THE PARADOX OF OIL WEALTH AND ILLUSIVE DEVELOPMENT IN NIGERIA

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Abstract

In the context of the enormous revenue accruing from oil over the years, the pace of development in Nigeria is simply pitiable. Regrettably, efforts made by successive administrations in Nigeria to accelerate the pace of development this by instituting development strategies and diversifying the economy to solve Nigeria's development question has not yielded appreciable results. This paper interrogates the issue of development and poverty in Nigeria and the pull and push factors that has made this exercise a slow and painful one for the country. The paper posits that development plans have not achieved their desired objectives largely due to skewed planning scope; exclusion of the people from the planning process, lack of political will to implement plans; and frequent changes in both policy and government. Nigeria has enormous potentials to stem the tide of slow pace of development. This paper recommends that efforts should be directed towards diversifying the economy; strengthening bureaucratic institutions to act as key players in plan implementation; and mustering the required political will to tame corruption in the planning and implementation process in the country.

Key words: Oil, Poverty, Corruption, Ethnicity, Primordial Interest, Development.

Nigeria is acknowledged the most known reserves of petroleum and gas in Sub-Saharan Africa. Nigeria is the eight largest exporter of oil in the world with an installed production capacity of three million barrels per day (Schwartz, 2009). Petroleum has for many decades been the most important facet of the national economy, accounting for more than half of GDP, about 85 percent of government revenues, and over 90 percent of exports (Gboyega et al, 2011).

The discovery of oil in 1956 led to the birth the oil industry in Nigeria. Thereafter, the industry received a boost as from 1961 with the coming in of Multinational Oil Companies, (MOCs). Among the early callers were Shell, Mobil, Agip, Safrap which later became Elf while Tenneco and Amoseas later became Texaco and Chevron. These companies aided the oil exploration effort in Nigeria. Lack of technological know-how to run the industry has been adduced as reason why the nation left the oil industry in the hand of multinational oil concerns.

However, the near total control by the MOCs stopped from 1967-1970 when the military government came up with decrees that paved way for indigenous participation. Oil in Navigable Waters Act of 1968, the Petroleum Act/Decree of 1969, Exclusive Economic Zone (EEZ) decree of 1978 and the Land Use Act of 1978, vested the ownership of oil and gas on the Nigerian state.

This was ostensibly to re-position the Nigerian state to reap the benefit accruable from the exploration of oil as the largest oil producing country in Africa (Omeje, 2006) and the eighth biggest oil exporter (Schwartz, 2009). Leaving the oil industry in the hands of MOCs, would have denied the nation opportunity of reaping enormous resources from the sale and exploration of oil. Huge sum realized, according to Shaxson (2005), amounted to $350 billion in 35 years. It is thus a matter of core national interest, for the nation to take firm control of the oil industry to appropriate accrued benefits. This is the case in most oil producing LDCs such as Angola, Sudan/South Sudan and Nigeria etc.

Laying the Turf: Interrogating Development Perspectives

The slippery nature of the concept of development makes it difficult to say whether it exists or not. Taking the holistic view of development, development basically exists in relative terms in countries around the globe. That explains why there exist; Developed Countries (DCs) and Less Developed Countries (LDCs). The latter are seen as third world countries, a classification with origin traced to the evolutionary history of development; especially during the colonial and the cold war era. According to Horowitz (1972:17), "third world countries are non-American, ex-colonial, and thoroughly dedicated to becoming industrialized, whatever the economic costs". They differ from what has come to be known as first world or developed countries. Other things that distinguish them include low growth rate and slow response to structural changes and high rate of unemployment. To this end, one can see Nigeria as one of the LDCs whose developmental strides, fails to measure up with prevailing global standard.

Applying economic principles helps drive the growth and development process. Lipsey (1986) defines economic growth as "the positive trend in the nation's total output over long term" and when this is achieved, there would be "sustained increase in Gross Domestic Product (GDP) for a long time" From definition, the central role economic growth play in shaping the development of a nation becomes glaring. Economic growth expressed in terms of increase in Gross Domestic Product (GDP), a measure of the economy's total output of goods and services (Dutse, 2008).

