

Resource control, revenue allocation and petroleum politics in Nigeria: the Niger Delta question

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Abstract The Niger Delta question represents one of the most intractable sources of political destabilization, constitutes a profound threat to national security, and economic development of the Nigerian state. Therefore, the study of the intricate dynamics among multinational oil corporations, the Nigerian State, and insurgent militias illuminates the root causes, societal schisms and the political economy of resource induced conflicts in Africa's major oil producing nation state. This case study illustrates and explicates the "paradox of plenty", the "resource curse", the "shadow state syndrome", and the debilitating effects of petroleum politics in Nigeria. Economic exploitation of the region's vast crude oil reserves by multinationals and government authorities is juxtaposed with the specter of environmental devastation, excruciating poverty, and recurrent rule of impunity. National elite contestations concerning the legalities of resource control, internecine squabbles over revenue allocation formulas and derivation principles have been compounded by incessant disruptions of crude oil pipelines, necessitating drastic reduction in the country's petroleum output and

revenues derived from the global economy. Due to the multi-layered dimensions of the effects of crude oil, guns, profits, and geo-territorial instability, the protracted problems of the Niger Delta thus, provides us with pertinent analytical and contextual frameworks for the study of the dynamics, volatility and transparency issues in global extractive industries. In the muddled rivers and creeks of the Niger Delta, characterized by regional destabilization, there has emerged a clandestine economy of protection syndicates, marked exponential increase in kidnappings and targeting of expatriate workers, as well as state sponsored military reprisals against self-styled insurgents, warlords, and militia movements.

Keywords MEND · Ethnic militias · Land Use Act · Surveillance contract · Host community · Revenue derivation formula · Oil bunkering · Onshore/offshore dichotomy · Force majeure · Joint task force · Resource control · Fiscal federalism · Environmental degradation · Oil Pipeline Act

Abbreviations

EITI	Extractive Industry Transparency Initiative
MOSOP	Movement for the Survival of the Ogoni People
NDDC	Niger Delta Development Commission
NDVF	Niger Delta Volunteer Force

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SSS	State Security Service
CSR	Corporate Social Responsibility
MEND	Movement for the Emancipation of the Niger Delta
SPDC	Shell Petroleum Development Company
NDV	Niger Delta Vigilante
NDPVF	Niger Delta People's Volunteer Force
COMA	Coalition of Military Action in the Niger Delta
EBA	Egbesu Boys of Africa
KD	<i>Kaiama Declaration</i>
NNPC	Nigerian National Petroleum Corporation
MOPOL	Mobile Police
SALW	Small arms and light weapons
OMPADEC	Oil Mineral Producing Area Development Commission
SNC	Sovereign National Conference
JTF	Joint Task Force
IOCs	International oil corporations
IYC	Ijaw Youth Council
MND	Ministry of Niger Delta
NDPSF	Niger Delta People's Salvation Front
NDSF	Niger Delta Strike Force
PDP	People's Democratic Party
DDR	Disarmament, Demobilization, and Rehabilitation
OBR	Ogoni Bill of Rights (1990)
UNODC	United Nations Office on Drugs and Crime
PIB	Petroleum Industry Bill

Introduction

Nigeria is not only Africa's most populous nation state, but is also a major and prominent petroleum producing country in the continent. Over 90% of the country's external revenues are derived from crude oil exports, although the non oil producing sectors are beginning to exhibit significant revenue generating capabilities. Nigeria's vast crude oil reserves are geo-strategically located in the Niger Delta region, which constitutes only 9 of the 36 states in the ethnoculturally diverse federation. The Niger Delta region refers specifically to the following States: Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo

and Rivers. There are about forty ethnic groups and a population of over 30 million people who reside in the greater Niger Delta region. Some of the major ethnic groups in the Niger Delta include: the Ijaws, Itsekiris, Urhobos, Isoko, Edos, Igbos, Yorubas, Ogbia, Ibibios, the Ilajes, Ikweerres, Kalabaris, Efiks, and the Ogonis.

The above map presents a vivid illustration of the geo-territorial configuration of the battle for crude oil in the modern Nigerian political system.

Some of the Oil Majors operating in the resource rich, and destitute Niger Delta region, also dubbed as Nigeria's "Kuwait" include: Shell Petroleum Developing Company, Nigerian National Petroleum Company, Chevron/Texaco, Exxon Mobil, Total Fina, ELF Aquitaine, Agip and their subsidiary contracting companies. Crude oil exports have fallen to less than 2 million barrels per day production as a result of pipeline vandalism, illegal bunkering or illegal tapping of crude oil by criminal syndicates that includes a plethora of sea pirates, cults, brigands, restive youths, and more organized insurgent groups that have unleashed a reign of insecurity, impunity, hostage takings, and other forms of economic violence in order to capture spoils, demarcate preferred petroturfs for black market activities. Currently the most prominent ethnic militia in this turbulent region is the Movement for the Emancipation of the Niger Delta (MEND). Nonetheless, there are a plethora of armed groups, criminal syndicates operating in the nine Southern states of the Niger Delta region.

In a profound sense, therefore, studies of resource curse, the Dutch Disease, the *Petro-State-Complex*, Oil bunkering, Militias' Insurgency, Ethnic Separatism, Fiscal Federalism, and the enabling effects of Multi-National Corporations in Host-Communities, as well as stakeholders pursuit of sustainable economic development in the Niger Delta region, most encompass a multi-layered approach to the diagnosis and analysis of the complex interplay of State power, local-regional political dynamics, and ethnic strife. Brutal contestations for resources, historical revisionisms of proprietorship rights, and convulsive communal environmental calamities should be studied beyond the conventional primacy of economic determinism and rational choice models.

