‘Oil Politics’ and Development in Nigeria

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ABSTRACT
Discovery of oil in 1956 by Shell and subsequent exploration of same, gave Nigeria the needed leverage to
develop but existential realities, say contrary despite the huge oil wealth. In the face of this, there is immense
struggle for the control of oil resources by the ruling class that has accentuated internal political dissension due
to ‘over reliance’ on the oil economy. In the midst of this, intense minority struggle for resource space, remain
palpable, pitching groups against selves, as a cut-throat struggle for power at the center with often ethnic
coloration, remain evident. Consequently, national and regional development question remains largely
unanswered in the face of the intriguing oil politics that tilt political power to plan development and actualize
same, along strict political interest, dwarfing efforts made by successive administration to achieve positive
development outcomes. This paper addresses the intricate ‘oil politics’ in Nigeria and how same shape
development.

KEYWORDS: Oil rents, rent-seeking, corruption, Niger Delta, ethnicity, primordial interest, Flawed federalism

INTRODUCTION:
The political economy of any nation examines the interaction between the state and the market within larger
political systems. Todaro and Smith (2009:8) sees political economy as an enquiry that “goes beyond traditional
economics to study, among other things, the social and institutional processes through which certain groups of
economic and political elites influence the allocation of scarce productive resources now and in the future, either
for their own benefit exclusively or for that of the larger population as well”. Likewise Cohn, (2010:2) noted that
International Political Economy (IPE) “is concerned with the interaction between the state, a sovereign territorial
unit, and the market, a coordinating mechanism where buyers and sellers exchange goods and services at prices
and output levels determined by supply and demand”. This piece examines political economy with focus on the
dynamics of the Nigerian economy and the intricate oil politics and how same shape development.

To be guided by elite theory as a theoretical framework of analysis, this piece is divided into three major
sections. The first considers development and efforts made at achieving same. The second considers oil politics
in Nigeria and how it shapes both the polity and development while the third building on the oil politics,
explains role of the elite class in tilting the development pendulum in the light of revenue distribution and
allocation policies embraced, considered in historical terms. Relevant Statistical evidence and historical accounts
that supports discussed themes are introduced throughout the study to strengthen the argument. The chapter ends
with conclusion that the ‘oil politics’ and development interface, failed to aid the development process in
Nigeria and suggested ways this can be mitigated.

DEVELOPMENT IN NIGERIA
The concept of development is a highly contestable one as scholars disagree on what it means. While those with
economic background see it as improved Gross Domestic Product (GDP), others such as Sen. (1999) would have
us view same as freedom. A careful analysis is thus needed to aptly explain the concept with a view to
ascertaining position of Nigeria in the development discourse. To do this, this section will adopt three visions of
development to put the concept in perspectives. Consequently, locating where Nigeria stands in the development
discourse, development would be seen in the light of the following:

(a) Development as historically constructed,
(b) Development as economic improvement and
(c) Development as holistic improvement.
CONCEPTUALIZING DEVELOPMENT

“Development is an ancient concept but one which, in our modern age, has acquired new meaning and purpose. Its pursuit unites two strands of human thought: the belief in progress and the conviction that man can master his destiny” Pearson; (1957:6).

With that opening quote, we can say that development as a concept entails the process that leads to the transformation of a society: at the individual or group levels. Seers (1979) see development as concerned with “reducing poverty, inequality and unemployment”. Seer’s view appears to agree with that held by Todaro and Smith (2009) where they perceived development strictly from the economic realm. Improvement in Gross Domestic Product (GDP) in their view means development. Many development scholars tend to be fixated on economic or economistic depictions of such processes, as defined through economic indicators such as the Human Development Index, or per capita income measures. However, this dominant conceptualization in the view of many does not capture the full diversity of potential interpretations and, in particular, the role of history in such imagination.

As an academic concept, development is better understood if its historical origin is traced. The term first appeared in literatures immediately after the Second World War. In particular, it was politically codified by the Marshall Plan of 1947 and made popular by ‘point four’ in President Truman’s famous speech. That speech established a difference between development and underdevelopment. Though the difference between the two terms remains ambiguous till date as scholars have continued to build on what they conceive of both terms. As Rist (2010:71) noted while building on the historical trajectory of the term, “…point four inaugurated the ‘development age’ and significantly enough, it was proclaimed by a president of the United States.” Initially the term referred to rebuilding ruined economies in the Second World War; later, the plan provided the platform for rendering support for less developed countries. The ‘lack’ of development was more manifest in what later became known as ‘third world countries’.

According to Thirlwall; (2003:29), “the development of the third world, entail the eradication of primary poverty”. Poverty again, can be subjectively considered as taste varies among individuals. However, in response to the growing poverty rate in the world at this time, the World Bank responded through the Pearson’s report of 1969 by acknowledging that “the widening gap between the developed and developing countries has become the central problem of our time”. What this assertion did was to make all realize that underdevelopment is a global challenge which spurred interest in development economics. The term underdevelopment on its own is problematic since it is difficult to pin down what actually pass for underdevelopment because of the relativity of the term. To place the concept of development in perspective, the three identified visions of development earlier noted, will guide this study.