The best way to analyze the development situation in any nation is to know how the economy works. The structure of the economy determines how the nation fares in terms of development. The Nigerian economy, as earlier noted, depends to a very large extent on the exploration of oil at the detriment of other sectors such as agriculture, manufacturing, services and transport. The economy structurally, is mono-cultural because it solely relies on oil wealth. According to Sanusi (2010:13), "the Nigerian economy can be classified into three major sectors namely primary/agriculture and natural resources; secondary—processing and manufacturing; and tertiary/services sectors. The economy is characterized by structural dualism". The dual nature of the economy makes it prone to sectoral imbalance because heavy reliance on fluctuating oil resources. The agricultural sector that sustained the economy can be seen as an "admixture of subsistence and modern farming" (Sanusi, 2010:14).

Aside abysmal agricultural sector, available economic statistics failed to locate Nigeria in the right development path. Expectation of speedy development when the nation obtained independence in 1960, has long waned. When Nigeria gained independence from the UK in 1960, hopes were high that, with mineral wealth and the most educated workforce in Africa, Nigeria would become Africa's first superpower and a stabilizing democratic influence in the region (Udosen, 2009). Due to abysmal development performance arising from distorted planning regime since independence, Nigeria remains an underdeveloped nation occupying a low position among the poorest countries of the world in spite of her tremendous natural and human resources. Figures from the National Statistics Office reflected in the table below, shows the skewed sectoral performance in Nigeria.

With average diversification ratio of 0.3% as at 2009, the economy can be said to have performed below global standard of development. Economic performance of the nation as table two below shows, buttress this. Low income as opposed to high income, remain one of the indicators of poor development outing of the nation. The World Bank classifies the countries of the world into three broad categories: "low-income countries, middle-income countries and high-come countries" (Thirlwall, 2003:52) and (Todaro and Smith, 2009:25).

Table 1: Selected Sectoral Performance in Nigeria 1960-2009.

SECTORAL ACTIVITY	1960-1970	1971-1980	1981-1990	1991-2000	2001-2009
Agriculture	55.8	28.4	32.3	34.2	40.3
Industry	11.3	29.1	41	38.6	28.4
Manufacturing	6.6	7.3	6.1	4.9	3.9
Building & Construction	4.8	8.3	2.3	1.8	1.8
Trade	12.8	17.6	14.5	13.8	14
Services	15.3	16.5	9.8	11.5	15.5
TOTAL Value Added	100	100	100	100	100
Diversification Index	0.2	0.4	0.4	0.4	0.3

Source: National Bureau of Statistics, Nigeria 2009.

Standard of living is increasing by human development index variable. Poor living standards connotes poverty rate of countries. Nigeria, in spite of its natural endowment is ranked among countries having world lowest human development index. This sharply contrasts with what obtains in Venezuela for the period of 2006-2011 (UNDP Report, 2011). Nigeria being a mono-cultural state is responsible for its failure (Adofu, 2010). Table 2 further shows the appalling performance of the Nigerian economy.

Table 2: Nigerian Economic Performance (2005-2011).

YEAR	GDP	HDI	GNI	UNDER 5	INFLATION	LIFE RATIO	POPULATION
2005	1,737	0.429	1,530	159	10.5	49	139,823.30
2006	1,801	0.438	1,739	..	13.9	49.5	143,338.90
2007	1,872	0.441	1,742	148	2.9	50	146,951.50
2008	1,939	0.446	1,829	143	6.72	50.5	150,665.70
2009	2,001	0.449	1,886	138	11.15	51	154,488.10
2010		0.454	1,990	..	12	51.4	158,423.20
2011	2,500	0.459	2,069	..	10.7	51.9	162,470.70

Source: Computation from http//hdr.undp.org

Abysmal economic performance of Nigeria has been attributed to a lot of factors. Nwabuzor (2005) for instance, linked the Nigerian economic debacle to corruption as the major bane to the collapse of the Nigerian economy. He observed thus; “the Nigerian situation is quite similar to the level of poverty countries like Bangladesh and Venezuela whose economies are ravaged by corruption and sharp practices” (Nwabuzor, 2005:12). Venezuela that was once faced with same developmental challenges like Nigeria has made relative economic progress in recent years (Lewis, 2010). Glossary of how Nigeria fared economically mirrored against other nations, is quite revealing. Table 3 below, shed more light on this.