The Niger Delta Question thus calls for an interpretatively qualitative and holistically integrated analysis which combines strands of different theoretical paradigms and more importantly, integrates a



perspective that focuses on the historical sociology of the region and an analysis of the internal political roots of the ethno-energy-conflicts and security dilemma. Indeed, multinational corporations have both positive and negative effects on economic growth in resource rich and ethno-culturally intertangled polities such as the modern Nigerian political system. A holistic approach that combines elements of the country's political economy that is based on extractive industry has to be supplemented with a qualitatively sociological interpretative framework in order to provide us with a more compelling and illuminative discourse of the intricate relationships and dynamics between oil majors, guns, violence, state-sponsored-reprisals and proliferation of ethnic militia's insurgency in the Niger Delta region. Put differently, the question of who owns Crude Oil in Nigeria, and what are the relationships and causal inter-linkages among the tripartite key actors—the Nigerian State, ethnic militias, and Multi-National Oil Corporations can be more succinctly discerned in the study of petroleum politics, armed conflicts, resource

control, environmental devastation, and the dehumanizing squalor, and abject poverty of the indigenes of the crude oil extracting enclave.

Nigeria's Niger Delta Region has been plagued by the phenomenon of youth restiveness; "petro-terrorism" and the inversion of entrenched traditional cultural values as well as embedded ancestral hierarchies of authority are some of the contemporary manifestations of the violent and deadly contestations of legitimacy and the struggle to capture oil revenues through both legal and criminal avenues. The net effect has been the entrenchment of a pillaging economy characterized by the reign of impunity and predation by the variegated multifaceted networks operating within the volatile region. These deadly conflicts have ripple effects beyond the Nigeria's territorial boundaries and have fostered destabilization tendencies within the West African sub-region, and have wider global implications economy for petroleum supplies and energy security.

The Nigerian government derives an overwhelming majority of its revenues from the export of crude

oil in the world market, yet, indigenes of this oil rich region maintain that they have been steadfastly marginalized, economically and politically and have been persistently subjected to odious neglect, plagued by environmental degradation and brutal military occupation of their homeland as a direct result of the perceived collusion and complicity between the Nigerian Governments and the multinational oil corporations. Poverty in the midst of plenty has been caused by the exploration, extraction, and exploitation of sweet crude oil under the auspices of the petro-state and big oil alliance.

This protracted control, and internecine contestations and capture of the State oil complex, have in turn fueled the nature and dynamics of the petro-state, and have engendered controversies over the fairness of the country's fiscal federalism, the politics of pre-bendalism, kleptocracy, rentierism, and the specter of separatist insurgencies. Militarism, extra-judicial killings, and the proliferation of ethnic militias, clandestine criminal groups seeking rents and profits from oil bunkering, hostage takings for ransom payments, and incessant acts of vandalism against the production facilities and installations of the multinational oil companies have become a characteristically pervasive syndrome in the tributary estuaries of the bellicose host-communities. For example, in a recent article published in Times of London (2-21-2009) it was reported with chilling and alarming implications that:

Royal Dutch Shell plc said oil companies are losing as much as \$1.6 billion of crude a year to theft in Nigeria. As many as 100,000 barrels a day are stolen by thieves boring holes pipelines or taking oil directly from wellheads on a "commercial scale". The stolen oil is exported by barges as far as Brazil and Eastern Europe. (Pagnamenta 2009)

It is evident that the complex interrelatedness of illegal oil bunkering, organized crime, insecurity of energy production and challenges of delivery of supplies from Nigeria's Niger Delta engender profound effects for both internal instability in the region as well as international financial implications for the global extractive industry. The volatility of oil price, the international certification scheme of petroleum exports or the "finger printing" of crude oil by producers and the challenge of how to guarantee of

on time delivery of production quotas to the world market by the oil majors have negative externalities that transcend the territorial boundaries of the Nigerian state.

In terms of academic scholarship, the Niger Delta region provides social scientists, geographers, environmentalists, ethno-nationalists, civil society advocates, international maritime laws, professional journalists, and regional ethnographers are engaged in research inquiries on the nature and dynamics of State-Society relations, with ample opportunities for empirical verification of case study analysis. Scholars of the resource curse paradigm and proponents of the *Dutch Disease* hypothesis, as well as economic binary theoreticians of the greed or grievance matrix have a rich array of multi-pronged socio-complex milieu to test the impact of natural resources' endowment on the proclivity towards economic induced violence, civil wars and ethno-communal conflicts in resource rich but impoverished developing countries of the modern international system.

As the Niger Delta case study in this paper will illuminate, analytical paradigms that seek to impose incisive causal correlations between extractive-resource endowment, elite state perversion, and the disintegration of the polities such as Nigeria in developing counties of the South, into civil wars is at best, a work in progress, in short, a necessary but not sufficient explanatory perspective. Economic deterministic explanations do not eviscerate the efficacy of a more nuanced sociological and historicized mode of inquiry. John Ghazvinian aptly depicts some of the causes and effects of the oil—curse dilemma in Nigeria in addition to a description of the terrain, ethno-linguistic and segmented governmental system in the oil-producing region as follows:

The Niger Delta is made up of nine states, 185 local government areas, and a population of 27 million. It has 40 ethnic groups speaking 250 dialects spread across 5,000 to 6,000 communities and covers an area of 27,000 square miles. This makes for one of the highest population densities in the world, with annual population growth estimated at 3 percent. About 1,500 of those communities play host to oil company operations of one kind or another. Thousands of miles of pipelines crisscross the mangrove

creeks of the Delta, broken up by occasional gas flares that send roaring orange flames into the already hot, humid air. (Ghazvinian 2007)