Development as historically constructed

Ideas postulated by modernization theory form the basis of this perception of development. Clark et al (2013:172) while commenting on modernization theory, holds that “all societies pass through the same historical stages of economic development. The claim in the aftermath of World War II decolonization was that contemporary underdeveloped countries were merely at an earlier stage in this linear historical process of development than more developed countries.” This painted an historical dimension of the definition of development which Escobar (1995:5) conceived “historically constructed” in line with modernization postulations. To him, “development as a historically produced discourse entails an examination of why so many countries started to see themselves as underdeveloped in the early post- World War II period”, that made “how to develop became a fundamental problem for them, and how, finally, they embarked upon the task of underdeveloping themselves by subjecting their societies to increasingly systematic, detailed, and comprehensive interventions”. Though the views above captures the historical dimension of development, they however failed to balance the argument, as they merely whipped up North-South sentiment, reminiscent of Said’s (1979) orientalism in the development discourse. If history of development leads to history, it must not necessarily lead to trading blames because different historical projections, underlie different countries’ developmental strive. It is thus necessary to see development with other lenses as earlier noted.

Development as economic improvement

This chronicle views of scholars that associated development with economic improvement. Offering an economic definition of development, Todaro and Smith (2009:14) argue that it expresses “the capacity of a
national economy, whose initial economic condition has been more or less static for a long time, to generate and sustain an annual increase in its Gross National Income (GNI) at rates of 5% to 7% or more”. In a similar manner, Thirlwall (2003) has equated development to economic development when he remarks that it should be “thought of in terms of the expansion of entitlements and capabilities, which are not well captured by aggregate measures of output growth”. While Kuznets; (1973:255) argued that “developments required high rates of growth of per capita Gross National Product (GNP), of population and of total factor of productivity (especially labour productivity)”; Increased GNI espoused by Todaro and Smith as previously seen, expands ‘entitlement and capability’, which Thirlwall see as development. What these definitions did, is to simply judge states as developed if their economic performance improves over time. The economic conception of development dominates contemporary development literatures and has enjoyed vantage publicity as development scholars see increases in per capita income and GDP of countries as sufficient indicators of development. Though this definition portrays the economic dimension as a way of knowing what development entails, it is however a problematic, because it failed to factor disparity in population and resource power of countries into the calculation. Does the improved economic lot of a few individuals translate to general development? There is thus the need to see development more broadly.

**Development as holistic improvement**

This version of development sees it as “a multi-dimensional process, one that changes the economy, polity and society of the country in which it occurs,” Kambhampati; (2004:12). Scholars with this perception see development beyond mere improvement in the economic condition of a country but sees same to have occurred when “general improvement and measurable change in the life of an individual, group or a nation.” Sen’s (1999) definition of development as “a process of expanding the freedoms that people enjoy” broadened the development discourse beyond history and economic improvement. Though ‘development is freedom’ is ambiguous, but this finds an explanation in Rist’s (2010:13) conception that development entails the ability to reproduce a society when he said “development consists of a set of practices, sometimes appearing to conflict with one another, which require - for the reproduction of society - the general transformation and destruction of the natural environment and social relations. Its aim is to increase the production of commodities (goods and services) geared, by way of exchange, to effective demand.” like Sen, he saw development beyond both historical contraction and economic conjectures which agrees with Seers; (1969) that holds that ‘development cannot be said to have happened when variables such as unemployment, poverty and inequality increases’.

An improved economy may in fact benefit only a few individuals while burdening many with ‘unfreedoms’ as Sen would express it. Unfreedom comes when individuals lack they need to enjoy freedom. Thirlwall (2003) summed this up when he observed that the essence of development is “to provide people with the basic necessity of life, for their sake, and to provide a degree of self-esteem and freedom for people, which are precluded by poverty’. Development can be said to exist when a country is unable to provide for self and its population (self-sustenance), lacks self-worth/independence (self-esteem), and is encumbered by daily survival needs (unfree). Absence of the trio as Goulet noted, means achieving development for a nation, (Goulet 2006). This is the situation in many LDCs with Nigeria as no exception as self-sustainabilty, self-esteem and freedom using the lens provided by both Sen and Goulet, is not reflected in the life of the people as per capita income and human development index in most LDCs, remain low as it is in Nigeria. There is thus lack of development in commensurate terms in Nigeria, what are then the steps taken to address this? The next section considers various plans aimed at achieving development over time.

**DEVELOPMENT PLANS IN NIGERIA**

According to Todaro and Smith; (2009), 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.). This plays key role accelerating economic growth and development of any nation.

Development planning in Nigeria dates back to the colonial era when in 1946, the ten (10) years welfare and development plan initiated by the colonial administration was embraced. This plan billed to merely distribute the colonial welfare funds, achieved very little Ikelegbe; (2003), Abidde; (2012) and Henley et al; (2012).

