schemes in Agbase, Aggali-olu town, Brass, Dorgu, Ewaama, Mgbse, Okwuzi, Obie, Obriku and Omoku community in river state estimated at N3.5 million by Shell Development Company (SPDC). Mobil producing Nigeria (MPH) ltd provided 22 transformers.[1] Portable water has also been provided to these areas while some institution of higher learning delta state university also benefitted from the NNPC joint-venture partners.

In the areas of agricultural development in the territories of oil drilling, attempt has been made to improve farming methods and schemes, distribution of disease resistant and high yielding varieties of crops to the Niger delta indigenes. Shell petroleum development company have stimulate a team/corporative approach to problem solving, and harnessing the resources of government agencies, research institutes and philanthropic groups involved in agricultural developments. Chevron has put in place an agricultural scheme for Ugbodo and Escravos while Agip oil company NAOC contributed to agricultural enhancement in the Niger delta the green river project. Several ultra-modem processing factories have been established to process cassava into garri. The factories are supervised by qualified agricultural extension offices hired by the company to give direction, technical advice as well as supervise all the farming duties. The factories are located in Akrewewa (Isoko north) Unwiamug (Ughelli north) and Igude in Oriomuon local government area.

Having highlighted some few instances of intervention on the part of the IOCs to the environmental problems in the petroleum drilling in parts of Nigeria, it is now important to highlight some negative consequences and impact of oil industry in Nigeria

11. THE NEGATIVE IMPACTS OF OIL

Crude oil is a wasting asset. In other words, it is a non-renewable resource, ever as it is important to the growth of the Nigerian economy. Thus despite the fact that the Niger Delta of Nigeria is the richest part of the country in terms of natural resource endowment, its immense potential for economic growth and sustainable development, the region continues to remain in parlous state. This situation results from the increasing threats from land degradation as a result of oil drilling in the region which not only affects farm lands but other aquatic and animal lives in the region.

While the environmental assessment of the oil related activities has been given due considerations in the recent times, yet their main focus until of late was basically the impact on the natural environment, with little or no regard to the communities within the immediate vicinities of the projects[2] Oil production have continues to threaten not just the agricultural mainstay of the people, but government has made little effort in terms of compensation to the people of the area.

With the land use Act of 1978 which deprived or rendered communities landless in terms of economic rent, environmental degradation in the form of oil pollution and the attendant monetary compensation accruing from these, the Niger Delta have continued to witness the slow poisoning of the waters of the territory and destruction of vegetation and agricultural land by oil spills which occur during petroleum operations. Oil spills in Nigeria are common occurrence. It has estimated that between 9million to 13billion barrels have been spilled since oil drilling started in 1958. Government estimates that about 7,000 spills occurred between 1970 and 2000. Causes of this spillage include corrosion of pipelines and tankers (which accounts for 50% of all spills), sabotage (20%); oil production operations (21%) with 1% of the spills being accounted for by inadequate or non-functional production equipment. One major reason for the corrosions high percentage oil spills is as a result of the small size of the oil fields in the Niger Delta resulting from an extensive network of pipelines between the fields. [3]

It must also be noted that many facilities and pipelines have been constructed to older standards poorly maintained, and as such have outlived their estimated life span. Sabotage is performed through what is known as “bunkering” whereby the saboteur taps a pipeline and in the process of extraction, sometimes the pipeline is damaged oil extracted in this manner can often be sold for direct cash by waiting buyers of the products which comes cheaper.

It must further be asserted that oil spillage has a major impact on the ecosystem. Large tract of the mangrove forests which are especially susceptible to oil (because it is mainly stored in the soil and re-released

[1] – Nigerian brief, community issues, vol 9, No4 June 1984).
[2] African Journal of scientific research vol9, no1 (2012) - Oshorofasa, B.O Aruputa, David Anyedogbon J.D.
[3] Ibid.

annually with inundation) have been destroyed. An estimated 5-10% of the Nigerian mangrove ecosystems have been wiped out either by settlement or oil. Spills take out crops and aqua cultures through contamination of the ground water and soils. Drinking water is also frequently contaminated and sheen of oil is visible in many localized bodies of water. Even if no immediate health effects are apparent, the numerous hydro carbons and chemicals present in oil represents a carcinogenic risk off shore spills, usually much greater in scale, also contaminated coastal environments and cause a decline in local fishing production.