In more recent times, the scholarly discourse of Nigeria's Niger Delta conundrum have focused on the need for more vigorous enforcement of corporate social responsibility, intensified efforts by the major stake holders to promote joint community partnerships in the pursuit of sustainable economic development. The formidable task of alleviation of human misery index in the dilapidated and acutely impoverished region have also received immense domestic and international media coverage spotlighting on the abject human condition and environmental calamities in the crude oil-rich region. The crux of the Niger Delta paradox is in substantive terms the issue of ethnic groups' contestations over primordial entitlements, preferential groups' hierarchies and treatments, marginalized minority rights, and the resort to militarism, extra-judicial killings, economic sabotage, oil bunkering, and incoherent articulation of autonomist separatism by victimized Niger Delta communities in the post-colonial Nigerian political system. The hegemonic presence of the multinational oil corporations has exacerbated and polarized the resource—revenue control conflict beyond the ethnogeographical concentration of the ostensibly domestic political schism and transformed it into a regional and international energy security predicament.

An additional dimension of the volatile Niger Delta imbroglio has been the increasing nexus between the vicissitudes of oil extraction and the disintegration of traditional authority patterns. This is often marked by the emergence of new forms of politics and intra-ethnic as well as inter-communal protest movements and insurgencies. Many youth groups have emerged in part as a result of increasing disenchantment with the perceived corrupt and compromised legitimacy of traditional leaders as ancestral custodians of cultural values of gerontocracy and patrimonial community system of dominance and governance. Youth restiveness has been associated with the seemingly lukewarm acquiescence or collusion of the tribal leaders to the rapacious activities and environmentally devastating effects of oil spills and pollution caused by the operational activities of the Multi-National in their host communities. New niches of spatial reconfiguration of political space by ethnic entrepreneurs seeking

to capture “cash shares” or territorial protection compensation fees from the oil corporations in designated regional enclaves or spheres of clandestine military and commercial operations. The proliferation of ethnic militias, religious cults, secret societies, gun running protection rackets, sea pirates, organized syndicates, the profiteers of sabotage and vandalism of crude oil installations are all symptomatic of the embedded culture of pervasive criminality, sustained by the reign of impunity conducive for entrepreneurial violence, brigandage, and the militarization of civil society in the troubled oil region.

Recent conflict resolution initiatives endorsed by the Nigerian Federal Government as a remedy to the death toll and persistent carnage in the volatile and violence-prone Niger Delta region have emphasized the granting of amnesty to ethnic militias, speedy disarmament, demobilization, and reintegration of disbanded militias. In addition the retraining of ex-combatants, the creation and provision of viable employment opportunities as the viable panacea for the syndrome of youth restiveness have also been advocated. Other long-term economic development programs include infrastructure developments, the construction of schools, hospitals, roads, and provision of electricity have been deemed as regenerative remedies to the prolonged neglect and environmental devastation of the crude oil enclave economy. In spite of these peace-making initiatives, ethnic militias in the region have intensified their brazen attacks against the on shore and off-shore production facilities of the Multi-National Corporations in recent months.

The devastating effects for the profit margins of both the Nigerian State and the Oil majors have been manifested in the declaration of *Force Majeure*, which is the extractive energy industry code word for the inability to fulfill prior petroleum delivery commitments due to unavoidable circumstances caused by insecurity and acts of sabotage targeted against crude oil production facilities. It is important to note that, as opposed to the trade in precious gem stones, conflict diamonds or precious metals, crude oil quantities are not easily concealable nor are they evasively portable given the high value added nature of the production and distribution processes. Consequently, the ‘*loot ability*’ of crude oil cargos in large commercial quantities necessitates a more complex, and sophisticated network of organized syndicates. All too often, an entrenched *shadow state* elite

operatives are needed in order facilitate the clandestine hijacking of crude oil barges that are destined for the international markets. Oil bunkering or the burgeoning illicit black market economy for the procurement of crude oil has become an immensely profitable business enterprise that often competes with the domestic legal economy of energy supplies and international deliveries by colluding operatives.

Simply put the structures of economic opportunity and embedded incentive patterns in the Niger Delta constrain the strategic choices and response mechanisms utilized by the ethno-militants and criminal syndicates operating in the region. Increasingly insurgent groups and criminal oil bunkering syndicates have had to engage in pipeline vandalism, occupation of flow stations, kidnapping of expatriate oil workers, and audacious attacks against the more distant off-shore production facilities. The technically sophisticated nature of crude oil drilling operations implies that militants and brigands have to target specifically vulnerable arteries of the oil refineries and complex networks of infrastructures linking the Niger Delta enclave to other more distant regions of the country. The Nigerian Government's recent references to "*Blood Oil*" and requests for an international regime of crude Oil finger-printing, clearly attests to the economically-devastating effects of the combined activities of oil bunkering and the destruction of production facilities which in turn has led to diminished production capacities and reduced revenues from the sale of sweet crude oil in international markets. In a profound sense this paradox illuminates the negative externalities of the resource curse hypothesis and the insidious nature of the *Petro-State-Oil Majors Complex*, and the systemic consequences for the dynamics of state society relations in the post-colonial Nigerian political system.