Non-participation of Nigerians in the planning process, have been adduced for the poor showing of these plans. Other development subsequent plans were the five (5) years colonial development plans (1955 – 1960), First

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 alleged economic stagnation said to be crippling the nation crippled 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; (Need Document). NEEDS was orchestrated by 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) respectively.

While development plans in Nigeria reveal that they were well intentioned, they however failed to achieve pre-conceived aims Ikelegbe; (2003), Abidde; (2012) and Henley et al; (2012). Apart from the five years colonial development plan and the First National Development plans that achieved 4% and 5% annual growth rate respectively, the other plans failed to achieve meaningful result. The on-going NEEDS initiatives meant to railroad the nation to the path of development between 2000-2015 when the MGDs are expected to be achieved, keep all guessing as to whether there would be a break from previous plans. Plan failure in Nigeria according to Imhanlahimhin; (2000:93), is due to “restriction of planning to the economic aspects of life at the expense of other aspects such as political, social and cultural with particular reference to human development”. Comparing development planning in Nigeria to what obtains in Indonesia, Henley et al; (2012) noted thus about the Nigerian planning mechanism:

“vision of development was not inspired by a concern with providing mass industrial employment for the poor - nor even, apparently, by a faith in the ‘spill over’ or ‘growth pole’ effects of industrial development on those parts of the economy which did benefit the poor. Instead, the issues which interested the Nigerian technocrats most were more technical and elitist in character: value added, skill acquisition, technology transfer, indigenous ownership, and regional equity”.

Issues raised by the scholars, can be likened to that of one sided planning Imhanlahimhin raised. This in essence means that from the planning process, the people are alienated from the developmental process because of the elitist posture. However, position of Henley et al; (2012) failed to capture the internal dynamics in Nigeria. Issues of literacy level and general political apathy, mar robust planning process in Nigeria. The question this poses is that of what led to the lackadaisical planning attitude? How can this be explained within the framework of elite and resource curse theorization?

Comparatively, Nigeria’s development drive has failed to achieve desired result compared with other countries because the various plans, failed to achieve desired results as chronicled in the table below.
### TABLE 4: GLOSSARY OF DEVELOPMENT PLANS IN NIGERIA, 1946-2011

<table>
<thead>
<tr>
<th>PLANS</th>
<th>TARGET</th>
<th>ACHIEVEMENT</th>
<th>WHY IT FAILED</th>
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</thead>
<tbody>
<tr>
<td>TEN YRS COLONIAL DEV PLAN,</td>
<td>ALLOCATE DEVELOPMENT AND WELFARE FUNDS MADE AVAILABLE BY THE COLONIAL</td>
<td>SET THE BALL ROLLING FOR DEV PLANNING AND LAID FOUNDATION FOR INDUSTRIAL GROWTH</td>
<td>FAILURE TO ADDRESS THE PRODUCTIVE SECTOR, POOR FINANCIAL RESOURCES, WEAK FORMULATION AND IMPLEMENTATION MECHANISM, ABSENCE OF FOCUS</td>
</tr>
<tr>
<td>1946-61</td>
<td>AUTHORITIES</td>
<td></td>
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<tr>
<td>1ST NATIONAL DEV PLAN, 1962-68</td>
<td>TO ACHIEVE ECONOMIC DEVELOPMENT OF THE COUNTRY</td>
<td>CREATED NATIONAL MAN-POWER BOARD CONSOLIDATED PLANNING PROCESS BY GIVING ATTENTION TO HUMAN ELEMENT</td>
<td>INADEQUATE PLANNING TIME, LACK OF PUBLIC PARTICIPATION, DEARTH OF TECHNOCRATS TO EXECUTE THE PLAN, POLITICAL INSTABILITY THAT LED TO THE 1966 COUP</td>
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<tr>
<td>1962-68</td>
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<tr>
<td>2ND NATIONAL DEV PLAN, 1970-74</td>
<td>ACHIEVE UNITED, SELF-RELIANT, DEMOCRATIC AND ECONOMICALLY EGALITARIAN STATE</td>
<td>STRENGTHENED PLANNING MECCHINERY IN NIGERIA</td>
<td>LACK OF FINANCE AND POLITICA WILL IMPLEMENT THE PLAN, MONO-CULTURAL STATE OF THE ECONOMY</td>
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<td>1970-74</td>
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<tr>
<td>3RD NATIONAL DEV PLAN, 1975-80</td>
<td>ECONOMIC DIVERSIFICATION, REDUCE UNEMPLOYMENT, EVEN DISTRIBUTION OF INCOME</td>
<td>HELPED ENHANCE LIVING STANDARD OF THE COMMON MAN WITH BY FOCUSING ON AGRICULTURE, WATER, HOUSING, HEALTH CARE DELIVERY.</td>
<td>CHANGE OF GOVT, FINANCIAL PAUCITY, POOR IMPLEMENTATION</td>
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<td>1975-80</td>
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<tr>
<td>4TH NATIONAL DEV PLAN, 1981-85</td>
<td>ESTABLISH LONG TERM ECONOMIC AND SOCIAL DEVELOPMENT</td>
<td>HELPED ACHIEVED BROAD BASED PARTICIPATION IN THE PLANNING PROCESS</td>
<td>REGIME CHANGE, FINANCIAL PAUCITY, INADEQUATE FORECAST BY PLANNERS</td>
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<td>1981-85</td>
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<tr>
<td>NATIONAL ROLLING PLAN (SAP),</td>
<td>SHIFT ATTENTION FROM PROJECT-BASED POLICY-BASED ECONOMIC PLANNING SYSTEM, EVALUATE THE FIXED PLANNING THAT HITHERTO EXISTED</td>
<td>HELPED ENCOURAGE PRIVATE-SECTOR TO PARTICIPATE IN THE ECONOMIC PROCESS AS OPPOSED TO PUBLIC SECTOR DOMINANCE.</td>
<td>LACK OF POPULAR SUPPORT DUE TO THE AUSTERITY MEASURE INTRODUCED, REGIME CHANGE, FAILURE TO IDENTIFY PRIORITY AREAS.</td>
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<td>1986-93</td>
<td></td>
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<tr>
<td>VISION 2010: 1996-2010 (ABACHA)</td>
<td>IMPROVE QUALITY OF LIFE OF NIGERIANS, LARGE SCALE ECONOMIC DEREGULATION.</td>
<td>LED TO A DEARTH OF INVESTMENT IN INFRASTRUCTURAL FACILITIES, JOB LOSS, CAUSED HARDSHIP</td>
<td>FAILURE TO RELEASE FUNDS FOR PROJECTS, POOR IMPLEMENTATION</td>
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### NATIONAL ECONOMIC DIRECTION, 1999-2003