Table 3: Comparing Nigerian Economic Performance with Selected Countries

IND.	YEAR	ALGERIA	ANGOLA	NIGERIA	PHILLIPINES	RUSSIA	VENEZUELA	SSA	AFRICA	WORLD
	2005	7,176	3,611	1,737	2,927	11,853	9,924	..	..	..
	2006	2,210	4,164	1,801	3,027	12,878	10,721	..	..	..
GDP	2007	7,316	4,875	1,872	3,181	14,016	11,404	..	..	..
	2008	7,379	5,382	1,939	3,240	14,766	11,756	..	..	..
	2009	7,421	5,278	2,001	3,216	13,611	11,190	..	..	..
	2010	"						..	..	..
	2011	7,300	8,200	2,500	3,500	15,900	12,700			
	2005	0.667	0.445	0.429	0.622	0.725	0.692	0.431	0.468	0.66
	2006	0.673	0.459	0.438	0.624	0.733	0.706	0.438	0.475	0.664
	2007	0.68	0.471	0.441	0.63	0.742	0.720	0.445	0.482	0.67
HDI	2008	0.686	0.476	0.446	0.635	0.748	0.730	0.451	0.488	0.764
	2009	0.691	0.481	0.449	0.636	0.747	0.732	0.456	0'492	0.676
	2010	0.696	0.482	0.454	0.641	0.751	0.734	0.46	0.496	0.679
	2011	0.698	0.486	0.459	0.644	0.755	0.735	0.463	0.498	0.682
	2005	6,820	3,140	1,530	2,920	11,560	9,770	1,668	2,251	8,733
	2006	6,927	3,661	1,739	2,979	12,482	10,673	1,760	2,365	9,103
	2007	7,223	4,155	1,742	3,158	13,678	11,539	1,808	2,444	9,439
GNI	2008	7,317	4,460	1,829	3,242	14,331	11,794	1,867	2,519	9,574
	2009	7,368	4,723	1,886	3,208	13,172	11,106	1,873	2,535	9,420
	2010	7,501	4,659	1,990	3,378	13,843	10,680	1,915	2,593	9,776
	2011	7,658	4,874	2,069	3,478	14,561	10,656	1,966	2,615	10,082

Source: Computed from http//hdr.undp.org

From the above, we can spot where Nigeria appear to have failed to measure up with other nations in terms of development. Despite receiving $350 billion between 1970 and 2000, not much development has taken place (Shaxson, 2007).

Development Plans in Nigeria: Historical Climb-down.

According to Todaro and Smith (2009:27), "development plans evolve from economic planning in a country and it entails deliberate government attempt to coordinate economic decision making over the long run and to influence, direct, and in some cases even control the level and growth of a nation's principle economic variables (income, consumption, employment, investment, saving, export, import, etc.)".

To them, development planning is an "essential and pivotal means of guiding and accelerating economic growth in almost all developing countries" (Todaro and Smith, 2009:27). In similar vein, Ikeanyibe (2009:42) observed that development planning "involves predetermining a nation's visions, missions, policies and programmes in all facets of life such as social, human, political, environmental, technological factors etc. and the means of achieving them."

From the foregoing, one can say that development plans are initiated and pursued by countries in response to challenges of underdevelopment that afflict them at one point in their evolutionary history. Thus, development plans can simply be seen as well calculated steps in form of down-to-earth economic policies and frameworks that can facilitate a nation's effort to achieve desired improvement in the ways of doing things with a view to bringing about improved way of life for the citizenry.