The pivotal role of multinational corporations in spurring economic growth and prosperity in developing countries can not be denied, nonetheless, Multi-National Corporations are crucially important in the discourse of resource induced conflicts, low intensity wars and the specter of separatist insurgencies in the peripheral regions of the international capitalist system. What is analytically required is a clearer specification and delineation of the linkages of petroleum extracting industries and the cumulative impacts on the exacerbation of poverty, environmental degradation, state sponsored violence against

citizens and a culture of impunity and extrajudicial killings in the territorial enclaves of crude oil extraction. The correlation between the existence of repressive regimes in the global South and the energy extractive activities of Multi-National Corporations cannot easily be established. Dunning and Wirpsa (2004) article entitled: *Oil and the Political Economy of Conflict in Colombia and Beyond: A Linkages Approach*, argued that the discourse of the nexus between oil and civil wars in mineral extractive countries such as Colombia and other countries in the Andean region, has to be broadened beyond domestic, localized, state-centric and rational deductive models of resource curse studies. They emphasized the imperative to also focus on the external dimensions and systemic effects of transnational oil corporations on national security matrix, energy geopolitics and multifaceted implications for regional stability and United States foreign military interventionism in Latin America. Therefore, modern studies of petro-induced armed conflicts and civil wars in developing countries should be predicated on:

The interactions and linkages among sub-national, national, trans-national and multinational actors with varied but abiding interests in promoting or restricting the flow of commodities like oil have a crucial impact on the incidence and character of localized conflict. These interactions both shape actors' goal in undertaking armed violence or in responding to belligerents with force, and they also delineate the range of possible strategies that these actors may use to articulate interests and to legitimate various forms of the use of force. (Dunning and Wirpsa 2004)

Indeed, the rekindled debates on the need for Corporate Social Responsibility (CSR), Transparency in the Energy Industry (TEI), and initiatives for crude oil finger printing reminiscent of the "Kimberly Process" on the certification of conflict-free gem stones, in order to eliminate Blood Diamonds from the world market are all indicative of the interconnectedness of the international capitalist system on the one hand, and regional-based fissures and domestically destabilizing in many of the crude oil dependent developing countries.

Nigeria's Niger Delta petroleum dilemma provides scholars and analysts with ample opportunities to

engage in for rich descriptive case studies that illuminate the perilous misery index, autonomist contestations, and ethno-minorities perceived political marginalization. The central argument developed in this paper is that the Petro-State-Complex that has become entrenched in the oil rich Niger Delta region of Nigeria has engendered the creation and nurturing of a militarized political economy that has proved beneficial to a few elites and key actors while endangering and severely undermining the human condition and political aspirations of the majority of the population who are immensely destitute and poverty-stricken indigenes of the volatile region. In a nut shell, my argument is not whether natural resources are a curse to resource rich developing countries, or that the greed and grievance paradigm provides the most compelling theoretical explanation for studies of Nigeria's Niger Delta paradox; there are ample grievances and a plethora of greed-motivated actors in this violent enclave of crude oil production. What is beyond dispute, however, is the fact that some strategically well placed elites have become the major beneficiaries of the petro-dollars largesse. Therefore, the Niger Delta crude oil conflict is essentially a manifestation of the brutal contestation by previously excluded actors to create new modes of opportunities in order to benefit directly from oil revenues. Their methods, tactics, and strategic options have necessitated state-sponsored reprisal raids and military attacks in the seemingly-illusory pursuit of peace, law and order and security for the energy-extractive oil majors.

Watts (2004) depicts this perplexing situation in a perceptively compelling perspective when he argued that:

Petro-capitalism in Nigeria functions through a particular sort of oil complex that is strongly territorial, operating through local oil concessions. Like oil complexes everywhere, it is a militarized and violent center of economic calculation. It is an instance of what Michael Klare (2001) calls "economization" of security, of which Colombia is perhaps the paradigmatic case. Oil presents itself as a challenge to forms of community authority, interethnic relations, and state institutions. The oil complex generates differing sorts of communities-contrasting forms of governable spaces-in which the dialectics of

order and disorder are playing themselves out with calamitous consequences. (Watts 2004)

Criminalized economies are often characterized by conditions of anarchy and impunity. This disorder embedded in the dynamics of resource extraction, the nature and role of state actors, as well as the interplay and patterns of relationships between organized criminal syndicates and the multinational corporations in the host-communities. Indeed, the politics of plunder, and the resultant breakdown of communal and traditional societal authority patterns have fostered disorder and despair which is amenable to social scientific study and scrutiny of case-study specific findings. In deeply divided societies such as the Niger Delta Region exhibit that mitigate the vibrancy of state society relations and shifts the focus of analysis to the indispensability of primordial and sub-national communal characterizations and parochial allegiances. To be sure, these intractable inter-ethnic and intra-communal cleavages are integrally linked to the external impetus of the petroleum extractive enclave economy. The looming presence and terror of the Nigerian "Leviathan State-Complex" on the lives and fortunes of the multi-ethnic communities of the Niger Delta can therefore not be easily ignored or conveniently under-emphasized.

It was tragically during the 30 years of military dictatorship that the peoples and communities of the Niger Delta Region were most horrifically subjected to the reign of terror, siege mentality caused by military occupation of their ancestral homelands, and the capricious imposition of state of emergency, extra-judicial killings, and detentions without trials. They have also been forced to endure recurrent bouts of oil spills, incessant gas flaring, and emission of toxic waste, irreparable destruction and devastation of their environmental vegetation. The net effect of crude oil prospecting, petroleum drilling activities, the installation of oil facilities, and flow stations in both on-shore and off-shore production locations have exacerbated societal schisms and rendered precarious the sources of livelihood for the isolated and disparate mangrove-based communities. The holistic integration of the different strands of the Niger Delta predicament becomes glaring manifest, essentially because whether the discourse is predicated on issues of environmental determinism or on the premise of resource control for indigenous peoples, or the more

contentious debate concerning revenue allocation and the status of fiscal federalism in Nigeria's 36 States Republic, the extraction of crude oil and the mode of socio-economic reproduction associated with this lucrative and capital intensive form of revenue harvesting has engendered acute and persistent domestic conflicts. The multidimensional sources of exploitation and perceptions of oppression and marginality in the modern Nigerian political system can be positively correlated to the international political economy of energy-extractive industry.