<table>
<thead>
<tr>
<th>NATIONAL ECONOMIC DIRECTION, 1999-2003</th>
<th>ACHIEVE STRONG, VERILE AND BROAD-BASED ECONOMY, ALLEVIATE POVERTY AND PROVIDE IMPROVED BUREAUCRACY</th>
<th>FAILED TO ACHIEVE TANGIBLE RESULT AS PARTY DOMINATED POLITICS ANCHORED ON RED-TAPISM, MESSED THE PLAN</th>
<th>IMPROPER ARTICULATION OF THE PLAN, LACK OF FUNDS, DIVISIVE PARTY POLITICS, POOR IMPLEMENTATION</th>
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### NATIONAL ECONOMIC EMPOWERMENT STRATEGY, (NEEDS I), 2003-2007

<table>
<thead>
<tr>
<th>NATIONAL ECONOMIC EMPOWERMENT STRATEGY, (NEEDS I), 2003-2007</th>
<th>CREATE NEW NIGERIA VIA VALUE RE-ORIENTATION AND ERADICATE POVERTY VIA EMPLOYMENT GENERATION, WEALTH CREATION</th>
<th>ACHIEVED STRUCTURAL REFORMS SUCH AS BANK REFORMS, GROWTH OF NON-OIL SECTOR, LIBERALIZED IMPORT TARIFF REGIME AND INTRODUCED WHOLESALE DUTCH AUCTION SYSTEM</th>
<th>LACK OF POLITICAL WILL TO FAITHFULLY IMPLEMENT THE PLAN, POOR INFRASTRUCTURAL BASE, SOLE DEPENDENCE ON OIL REVENUE, IMPORT DEPENDENT ECONOMY</th>
</tr>
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</table>

### NEEDS II 2003

<table>
<thead>
<tr>
<th>NEEDS II 2003</th>
<th>TACKLE EMPLOYMENT AND JOBCREATION</th>
<th>SERVED AS A SOLACE TO THE FAILURE OF NEEDS I</th>
<th>LACK OF COORDINATION AS SEEN IN NEEDS I</th>
</tr>
</thead>
</table>

### 7 POINTS AGENDA 2007-2010

<table>
<thead>
<tr>
<th>7 POINTS AGENDA 2007-2010</th>
<th>ACHIEVE DEVELOPMENT WITH FOCUS ON INFRASTRUCTURE, FOOD SECURITY, HUMAN CAPITAL DEV., WEALTH CREATION, SECURITY, NIGER DELTA &amp; LAND TEN &amp; HOME OWNERSHIP</th>
<th>BROUGHT RELATIVE PEACE TO THE NIGER DELTA REGION, ACHIEVED APPRECIABLE IMPROVEMENT IN ELECTRICITY GENERATION.</th>
<th>DEATH OF PRESIDENT YAR’ADUA, LACK OF CLARITY OF PURPOSE THAT CLOUDED THE PLAN</th>
</tr>
</thead>
</table>

### VISION 20:2020

<table>
<thead>
<tr>
<th>VISION 20:2020</th>
<th>MAKE NIGERIA ONE OF THE 20TH ECONOMY IN THE WORLD BY THE YEAR, 2020</th>
<th>ON-GOING AMIDST UNCERTAINTY</th>
<th>LIKELY TO FAIL IF NOT PROPERLY PILOTED</th>
</tr>
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</table>

### SOURCE:
Authors’ compilation.

### WHY DEVELOPMENT PLANS FAILED IN NIGERIA

A plan is said to have failed if it “fails to achieve predestined goal”. Development plans in Nigeria can be said to have failed due to the following factors.