Development planning in Nigeria dates back to the colonial era when in 1946, the ten- year welfare and development plan was initiated by the colonial administration was embraced. This plan was billed to distribute the colonial welfare funds even though it achieved very little (Ikelegbe 2003). Non-participation of Nigerians in the planning process, have been adduced for the poor failure of the system. Another development plan was the five-year colonial development plan (1955–1960). The first National Development Plan was between (1962–1968) and the Second National Development Plan (1970–1974). Others include the third National Development Plan (1975–1980) and the Fourth National Development Plan (1981–1985). They were all geared toward arresting the underdevelopment malaise that plagues the nation at that period. More recent steps taken to bring about development of the nation through development planning can be seen in the domesticated measure meant to realize the United Nation's (UN) inspired Millennium Development Goals (MDGs) in Nigeria. That initiative is what the Nigerian government referred to as National Economic Empowerment and Development Strategy (NEEDS) established in 2004. The NEEDS document and initiative, placed primacy on agricultural evolution to break the nucleus of the alleged economic stagnation crippling the nation in the face of enormous oil wealth. According to the Nigerian National Planning Commission (2004), "the goal of NEEDS is to mobilize the resources of Nigeria to make a fundamental break with the failures of the past and bequeath a united and prosperous nation to generations to come". NEEDS was established because of the failure of previous efforts aimed at achieving development through planning. At the state and local government levels, NEEDS is replicated as

State's Economic Empowerment and Development Strategy (SEEDS) and Local Economic Empowerment and Development Strategy (LEEDS),

Why Development Plans Have Not Achieved the Desired Result in Nigeria

The essence of any plan is to achieve a predetermined goal. When government embarks on development planning, it is mainly to shape and direct the growth path of the nation. A holistic plans, covers social, economic and political areas of a nation. The following factors are responsible for the failure of development plans in Nigeria.

Firstly, planning meant to achieve tangible results must be broad based and all embracing. When this is the case, the people would have input into the planning process to help fulfill the core channel of planning which entails input-output-feedback loop that completes the planning mechanism. If the people are not involved in the process of planning, they will feel detached from it. Development planning in Nigeria has to a very large extent failed because it excluded the people from the planning process. Since they lack the opportunity to contribute to the planning process, they do not feel emotionally attached to the plan and as such not committed to ensuring it succeeds (Imhanlanhimi, 2000: 97). No development plan can do well aside the people who are expected to execute it eventually. The colonial development plan of 1946 for instance, failed to achieve the set goals because of its alleged *'Eurocentric'* nature that detached the people from the plan and the implementation process.

Secondly, development plans fail in Nigeria due to lack of political will to implement them. The political class failed to strengthen bureaucratic institutions to shoulder the responsibility of executing the plans to achieve set goals. Weak bureaucratic institutions ostensibly ill-prepared to shoulder the responsibility of executing the plans to achieve set goals led to the failure of development plans in Nigeria (Henley, 2012).

Thirdly, development planning in Nigeria fails due to skewed planning scope. The various development plans failed to focus on key sectors of the economy such as agriculture or other vital sectors that can drive the development process. In Nigeria agriculture and other sectors capable of driving the industrialization process needed for development, was neglected (Sanusi 2010). The plans all centered on achieving industrial breakthrough but very silent on the role of agriculture. History of development in the West, started with recorded breakthrough in the agricultural sector that served as the feeder-pillar to the productive sector. In the case of Nigeria, this has not been the case as the agro-sector lay prostrate, thus leading to sectoral disarticulation owing to lack of complimentality.

Finally, development plans failed to achieve the set goals in Nigeria because of military intervention on one hand, and the departure of the Nigerian state from the already established periodic planning culture of five years interval in 1988 to the rolling-plan mechanism on the other (Adufu 2010). The rolling-plan meant to "reduce inflation, achieve exchange rate stability, maintain infrastructure, achieve agricultural self-sufficiency and reduce the burden of structural adjustment on the most vulnerable groups failed to achieve the set targets" (Ihonvbere, 1991:7).

Atojoko (2013) while associating the nation to a group of emerging markets that includes Mexico, Indonesia, Nigeria and Turkey; code named "MINT", perceived Nigeria as an up-coming market capable of playing key role in Africa. To him, the nation is doing well economically, with high return on investment projected. However Ekpo (2013) was pessimistic about the purported growth recorded in the economy. While assessing possibility of the nation making economic impact using the intrumentality of sound economic and development planning, Ekpo cautioned that *the transformation agenda* of the present administration must be sincerely pursued to achieve results. His position appears to contradict that of Atojoko (2013) which painted a positive picture of the economy. What both scholars failed to point out in clear terms, is the fact that mere economic growth, do not necessarily translate to development. The Nigerian case amplify this fact as seeming growth in the economy has not made the ordinary man on the street any better. Table 4 depicts the trajectory of the Nigerian development planning experience.