It should be emphasized that the Niger Delta problem has exhibited political resilience and has been marked by the remarkable political tenacity of the indigenous protesters, campaign advocates and renegade militia movements that have defied the categorization of regime types, i.e. whether under the lengthy era of military autocracy or even the nascent periods of putative democratic consolidation and civilian governance of the post-colonial Nigerian State. In short, in spite of regime types, the intractable conflict has defied the international market price of Nigeria's crude oil, and the militants and insurgents have continued their campaigns for self determination and have perpetrated acts of sabotage, vandalism, and illegal smuggling of crude oil; irrespective of the prevailing market price for '*Black Gold*' in world energy transactions.

The resiliency and tenaciousness of the Niger Delta Question strongly suggests that resource-induced conflicts in the developing world can not be dismissed as insupportable propositions that defy empirical models of economic prosperity in the periphery of the international capitalist system. Niger Delta is the homeland of over 20 ethnic groups. Some of these ethnic groups are: jaws, Urhobo, Itsekiri, Isoko, Ukwuani, and Igbo. These ethnic groups are further sub divided into clans or distinct linguistic ethno-nationalities. Thus, for example, among the Ijaw are sub groups such as the Nembe-Brass, Ogbia, Kalabari, Okrika, Ibani, and Andoni clans. Among the Igbo are sub groupings such as the Ikwerre, Ekpeye, Ndoni, Etche, Ndoki, Ogba-Egbema, and the Ogoni. Other ethnic groups who are indigenes of the Niger Delta include the Annang, the Efik-Ibibio, and the Oron, the Eket, the Ekoi and the Ogoja people. These ethnic distinct classifications are vital in comprehending the intractable nature of both intra ethnic and inter-ethnic conflicts in the Niger Delta region, especially with

regards to issues of resource control, compensation claims by disparate hoes communities and the broader issues of fiscal federalism, revenue allocation, derivation principle, environmental or ecological devastation engendered by the commercial activities of the plethora of multi national oil corporations engaged in exploration and extraction of crude oil from both on-shore sites and off-shore facilities within the oil rich region.

The Niger Delta question therefore encapsulates ethno-communal groups' claims of land ownership as well as the mineral resources within their delineated territorial boundaries. Political marginalization, invidious group differences, perceptions of internal colonialism, often associated with backward groups hierarchies have been invoked by Niger Delta militants and insurgents in order to validate their claims for resource control, *enclave-autonomism*, and even a larger share of oil revenues allocation. The inherent asymmetrical imbalance in Nigeria's practice of fiscal federalism have fostered the economic exploitation and political marginalization of ethno-minorities in this resource-rich region provides the historical and sociological framework for a more robust understanding of the battle for oil in Nigeria's post-colonial political development.

Some studies of resource-induced conflicts have suggested that resource poor states are least likely to engage in armed conflicts and intra state wars, and are better prepared to pursue developmental strategies that promote economic diversification. The idea is that developing countries that are mono-resource dependent are acutely subject to *rentierism*, corruption, institutional subversion caused by the politics of cronyism and prebendalism. The causal linkages with respect to the Niger Delta paradox are at best murky and subject to disputative analysis. Did the discovery of Black Gold in Nigeria's Niger Delta region cause ethno-communal conflicts and exacerbate the political marginalization and economic exploitation of the minority ethnic groups by the demographically more populous ethnic groups in the Nigerian Federation? Also, would the Niger Delta region have been better off or economically less under-developed and environmentally less degraded if crude oil was not discovered in commercially lucrative quantities? This is perhaps the crux of the problem and the embodiment of the interconnectedness of Multi-National Corporations, Nigerian State, and centrifugal

dynamism of the ethno-communities in the Niger Delta paradox.

Over 50 years of crude oil production in Nigeria's Niger Delta region has generated billions of dollars to various political elites at the federal, state, and local government levels. The Multi-National oil majors have also profited immensely yet, paradoxically the oil boom has not seemed to improve the deplorable human condition, misery index of the indigenous inhabitants, nor has it fostered sustainable economic development in the coastal communities of the oil producing region. A majority of Nigeria's ruling elites since independence in 1960 have been predominantly the Hausa-Fulani and Yoruba ethnic groups whose regional homelands within the federation have virtually no extractable mineral-energy resources. The control of the federal government leadership positions have engrained in the Niger Delta crude oil producing populations the perception that the "Northerners" are essentially exploiting, repressing, and dispossessing them of their resources and revenues produced in the Niger Delta.