Firstly, lack of inclusive planning mechanism embraced. For any plan worth supporting to succeed, it must involve the people who apart from supporting to succeed, will abide by every spirit of because every plan comes in clothed with law. There is thus need for wide consultation to accommodate views of as many as possible to be able to cater to expected diverse interest in the society, especially ethnically diverse nation like Nigeria’s.

Secondly, development plans fail in Nigeria due to lack of political will to implement them. As Henley et al; (2012) observed this led to the failure of development plans in Nigeria to achieve set goals.

Thirdly, development planning in Nigeria, fails due to skewed planning scope. By this we mean the failure of the various development plans to focus on key sector of the economy such as agriculture and investment to drive the development process.

Finally, development plans failed to achieve set goals in Nigeria because of frequent plan and regime change. Available record shows that the fortune of development planning in Nigeria nose-dived due to regime change. This can be seen from the departure of the Nigerian state from the already established periodic planning culture.

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of five years interval in 1988 by the Babangida administration. Budget based development measures that failed to achieve tangible result, was thus adopted.

From what we have seen, Nigerian development fails to measure up with global average and as such, the nation is seen as LDC. Efforts at arresting underdevelopment, failed to yield expected results due to aforementioned reasons. In essence, these factors especially frail and centralized institutional framework, contributed to the delayed development of the nation because no nation can truly develop aside an articulated plan to achieve specific economic goal at a particular time. Plan jettisoning, led to truncation of national development quest. We can thus locate this within the parameters politics played in the development debate. In the next section, the intricate position of oil politics will be explored to identify areas where oil politics vitiated developmental efforts.

OIL AND POLITICS IN NIGERIA

Oil as a natural resource of great economic value occupies prime attention in global politics; hence countries rely on it as means of economic survival. To this end, control of these resources, attracts political maneuvering found in any political system, especially resource rich and dependent countries. In Nigeria, oil and politics are inextricably linked as political leaders; see the control of oil resource as the ultimate control of political power. Consequently, there is intense contestation for political power and by extension, the control of oil resources of the nation (Ikelegbe, 2005) and (Obi, 2010). This made issue of oil and politics in Nigeria, a vexatious one. As Omoweh; (2005:50) observed, “the new found oil wealth in Nigeria introduced a new dimension into the country’s character of politics, particularly the intensification of the fierce struggle to capture and privatize the state at all cost and by all means by the political class”. Subsequently, this played out to the detriment of the economy as “roving bandits with the smash and grab mentality” dominated Nigerian political landscape (Lewis, 2010:20). End result unfortunately, was poor development planning and where there is one, lack of the political will to faithfully see it through, (Henley et al, 2012).

To understand the weight oil and politics carries in the political economy of the Nigerian state, this piece will briefly consider the following sub-topic with a view to exploring in compact form, how ‘oil and politics interface’ shape the Nigerian political cum developmental process. Consequently, focus will be on issue of revenue allocation and the kind of politics it spurns and how same shape development.

OIL AND THE POLITICS OF REVENUE ALLOCATION

This is one issue that shows manifestation of oil politics in Nigeria. It entails processes that have to do with how oil revenues are shared in the Nigerian federal system that is fraught with politics seen in the struggle between and among the largely dominated ethic interest in Nigeria. According to Ikeji; (2011), “the struggle for the control of the nation’s resources have also, to some extent been based on the regional cleavages”. The Nigerian state is made up of six geo-political zones with three dominant ethnic groups alongside numerous minority groups seen mostly among the oil bearing Delta region and the middle belt. There is obvious political struggle for oil wealth as each region often represented by an ethnic group, angle for ample resource space. One way this is made known, is how benefits are allocated from generated revenue in the revenue sharing formula that is seen to be a political instrument to press for advantage.

Revenue allocation principles adjudged skewed in favour of major ethnic groups at the expense of minorities, gained currency following the discovery of oil and exploration of same in commercial quantities in the 1953s. Prior to oil, revenue sharing formula that adopted derivation principle, paid regions from where applicable resources were sourced, 50% of the total revenue generated. This was however short-lived as the derivation principle was though retained, but applicable percentage kept dropping in the following sequence. It changed from 50% to 25% between 1968-1980 and miserable 1.5% between 1980-1989, (Akpabio and Akpan 2010) when oil was discovered. The politics that followed and later came to be known as the politics of revenue sharing formula as we earlier observed, is seen by many as direct political war between majority tribes and the minority tribes for the soul of the Nigerian oil. This to a very large extent amplifies what has come to be seen as oil politics in Nigeria.