Table 4: Nigerian Development Plans

Plans	**Target**	**Achievement**	**Why It Failed**
Ten Yrs Colonial Dev Plan, 1946-61	Allocate Development And Welfare Funds Made Available By The Colonial Authorities	Set The Ball Rolling For Dev Plann Ing And Laid Foundation For Indust Rial Growth	Failure To Address The Productive Sector, Poor Financial Resources Weak Formulation And Implementa Tion Mechanism, Absence Of Focus
1st National Dev Plan, 1962-68	To Achieve Economic Develoment Of The Country	Created National Man-Power Board Consolidated Planning Process By Giving Attention To Human Element	Inadequate Planning Time, Lack Of Public Participation, Dearth Of Tech Nocrats To Execute The Plan, Polit Ical Instability That Led To The 1966 Coup

2nd National Dev Plan, 1970-74	Achieve United,Self Reliant, Democr Atic And Economically Egalitarian State	Strengthened Planning Mechinery In Nigeria	Strengthened Planning Mechinery In Nigeria Plan, Mono-Cultural State Of The Economy
3rd National Dev Plan, 1975-80	Economic Diversification, Reduce Unemployment, Even Distribution Of Income	Helped Enhance Living Standard Of The Common Man With By Focusing On Agriculture, Water, Housing, Health Care Delivery.	Change Of Govt, Financial Paucity, Poor Implementation
4th National Dev Plan, 1981-85	Establish Long Term Economic And Social Development	Helped Achieved Broad Based Partic Ipation In The Planning Process	Regime Change, Financial Paucity, Inadequate Forecast By Planners
National Rolling Plan (Sap), 1986-93	Shift Attention From Project-Based Policy-Based Economic Planning System, Evaluate The Fixed Planning That Hitherto Existed	Helped Encourage Private-Seto Participate In The Economic Proctorcess As Opposed To Public Sector Dominance.	Lack Of Popular Support Due To The Austerity Measure Introduced, Regime Change, Failure To Identify Priority Areas.
Vision 201o: 1996-2010 (Abacha)	Improve Quality Of Life Of Nigerians, Large Scale Economic Deregulation,	Led To A Dearth Of Investment In Inf Rastructural Facilities, Job Loss, Caused Hardship	Failure To Release Funds For Projects, Poor Implementation
National Economicdirection, 1999-2003	Achieve Strong, Verile And Broad-Based Economy, Alleviate Poverty And Provide Improved Bureaucracy	Failed To Achieve Tangible Result As Party Dominated Politicsanchored On Red-Tapism, Messed The Plan	Improper Articulation Of The Plan, Lack Of Funds, Divisive Party Politics, Poor Implementation
National Economic Empowerment Strategy, (Needs I), 2003-2007	Create New Nigeria Via Value Re-Orientation And Eradicate Poverty Via Employment Generation, Wealth Creation	Achieved Structural Reforms Such As Bank Reforms, Growth Of Non-Oil Sector,Liberalized Import Tariff Regime And Introduced Wholesale Dutch Auction System	Lack Of Political Will To Faithfully Implememt The Plan, Poor Infrastructural Base, Sole Dependence On Oil Revenue, Import Dependent Economy
Need Ii 2007	Tackle Employment And Job Creation	Served As A Solace To The Failure Of Needs I	Lack Of Coordination As Seen In Needs I

7 Points Agenda 2007-2010	Achieve Development With Focus On Infrastructure, Food Security, Human Capital Dev., Wealth Creation, Security, Niger Delta & Land Ten & Home Ownership	Brought Relative Peace To The Niger Delta Region, Achieved Appreciable Improvement In Electricity Generation.	Death Of Yar'adua, Lack Of Clarity Of Purpose That Clouded The Plan
Vision 20:2020 2011-20:2020	Make Nigeria One Of The 20th Economy In The World By The Year, 2020	On-Going In A Shaky Mode	Likely To Fail If Not Properly Piloted

Source: Compiled from http//hdr.undp.org and other sources.