This paradox of poverty in the midst of plenty is at core the formidable predicament of crude oil induced conflicts, environmental degradation, and militarism in this intensely-volatile region. A recent editorial in the Nigerian newspaper, *The Punch*, grimly summed up the upsurge of militancy in Niger Delta as follows:

The struggle has snowballed into full-blown armed conflict, sometimes coloured with criminality, where even septuagenarians and toddlers are not spared in the mad rush for ransom. The conflict has moved inexorably to its most dangerous stage—a predatory stage of organized and self-sustaining violence. It has become a booming business. With funds from about 200,000 barrels of crude stolen every day, the crisis has taken a life of its own because the criminal gangs have access to revenue with which they buy arms and finance their violent activities. The high-rate of poverty and unemployment in the beleaguered region also helps to create an army of idle and angry youths who are willing to join the criminal gangs. (The Punch 2009)

This paper will first examine some of the theoretical paradigms that seek to explain state failure, civil wars, domestic separatist insurgencies, institutional

deficiencies, and flawed patterns of state-society relationships as a product of the economic deterministic and rational choice mono-causal independent variable in the discourse of culturally heterogeneous, deeply divided, resource rich countries such as Nigeria, Angola, Sudan, Democratic Republic of Congo, Liberia, Sierra Leone, Colombia, Iraq, and Venezuela. Resource curse induced-conflicts have been at the center of recent scholarly inquiry of poverty, armed conflicts and resource abundance in developing countries. The merits and limitations of this methodological perspective will be critically reviewed and applied to the discourse of revenue allocation formulas, derivation principles, and protracted grassroots based campaigns for local autonomy and resource control by the indigenes of Nigeria's oil-rich Niger Delta region.

Theorists of Greed or Grievance orientation have often posited that elite corruption, exploitation, and exclusion of particular ethnic groups serve as the catalyst for regional insurgency, armed conflicts and the incidents of civil wars. Niger Delta militants in Nigeria have persistently challenged the Federal Government concerning the unfairness and disproportionately lopsided parameters of the prevailing revenue allocation formulas which they contend dispossesses them of their fair share of crude oil revenues. Cyril Obi, in his article in 2007, noted that:

The share of oil revenues allocated to the ethnic minority oil-producing states of the Niger Delta fell from 50 percent in 1966 to 1.5 per cent in the mid-1990s. It then rose to 13 percent in 1999, in response to international campaigns and local protests by the minorities and the strategy of the new democratic regime to win legitimacy by attending to the grievances of the oil-producing communities. (Obi 2007)

A review of the dynamics and development militancy, youth restiveness, criminality and proliferation of oil bunkering syndicates in this volatile oil rich region compels us to discuss the genesis and transformation of revenue allocation formula in Nigeria's post-colonial political development. This is imperative because ethnic communities of Niger Delta region have over time grown resentful and increasingly hostile to the presence of multinational corporations engaged in commercially profitable petroleum production activities in their ancestral

homelands. In response to the negative externalities of energy-extractive problems in the area, traditional chiefs and community leaders have often been branded by militant youth activists, who are privately benefiting from their collaboration with big oil and the detached and distant Nigerian government elites. Nonetheless, given the nebulous nature of the militias' insurgency, and economic underpinnings of their resource focused and commercially-induced militarism and banditry, it has been often difficult to ascertain the veracity of the autonomist agitations and when the pronounced dimension of criminality, illegality and violations of human rights constitutes their primary motives for collective action in the volatile and trans-nationalized crude oil enclave economy.

In short, the phenomenon of oil bunkering by organized militants and criminal syndicates is a brazen manifestation of an audacious bid to seek economic restitution through pillaging and predation mechanisms. After decades of repressive military regimes, characterized by reprisal raids, armed occupation and extra-judicial violence perpetrated against resource control activists and leaders of the populist environmental movements within the region have morphed into criminalized economic banditry, and relentless attacks on crude oil production facilities. The international dimension of the Niger Delta problem has been manifested in the kidnapping of the expatriate personnel working for the increasingly beleaguered multinational oil corporations operating in the environmentally devastated Niger Delta region. The contradiction between development and conflict is exemplified in Paul Collier's critic and assessment that:

Currently, around \$1billion of oil is looted from pipelines in the Delta region of Nigeria, part of the money being used to arm criminal gangs that could potentially resurrect the SE Nigerian violent secessionist movement of the late 1960s. Trace materials could be put into legitimate oil shipments. As with diamonds, certification of timber and oil could be judged successful as long as it deepened the price discount for illegitimate supplies. (Collier 2004)

Oil bunkering and piracy in the high seas have attracted a diverse array of local, regional, and

international actors that have included the phantom members of the political elite class, disgruntled ex-employees of the oil refining businesses, colluding international shipping agents, compromised security officials, entrepreneurs of light arms and small weapons, and domestically recruited paid killers, militant thugs sponsored by political "godfathers." Given the geo-strategic location and circumventive estuaries and tributaries in addition to the relatively easy access to international seas, the Niger Delta region has become a safe-haven and opportunistic magnet for clandestine market entrepreneurs. The alliance of international criminal syndicates with economic and politically-motivated militants, backed by the political protection of their patrons have perpetuated the network of *shadow state actors* who are profiteering from the bloody trade in crude oil at the expense of environmental destruction and the destitute and oppressed indigenes of the black gold producing region.