Subtle and overt moves by regions to have fairer share in the revenue sharing regimes as well as the twist and the rancor that followed, which manifest in the polity, what many call ‘politics of oil’ in Nigeria (Ikelegbe, 2005, Obi, 2010, Ikeji, 2011, Omeje, 2006, Yusuf-Bagaje et al, 2011 and Higgins, 2009). The Nigerian federal system largely seen as flawed comes readily to mind when the issue of oil politics in Nigeria is up for analysis. This is particularly of interest when seem from the prism of distributive justice in the distribution of Nigeria oil.
resources wherein acceptable formula for sharing oil wealth, has remain an issue. Minority groups in Nigeria have severally seen issues associated with revenue sharing in Nigeria as a struggle to outdo the majority to outdo them by espousing unfavourable revenue sharing formula from the center government dominated largely by the majority tribes of Igbo, Hausa and Yoruba. Effort at amending the nation’s constitution recently, exposed the regional dimension of the angling for the soul of oil money. While governors of the oil rich South-South region wanted increased allocation, those of the North, wanted the status quo of 13% the South-South presently enjoys, to remain. As Agbo; (2013:19-20) noted,

“The 1999 constitution provides for at least 13 per cent derivation to oil producing states. Due to the agitation of the oil bearing communities for more it was proposed in the ongoing constitution amendment process for derivation to be increased to 20 per cent. This was rejected by 224 votes to 125. This is another interest of the South-South rejected by the North.”

What comes to mind is the subtle but fierce regional struggle for oil resources with majority ethnic groups seen to be muzzling minorities with their numerical strength. By implication, development is thus removed from oil bearing communities as the funds that comes to them, remain insufficient to cope with the negative externality of oil production.

The table below captures transmutation of the revenue sharing formula over time in Nigeria and how it reflected absence of distributive justice. This is because as earlier observed, when it was agricultural, the operational sharing principle was that of derivation and the regions producing the resources, had 50% of whatever they produced. This became 1.5% in 1989. It took intense struggle by the oil bearing minority of the Delta for this to reluctantly alter to the present 13%. This shows the political rivalry of vested interest in the Nigerian oil wealth which again, reflects the commonsensical understanding of what politics means which is “struggle for power to administer the commonwealth”.

**TABLE 5: DERIVATION REVENUE SHARING FORMULA IN NIGERIA**

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<tbody>
<tr>
<td>POPULATION</td>
<td></td>
<td>50</td>
<td>40</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>NEED</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>BALANCED DEV</td>
<td></td>
<td>50</td>
<td>40</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>DERIVATION</td>
<td>100</td>
<td>25</td>
<td>1.5</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>LAND AREA</td>
<td>100</td>
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<td></td>
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<tr>
<td>SOCIAL DEV.</td>
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<tr>
<td>INTERNAL DEV.</td>
<td></td>
<td></td>
<td>5</td>
<td>10</td>
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</tbody>
</table>

**Source:** Researchers’ computation from various referenced sources.

From above, one can notice a gradual reduction in the percentage of sharing the revenue based on derivation principle. It became manifest when oil became the mainstay of the nation’s economy as earlier years showed robust revenue share for regions that produced the resources. Ironically, these regions were dominated by major ethnic groups. The table turned when minorities started producing revenue that sustained the nation. The politics and intrigue that follows, shows the deep seated politics associated with the exploration of oil in Nigeria. It is in line with this, that this study will subsequent chapter, test adopted hypothetical statement that “lopsided Federal structure undermines equitable distribution of resources which leads to underdevelopment in politically less powerful regions”

**OIL, POLITICS AND DEVELOPMENT**

Apart from the usually cited resource curse effect that appear to have denied Nigeria commensurate development, the debilitating role of politics in the oil industry, appears to have equally contributed. Intricate mingling of politics with oil curse, appear to interact to the detriment of the nation and at the expense of envisaged development at the discovery of oil in 1956. Evidence of these manifests in many ways as this seeks to explore. Here, effort would be made to carefully analyze the interplay of oil, politics and development in
HOW OIL POLITICS SHAPES NIGERIAN DEVELOPMENT

First, the discovery of oil and creation of the Nigerian oil industry and the politics that followed plunged the nation into rent-seeking. This culminated in the attendant resource curse malaise that became the lot of the oil rich state. While oil rents should be seen as a tool for economic growth via investment to achieve development that which accrued to the Nigerian state was seen by the political class as what they should fight for at the detriment of development. Ikelegbe (2005) captured this in his piece where he chronicled the political economy of rents in the Nigerian oil industry. He however failed to expose the character of the Nigerian political elites that fuels rent-seeking at development expense. The Nigerian elite as would be explored briefly in subsequent sections, is to say the least, corrupt. As Nwabuzor (2006) noted, corruption fuels the culture of rent-seeking and fritters away development.