The Push and Pull Factors In Oil, Politics and Development in Nigeria

In Nigeria, there is the interplay of oil, politics and development in Nigeria. The analysis of the interplay would enable us understand how oil politics encourage or discourage development in Nigeria. Firstly, the discovery of oil and creation of the Nigerian oil industry and the politics that followed plunged the nation into mono-economy. This culminated in the attendant resource curse malaise that became the lot of the oil rich state. While huge oil rents created an opportunity for economic growth and development for the Nigerian state, the greed of the political class and the tendency to corner available resources for their own benefit was at the detriment of development. This made accruable rents insufficient to keep the nation afloat in developmental terms. The discovering of oil came the politics of revenue allocation and the neglect of agro based resources which sustained the economy in the 1960s (Lewis, 2010). This apart from making it difficult for oil wealth to impact the nation in terms of development; created the atmosphere of rancor that accentuates crisis owing to grievance arising from the inequality in the sharing of oil resources. Distributive injustice is singled out as the main cause of the Niger Delta crisis and the disruptive effect of oil and politics dynamics has led to the failure of oil wealth to positively impact the development process in Nigeria (Ikelegbe, 2003; Omeje, 2006; Higgins, 2009; Obi, 2010; Ikeji, 2011; Yusuf-Bagaji et al, 2011).

Secondly, oil-politics dynamics and impact of same on the Nigerian state, has led to the neglect of key sectors of the economy capable of helping the nation navigate the path of development. Elite induced struggle for oil wealth laced with primordial interest, made it possible for the nation and managers of state affairs, to neglect of key sectors of the economy capable of engendering development. Prime casualty here is the agricultural sector which in the 1960s sustained the economy. Self-interest with regional and ethnic coloration that dominated the Nigerian political scene after the discovery and exploration of oil was to later manifest in the management of oil wealth. The manifestation of the political impact on the economy owing to the oil politics was the inchoate planning environment that failed to help the nation achieve development.

Thirdly, oil politics in Nigeria, brought about corruption in a new dimension. As expected, this came with disruptive effects on the nation's developmental efforts. With oil and the struggle for the control of same, new class of state actors emerged. They emerged with a mindset ostensibly to amass wealth at the expense of the state. While this happen, national interest is seen as secondary but regional and often times, primordial interest, given a vent. With corruption closely linked to the resource curse debate that the Nigerian state suffers from, Shaxson (2007), one can then situate the problem of corruption in the Nigerian oil dominated economy properly. Seen as abuse of trust for personal gains, corruption has been defined by Nwabuzor (2005: 26) as:

> *"the outright diversion and conversion of public funds to private use by public officials; the bribery of public officials by multinationals or private sector entities as inducement to obtain government patronage and contracts; and the extension of money and other consideration by public officials as condition for awarding the same patronage".*

What this means is that, corruption is an unethical conduct by those saddled with responsibility of public trust at the expense of public interest. This depicts exactly what happens in the Nigerian oil industry that is prone to political manipulation. Corruption is disruptive anywhere anytime but oil related corruption as in the case of Nigeria, has a far more damaging impact on the nation's economy and development process. Corruption in the oil sector in Nigeria as Gillies (2009: 17) noted,

> *"manifest in the award of oil licenses, avoidable bottlenecks in the oil industry, shabby process of crude oil sale and import of refined products and that associated with accounting for accruable revenue from the sale of oil in Nigeria."*

These tend to accentuate and fuel corrupting tendency amongst public officials as they see corrupt enrichment of selves at the expense of the state, as their opportunity to partake of the "national cake". Such thinking, receives impetus from strong primordial attachment that thrives on ethnic sentiment. This is the story of oil politics in Nigeria especially when oil wealth, fuels corruption and patronage politics (Obi, 2010).
Finally, oil politics in Nigeria, led to infrastructural decay. With the inter-play of politics and oil, the resultant effect is the *grab grab* mentality that elites adopt. This can