The Warri women protesters in 2001 who besieged the headquarters of Shell Petroleum Development Company and Chevron clearly highlighted the impact of oil exploration on public health. As Oshwofasa etal has noted,

'The public health implications of oil spillage especially gas flaring for the inhabitants of the Niger Delta, have not been empirically investigated'. However the preliminary survey by Akoroda (2000) as cited by Oshwofasa etal 2012 indicated that an emergent trend of carcinogenic diseases in the Niger Delta is traceable to the exposure of these people to the radio-active elements of gas flaring. This trend is not limited to the Niger Delta. As Engr. Fatai Atere has noted, several other communities in Nigeria with pipelines running through them are exposed to vandalization and spillage for example in Ogere Ogun State there is a steady black market of petroleum products by detractors.[1]There is an apparent upsurge of skin/lung cancer, skin rashes in the Niger Delta. Further, gas flaring is discouraged by the international community as it contributes to climate change. In fact, in Western Europe, 99% of associated gas is used or re-injected into the ground. Gas flaring in Nigeria releases large amount of methane which has very high global warming potential. The methane is accompanied by carbon dioxide of which Nigeria is estimated to have emulated more than 34.38million tons in 2002, accounting for about 50% of all industrial emissions in the country and 30% of the total Co2 emissions.[2]

Another major negative impact of the oil industry is the repression of protest and government corruption despite the wealth flowing into the nation from oil revenues, many of Nigeria's socio-economic factors are worse than they were 30 years ago. According to the World Bank, most of Nigeria's oil wealth gets siphoned off by 10% of the population. Corruption in the government is rampant. In fact since 1960, it is estimated that 300 to 400 billion dollars has been stolen by corrupt government officials.it was alleged that the federal government siphoned off about 12.2 billion between 1988 and 1994 into the private accounts or expenditures clandestinely taken while the country was openly reeling with a crushing external debt.[3] Perhaps the greatest paradox of all time is that the Niger Delta which produces the wealth of the nation also has more than fifty percent of its population living below poverty line. Given the fact of corruption, the perception of deprivations in the locals tend to coalesce into a general level of class or status consciousness which crystalize around an ethnic pivot in the form of ethnic militia to forcefully press for change from the state and federal government for their own share of the largess or national cake by extension, this trend has led to criminality by some of these militias such that kidnaping of expatriates oil workers has become a common practice before the government of Goodluck Jonathan adequately curbed/ checked the menace. This motive, coopted with other factors has caused many deaths and havoc on the natural environment through incidents of oil pipeline explosions and oil spillages in the country.

Under the negative law, local communities have no legal rights to oil and gas reserves in their territory. Moreover their security of tenure and the protection of the rights to adequate standard of living including housing, food and water, have been compromised by both constitutional provision and a number of laws that give precedence to oil operations in term of access to land. Clause 44 of the 1999 constitution states that the entire property and control of all minerals, mineral oils and natural gas in, under or upon any land in Nigeria or in, under or upon the territorial waters and the exclusive economic zone of Nigeria shall rest in the government of the federation and shall be managed in such manner as may be prescribed by the national assembly"[4] these laws actually have restricted the extent to which the locals can lawfully ask for their human rights in these territories. This is a negative impact of the oil that is drilled in the Niger Delta, a land that rightfully belongs to them. These have been reminiscent of Isaac Boro, playwright ken Saro-Wiwa and the nine Ogoni men who were murdered as a result of their protests, the restriction of oil and several other remitting communities in the Niger Delta. The huge sale of oil are not commensurate with the development of the region. Many schools and public infrastructures are dilapidated and often without instructional materials, roads that are not ply-able especially in rainy season.