Consequently, accruable oil rents become insufficient to meet the nation’s developmental targets. In such situation, development goals become unachievable both at the national and at the regional level. This runs contrary to what happens in the 1960s where agro based resources sustained the economy. Discovering of oil came with it a new brand of politics which we considered as the politics of revenue allocation in previous section, tended to erode developmental gains of the oil rich state. This helped plunged the nation into rent-seeking and frustrated ability of the state to plan since ‘roving bandits’, took over the machinery of the state, Lewis (2010). This apart from making it impossible for oil wealth to impact the nation in development terms; creates 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 (Ikelegbe, 2005, Obi, 2010, Ikeji, 2011, Omeje, 2006, Yusuf-Bagaji et al, 2011 and Higgins, 2009). The end result is the disruptive effect of oil and politics dynamics that has led to the seeming failure of oil wealth to positively impact the development process in Nigeria.

Secondly, oil-politics dynamic 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 key sectors of the economy capable of engendering development. The prime casualty here is the agricultural sector that once 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 needed development. The nation became largely dependent on oil to the neglect of other sectors that could drive development process. This contrasted sharply with the agro sector based economy that existed immediately after independence that saw healthy competition among the regions. The West built the coca house in Ibadan among other things, the North build Ahmadu Bello University in Zaria while the East concentrated on the development of Enugu as their model of development. Development at the regional levels took root from this but such gains were reversed with the avoidable struggle for oil that accompanied the oil economy. Gradual alteration of the revenue allocation formulae to the detriment of oil bearing region and eventual abandonment of the lands, crippled regional efforts at developing. Planning was not spared as it was politicized (Henley et al 2012).

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 clientelistic 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) 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) 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 that have national development prostrate, Obi; (2010).

Finally, oil politics in Nigeria, led to infrastructural decay. With the mix-up of politics and oil, the resultant effect is the “smash and grab” mentality that elites adopts (Henley et al, 2012). This can be likened to idea of “roving bandits” which Olson; (2000) espoused, mentioned by (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 their construction and 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.

IS NIGERIA PLAGUED BY OIL CURSE?

While one expects resource rich states to do well in terms of development and consolidate democracy, this is scarcely the case, (Schubert, 2006). Nigeria with large deposit of oil resources as evidence from the regions show, perform below expectation. Mexico and Norway as well as Canada are however exception. That disparity exists between natural resources and well-being in oil rich states and the likelihood of crisis for the control of the resources; paints a picture of possible resource curse in resource rich but poor states. Averting this according to (Lipset, 1981), is by investing in key economic variables that can drive the economy (Birdsall et al, 2004 and Ottaway, 2005). There is thus need to shore up the investment drive in Nigeria to drive the development process.

Though available indicators shows traces of resource curse in Nigeria, there is need to avoid formation of spurious correlation between natural resource and economic growth. Economic growth like we have earlier seen entails employing core economic principles of saving and investment to drive the development process. This was what (Thirlwall; 2003) 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 roles to play. In the light of this, the Nigerian case can thus be seen as presenting a peculiar case since the role of development institutions and those manning it, needs a careful appraisal. That’s takes attention to the role of the elite class that manages state institutions to either achieve development or enrich selves at the expense of needed development.

THE NIGERIAN ELITE

"There are endless assertions about the political dominance of the "rich," the "landlord class," the "economic oligarchy" and for the Latin American countries; there is a mass of polemical prose about the various kinds of exploitive alliances the wealthy have contracted…” Menges (1968)

The quote above captures what elite theory embraced to underpin this piece entails. Elite theory developed in the field of sociology, help “explain the behaviour of men in social setting”, (Duru, 2012). This was to be extended to politics later as two Italian sociologists, Vilfredo Pareto (1848-1923) and Gaetano Mosca (1858-1941), developed elite theory as a framework of analysis in political science. As Duru (2012) noted, the central message of elite theory is simply that “there may exist in many societies a minority of the population which takes the major decisions in the society”. The need to effectively manage the inevitable rancor in the socio-political setting
The narratives this births, is that of critical issues of identity and survival in a multi-cultural society like Nigeria where patronage politics earlier noted, tilts policy formulation towards furthering largely ethnic rather than national interest. Consequently, the Nigerian elite is able to mobilize and manipulate ethnic sentiment needed to further primordial interest that runs contrary to national interest of development. As often seen and buoyed by pervasive corruption and malignant culture of impunity, elites from a particular region, pitches their political tent with their kinsmen, not minding whether or not such kinsman, is capable. Trial of Mr Demiji Bankole, former House of Representatives speaker for corruption related offences, took both ethnic and religious twist as the accused relied on both ethnic and religious support to wave off the accusation. He alleged that he was been persecuted because he is a Muslim and westerner. This tended to shroud the main issue as vexious issue of religion and ethnicity, was introduced in an attempted to overshadow the crime he allegedly committed. This manifests a peculiar trait of the Nigerian elite class as they tend to abandon their collective interest and embrace sectional interest that leaves both the common man and national development in deplorable condition.