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

Oil, Politics and Development Mix

Oil and politics dynamics in Nigeria has failed to mix effectively as it places no positive impact on the development of the Nigerian state. Evidence from the regions, shows disparate rate of development which internal political dynamics, can help explain. This can be gleaned from the disruptive impact politics played in the Nigerian oil industry. The Nigerian state failed to engage her institutional arrangement to engender development due to corruption Gillies (2009: 32) posited that, “oil-related corruption also harms the national interest by increasing the amount of wealth available through illicit mean”. Expectedly, the economic fortune nose-dives because those saddled with the onerous responsibility of piloting economic affairs of the country, does so to salvage their pockets. Policy failure in Nigeria is also attributed to the negative externality of oil exploration in Nigeria. This in effect, manifest in festering underdevelopment that plagues the Nigerian state in the face of oil exploration. The inevitable conclusion one can draw from this is that, the dynamics of oil politics in Nigeria, has not shaped the development of the country positively (Shaxson 2007; and Nwabuzor 2005).

Oil resources and derivable rents are centrally collected in Nigeria. The Nigerian state; operates a federal system seen by many as lopsided. Federating units are merely handed down monthly allocation from resources derived from oil rents. As Ndegwa (2002: 18) noted, “the office of the president has retained strong federal powers, with limited oversight by the judiciary and national legislature”. What one can deduce is that primordial interest dominates the polity (Ekeh, 1975). Consequently, unhealthy rivalry ensues and resources disproportionately distributed which ends up producing regional inequality. Regional inequality varies in scope and magnitude. In the oil bearing region of the south-south, the story is appalling. Lack and hardship steers the in min the face compared to what obtains in the South-West region.

Extent of disparity and inequality comes alive if seen through the lens of how well they fair in basic economic spheres. Table 5 below shows this in clear terms.

Table 5: Incidence of Poverty Across Geo-political Zones in Nigeria

Geo-political zone	Food poor	Absolute poverty	Relative poverty	Dollar per day
North-Central	38.6	59.5	67.5	59.7
North-East	51.5	69.0	76.3	69.1
North-West	51.8	70.0	77.7	70.4
South-East	40.0	58.7	67.0	59.2
South-South	35.5	55.9	63.8	56.1
South-West	25.4	49.8	59.1	50.1

Source: National Bureau of Statistics (2010) Nigeria Poverty Profile

As can be seen from the table above, there is regional inequality among the zones. That of the south-south and south-west zones is of interest in this study. As the table reveals, the rate of poverty is higher in the South-South at 35.5% compared to South-West's 25.4%. What can be seen is an oil bearing region that performs below expectation in development terms when compared with other regions. Table 6 below showing the unemployment rate in the South-South region compared with national average speaks volume of how regional inequality pervades the Nigerian state in development terms.

Table 6: Unemployment and Underemployment Rates 2006 (Youth Unemployment)

S/N	State	Unemployment	Underemployment
1	Akwa Ibom	11.3(33)	33.7(24)
2	Bayelsa	6.8(19)	19.4(16)
3	Cross River	1.8(5)	12.0(9)
4	Delta	9.3(21)	29.2 (27)
5	Edo	8.0(22)	30.9(37)
6	Rivers	11.4(29)	25.3(20)
7	South-South	8.8(24)	26.2(22)
8	Nigeria	5.3(14)	20.2(17.2)

Source: Francis, P., Deirdre L., and Rossiasc, K; (2011:30).

The table above unequivocally exposes the regional development disparity in the face of oil wealth in Nigeria.

Conclusion

While one expects resource rich states to do well in terms of development and consolidate democracy, this is scarcely the case in Nigeria. There is spurious correlation between natural resource and economic growth in Nigeria. Economic growth like we have earlier seen entails employing core economic principles of saving and investment to drive development process. This was what Thirlwall (2003:68) espoused when the observed that development "is concerned with economic, cultural and political requirements for effecting rapid structural and institutional transformation of the entire society in a manner that will bring the fruit of economic progress to the broadest segment of their population". What this means is that natural resources are simply not enough to drive the development process but structural and institutional frameworks, have some roles to play. Effort would need to be made to ensure that anomalies associated with oil politics in Nigeria are corrected to pave way for the needed development. In the light of this, the Nigerian case can thus be seen as representing a peculiar case since the role of development institutions would interest inquisitive minds.

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