Despite these externalities, it must not be forgotten that federal government has made some effort to address these negative impacts. These include the setting up of the Niger Delta Basin Development Authority

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[1] Engineer Fatai Atere Oil Consultant, Lagos Interviewed 06/12/2014

[2] Oshwofasa, B.O etal: Environmental Degradation and Oil Industry Activities in the Niger-Delta Region- in African Journal Of Scientific Research Vol9,No1 2012 P449.

[3] Wikipedia free encyclopedia P 11.

[4] Oshowofasa, P452

(1976), the Oil Mineral Producing Development Commission (OMPADEC), (1992), House of Representative Ad Hoc committee on Niger Delta, the Ministry of Niger Delta (2008), and the revision of Petroleum legislation which is the Petroleum Industry Bill (PIB).

Although each of these organizations has been troubled by myriad of problems, yet their effort has made some positive contribution to the oil industry situation in Nigeria. Some of the constraints of these organizations include corruption, mismanagement and has therefore contributed rather scanty achievements.

Conclusion

While it is true that oil has played a major role in the degradation of the natural environment and brought mono-cultural economy to Nigeria, yet it must be admitted that petroleum industry in Nigeria has brought "more good than harm" to Nigeria generally. Thus in light of the fore going analysis in the petroleum industry and its impact on the Nigerian Economy, the production-related policies appear to be laudable development policies in Nigeria. Looking at the effectiveness of these policies, we observe some progresses. Between 2006 and 2008 according to the available data, for instance, the GDP at constant (1990) Prices increased from N595.8 billion in 2006 to N634.3, N672.2, N719.0, and N775.5 in 2007, 2008, 2009 and 2010 respectively, showing an annual growth rate of 6.03 %, 6.45% , 5.98%, 6.96%, and 7.87% in that order (see table 5.1 below). But production in the petroleum industry was not impressive for the reference period. Output in crude petroleum and natural gas subsector, at 1990 prices, decreased consistently from a level of N130.2 billion in 2006 to N124.3 and Ml 16.6 in 2007 and 2008 and increased slightly to Nl 17.1 billion and Nl23.0 billion in 2009 and 2010. On the same token, the contribution of petroleum industry decreased from about 22 percent in 2006 to as low as about 16 percent.

Macroeconomic Indicators (2006 - 2010)

Year	External Reserves (Smillion)	Contributions to Real GDP (%)	Oil Production Level at Constant Prices (N billion)	Oil Sector Growth (%)	Inflation Rate (%)	GDP Growth (%)
2006	42,298.11	21.85	130,193.52	-4.51	8.50	6.03
2007	51,333.15	19.60	124,285.12	-4.54	6.60	6.45
2008	53,000.36	17.35	116,594.57	-6.19	15.10	5.98
2009	42,470.00	16.29	117,121.37	0.45	13.90	6.96
2010	32,339.25	15.85	122,957.88	4.98	12.70	7.87

Source: *National Bureau of Statistics (NBS), Review of the Nigerian Economy, 2010:65*

The development of the petroleum industry contributed to the abandonment of the production and export of cash crops such as palm oil, cocoa and groundnuts, the major foreign exchange earner before discovery of oil, yet the wealth from petroleum if properly managed could be rechanneled to other industries in the country to provide job, production capacities better conditions for Niger Delta indigenes and Nigeria at large. This work has attempted an in-depth analytical assessment of the petroleum industry and its impact on the Nigerian economy. From all indications, given the historical perspectives to development in the industry, it would appear that there has been a lopsided distribution and management of the resources accruing from the petroleum industry. The paper recommends a proper haulage into the technical and management team in the industry, taking due advantage of a proper leadership role to guide and justify the valuable wealth or resources of Nigeria to promote its economy to the benefit of all and sundry.