Other features of the Nigerian elites, is profound incompetence and insensitivity to the plight of the people as well as penchant for corruption which ironically, is never to benefit the sectional interest they appear to represent but to satiate their selfish but ignoble appetite for primitive acquisition of wealth. Volumes of abandoned regional projects by the very elites that uses regional support as bargaining chips, is mind boggling. Eghwere and Otoghole, (2012). In a twist, they use ill-gotten money to maintain retinue of ethnic based supporters that comes handy when there is a fight at the national level for political appointment as a leeway to favourable resource space in the federal system that many sees largely as defective Ikeji, (2011) and Agbo, (2013:20). Desirous of holding on to power for life if possible, the selfish Nigerian socio-political elites do not only make migration to the elite class difficult, they perfect plans for their children to be recruited as their replacement in the elite class. This reinforce the self-serving, rent seeking and primordial interests of the Nigerian elite class that weakens systemic balance as it pave way for corruption that debilitates the economy and crumble same, making development difficult to achieve. Examples abound. From Olusegun Obasanjo to Bola Tinubu, the quest is simply to fix their wards in position of authority to continue their reins. Same can also be said of Bamanga Tukur, whose son allegedly controls high stakes in the oil industry ably exposed by the oil subsidy crisis of January, 2012.

Strong elite group interest weakens institutional capacity to combat malfeasance and put impunity induced corruption in check (Omeje 2006). Consequently, the entrenched interest of the elite class in Nigeria, receives negative public perception. They are seen as fraudsters that will escape punishment because of the general culture of impunity that make sanctioning of those that infringed the law, ineffective as the law remain lax. Consequently, "looters know that nothing will happen to them" (Ebiri, 2009:74). Ironically, the character of the Nigerian elite, amplify that of Nigerian leaders and African leaders by extension. In a sketch, Blaine Harden, former African bureau chief for the Washington Post had likened the African leader, to that of the Nigerian elite class. Harden’s view as echoed through the works of Szeftel (2000b:293), said it all about the Nigerian elite class. Harden had observed thus:

“His face is on the money. His photograph hangs in every office in his realm... He names streets, football stadiums, hospitals and universities after himself… he undercuts pretenders to his throne. He scapegoats minorities to shore up popular support. He bans all political parties except the one he controls. He rigs elections… He blesses his home region with highways, schools, hospitals, housing projects, irrigation schemes, and a presidential mansion. He packs the civil service with his tribesmen. He awards uncompetitive, overpriced contracts to foreign companies, which grant him, his family and his associates’ large kickbacks. He manipulates price and import controls to weaken profitable business associates... He espouses the
political philosophy of whatever foreign government gives him the most money. He is … the richest man in the country. He buys off his oppositions by passing out envelopes of cash or import licenses or government land. He questions the patriotism of the few he cannot buy” (Szeftel 2000b:293)

All in all, the Nigerian elite depict class of self-seeking lots that sacrifices development on the altar of greed. That partly explains why repeated effort at achieving development in the midst of abundant oil revenue, yields little results. We can thus say that attributes of the Nigerian elite aided by character of the state as well cultural factors are key variables that can aid deeper and broader understanding of how corruption became systemic and endemic at the expense of desired development in both regional and national levels in Nigeria.

Conclusively, this piece has been able to examine development mirrored in the Nigerian context and observed that the nation lacks development in measurable terms despite the oil resources and effort made at achieving development through planning. Though slippery and inherently contested, the piece considered three perspectives to drive home meaning of development as a concept in the light of the Nigerian situation to so conclude. A synergized conceptual definition for development can thus be seen as ‘embracing the whole gamut of the process that leads to the enhancement of the living standard of any society with a view to making it achieve acceptable minimum standard that is able to sustain life, guarantee equality and freedom needed for the good life’. The essence of development, which gained postwar world war one political significance through Truman’s famous “point four” articulation (Rist, 2010: 71), is to better the lot of disadvantaged people. In the face of oil wealth, many still live below the poverty line in Nigeria. This brings the issue of oil politics and the development dynamics equally considered in this study. The piece noted that oil politics, birth a new class of rent-seeking elites that though dominate the polity, but are corrupt and pursues sectional interest at the expense of both the nation and the envisaged development.

Constituting the minority but powerful and influential members of the society, the elite in any society, “occupy powerful positions in the society with greater access to resources” (Ikelegbe, 2005). While some elites occupy strategic positions, others who do not but act behind the scene to shape and tilt actions and decisions of the occupants of privileged positions in their favour. This amplified the situation in Nigeria where the oil industry falls within the control of rent-seeking and prepotent elites. This, the study noted, never aided the development process as power in the hand of the elite, was and is always to promote self-interest and not often development agenda as political economy reveals. The “power” and ability to “dominate” societal affairs by the elite class were never deployed to achieve needed development. Oil politics failed to drive the development process in Nigeria due to the overbearing elite influence that stifled the development process.

Overcoming the oil politics and development debacle, needs pragmatism in terms of planning. Government efforts at achieving development, needs to be articulate and faithfully implement same to break the underdevelopment jinx plaguing the nation. As Dode; (2010) cautioned, diversification of the economy is inevitable if the nation would make sense of the various development plans that appear to have defied logical permutations due to adverse oil politics.

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