The technologically-intensive and financially-endowed Multi-National Corporations have over the decades been compelled to demand and rely on a multi-dimensional and intensified military protection from both federal and state governments in their host communities due to recurrent and debilitating attacks and forced closure of their operational facilities in both the on-shore and off-shore drilling platforms and flow stations. Unlike the extraction and trade in conflict diamonds, the more recently labeled "blood oil" bunkering is not easily amenable to discreet concealment and surreptitious trafficking across porous cross-border regions. As a result of the bulky nature of commercial crude oil exports and complex refining facilities, "blood oil" is not as easily loot-able when compared to the illicit trade in conflict diamonds. Thus, the non-loot-ability of fixed refineries and technologically sophisticated operational platforms have necessitated strategic re-thinking of new responses and incentive structures by aggrieved militant insurgents and other criminally motivated economic entrepreneurs who have committed to wholesale-looting of the high value-added crude oil and refined petroleum products. The human costs and the tragic effects of *black gold* profiteering was pertinently illustrated by Gilbert da Costa in his report that spotlighted on local villagers' anger and helplessness on the effects of waste-dumping in the Niger Delta:

Nigeria, Africa's largest oil producer, has pumped more than \$400 billion worth of crude from the southern delta states, since the 1970's. But high unemployment in the delta, environmental degradation due to oil and gas extraction, and a lack of basic resources, such as fresh water and electricity, have angered some of the region's youth and incited them to take up arms. (Da Coasta 2009)

The issue of land ownership and proprietorship of crude oil resource endowment have pitched the Nigerian federal government and the trans-national oil corporations against the feuding ethno-communities of the Niger Delta. This triangulation of the alliance between State and International capital on one hand, and the multiplicity of *Host-Communities*, on the other hand, constitutes the contextual geo-territorial framework for the persistence of instability, high death tolls, and acute youth restiveness in the region. Ethnic communities in the Niger Delta region are often jockeying for remunerative financial compensation fees, the securing of patronage based lucrative protection contracts, or other ghost roll-payments and dubious out sourcing employment opportunities. Intertwined with these core pillars of cleavages are the intractable problems of environmental degradation caused by oil spills, pollution, gas flares, acidification, and depletion of community sources of livelihood, including fishing rights, subsistence agriculture and the forestry-dependent logging industry. The seemingly unsatisfactory resolution of the mutual co-existence and cooperation amongst the tripartite actors have cumulatively exacerbated the human insecurity, ecological un-sustainability, and the diminishing of crude oil revenues generated from the international energy markets. Kenneth Omeje succinctly summed up this predicament as follows:

The Niger Delta suffers from severe environmental degradation, due to the industry's history of oil spills, lax environmental regulations, and government complicity as well as ongoing maritime and air pollution. (Omeje 2007a)

A theoretical and empirical case study of the dynamics and dilemmas of petroleum politics in the post-colonial Nigerian political system must of necessity address the pulverizing and yet, economically empowering, potentiality of multinational oil

corporations in promoting economic growth and under-development simultaneously within the same territorial nation state. The fact that militants of the Niger Delta have declared oil war against the crude oil multinational corporations in order to disrupt their production quotes and create a climate of insecurity in the region is a clear evidence of the fact that the Oil Majors are indeed key actors in the seemingly Nigerian domestic power struggles over resource control, political marginalization, and economic development. The forced exit of the multinational corporations would impede Nigeria's crude oil exports to the international economy, with consequential impact on the 90% operational national revenues derived from the world market of energy supplies. Thus, there are inescapable linkages and spill over effects with regards to the nature and dynamics of the international extractive petroleum industry on the domestic political institutions, security challenges, environmental degradation and ethno-communal conflicts in Nigeria's Niger Delta region.

The resource curse hypothesis and its insistence on the proclivity of insurrectionary conflicts in Africa's most dominant petroleum producing country is therefore a necessary, but not a sufficient explanatory variable for the persistence of brutal armed conflicts amongst ethnic militias in the region and with the Nigerian federal government on the other hand. Petrodollars induced conflicts have both external and internal dimensions that need to be appropriately contextualized in studies of the causality and consequences of transnational oil corporation's entanglement in the socio-economic contestations engendered within host communities and the myriad of national, state, and local governments. In short, a holistic perspective that enables us to illuminate the pulverizing effects of the impact of the industrial energy complex on domestic ethno-political marginalization and economic violence can provide us with a more compelling theoretical trajectory for the study of resistance movements, environmental deficits, and the leviathan role of the federal government in the modern Nigerian political system.

In order to establish the merits and limitations of the applicability of the *Resource Curse Paradigm*, the *Dutch Disease Syndrome*, politics of *Rentierism*, *Pre-Bendalism*, the *Greed or Grievance dichotomy*, and the challenges of the *Oil-State Complex*, on discourses of geo-political-space re-appropriations amongst the feuding ethnic militias, bellicose inter-ethnic

communities and the intra-ethnic schisms within the Niger Delta region, the next section of this paper provides a theoretical framework for the study of energy politics, ethno-nationality marginalization, and the prevalence of economic violence in Africa's most populous and major crude oil producing nation state.

Theoretical dimensions of the resource curse paradigm

Theorists of resource curse hypothesis have sought to establish a direct causal linkage between abundant natural resources endowment and the propensity towards armed conflicts, civil wars and political instability in developing countries. The proposition is essentially that countries in the *Developing South*, have not utilized to their full potential of their abundant natural resources and strategic extractive minerals in the pursuit of economic development and the material improvement of the human condition of the majority of their impoverished population. In this model therefore, there is a discernable adverse effect on the countries' economic growth rates and the proclivity towards conflict potential in these supposedly natural resource endowed countries. Many of these developing countries have been dubbed as *rich states with impoverished citizens* as reflected in the paradox of plenty. Dube and Vargas (2006) have argued that:

Oil prices are positively related to clashes with government forces, and that state revenue is used to strengthen military presence in oil areas... [In fact] the income channel is critical in determining how price shocks to labor-intensive commodities affect insurgency. However, for capital-intensive goods, the revenue effect predominates in mediating how the value of the commodity affects violence. (Dube and Vargas 2006)

Further complementing the above analysis, Zeihan (2009) with a specific focus on the Nigerian case study illuminated the precarious economic equilibrium and strategic effects on Nigeria's political elites as the struggle to balance the systemic shocks galvanized by the recent declining trends in world oil prices. The author noted that:

The real impact on Nigeria will be that the government will have drastically less money available to grease the political wheels that allow it to keep competing regional and personal interests in check. Those funds have been particularly crucial for funneling cash to the country's oil-rich Niger Delta region, giving local bosses reason not to hire and/or arm militant groups like the Movement for the Emancipation of the Niger Delta to attack oil and natural gas sites. With Abuja having less cash, the oil regions will see a surge in extortion, kidnapping and oil bunkering (i.e. theft) ...And since Nigeria's militants never really differentiate between the country's various forms of energy export, oil disruptions are probably just around the corner. (Zeihan 2009)

The above penetrative prognosis has been most recently validated by the renewed upsurge in militia violence in the Niger Delta region with dire financial consequences due to the disruption of crude oil production, hostage takings, and the ruinous effects of intensified oil bunkering. Prolonged insecurity in the region negatively impacts the capacity of the Nigerian government to fund vital socio-economic welfare and development programs and drastically reduces the quantities of crude oil barrels produced by the oil majors by at least one million barrels per day (bpd).

Swartz's (2009) article in the *Wall Street Journal* succinctly illuminated the negative effects of militias induced insecurity on the operational limitations of the major Multi-National Corporations, such as Shell BP:

Royal Dutch Shell PLC said Monday that a recent militant attack on a Nigerian oil pipeline had forced it to halt deliveries to many customers... Shell has seen a spate of other attacks on its facilities in recent weeks and has been forced to end oil and natural-gas deliveries to many customers until further notice." More salient for our analysis of the effects of the Niger Delta oil conflict for the international extractive industries is the fact that the above declaration "protects Shell from lawsuits for not meeting oil deliveries to customers due to actions outside the company's control. (Swartz 2009)

The article further noted that about one quarter, or 600,000 barrels a day of Nigeria's effective pumping capacity was at that time shut because of militant attacks. A twin pronged approach to the oil conflict has become characteristically evident. On the one hand, there has been the resurgent specter of oil terrorism by ethnic militias such as MEND, and on the other hand, an exponentially pervasive theft of illegal crude oil by local organized crime syndicates in the volatile region. Oil bunkers often nefariously tap into strategic arteries of pipeline refineries in order to siphon barrels of unrefined crude oil. This hazardous process causes catastrophic human death tolls in addition to devastating environmental consequences for the agro-bio diversity of the region and renders precariously the vital sources of livelihood for the villagers and coastal indigenes in the remote hinterlands of the Niger Delta. This thriving black market economy has impinged on the Nigerian government's capacity to maximize revenues from the extraction and refining of crude oil and petroleum products.

Some scholars of resource curse hypothesis have stipulated that many natural resource poor countries in the developing world, on balance, have tended to pursue fiscally more prudent macro-economic policies that have facilitated robust economic diversification of their economies which in turn have resulted in higher growth rates and economic prosperity. This is contrastively dissimilar to their relatively speaking, "resources rich" counterparts in the developing world, who have been incapacitated and plagued by the "Dutch Disease" syndrome, predominantly manifested in elite malfeasance, pervasive corruption and the rentierism. Indeed, countries such as Nigeria, Sudan, Chad, Columbia, Angola, the Democratic Republic of Congo, Cameroon, Liberia, Sierra Leone, Gabon, Algeria, Mexico, Venezuela, Iraq, and Cambodia have been cited as classic examples of developing nation states that have fallen prey to a culture of impunity, militarism, pillaging and elite predatory practices that have critically undermined the robust economic development and diversification of their economies. This observed tendency is attributed primarily to their excessive dependency on the lucrative international revenues derived from the mono-mineral resource and enclave-extractive industries.

Consistent with the above thematic analysis, Zuckerman's (2008) review of Paul Collier's recent work *Bottom Billion*, emphatically established as a categorical imperative of the resource curse predicament that:

When a country discovers oil, for instance, it's very easy to turn that resource into hard currency. Activity in that sector tends to "crowd out" other activities, especially the sort of labor-intensive manufacturing that's helped economies like South Korea and Singapore move into high income strata. (Zuckerman 2008)

In essence, the argument simply put, is that the discovery of oil and foreign aid can cause the *Dutch Disease syndrome* in many developing African countries, which in a snowball process can foster a culture and cottage industry in rent-seeking pervasions, pillaging, and *pre-bendalism* usurpation of public funds for private capital accumulation and conspicuous consumption by state elites in these extractive-mineral dependent economies. Omeje (2008) aptly describes the core attributes of rentier states as follows:

A rentier state generally lacks a productive outlook in the sense that revenues from natural resources contribute a significant proportion of the gross domestic products and dominate national income distribution, usually at the expense of the real productive sectors of the economy. (Omeje 2008)

'Rentierism' for definitional purposes refers to the condition and propensity towards rent-accumulation and a proclivity towards excessive rent-dependency. Where rentierism is politically institutionalized, it is often associated with neo-patrimonialism, militarism, and an elite pervasive culture of political unaccountability. In such pillaging-oriented economies, shadow state elites, contending militants, and economic entrepreneurs of violence and implements of impunity seek to capture or maintain hegemonic or de-facto, dominance in the inherently predatory politico-military-economic status quo. The Nigerian-Oil-State-complex quintessentially exhibits these generic patterns and institutionalized structures of exploitative-predatory and usurpation of public

wealth for private coffers, during both military and civilian political regimes.

A careful review of the several strands of the resource curse postulations suggests that there are far-reaching implications of this analytical perspective with regards to theoretical discourse and public policy initiatives on issues of peace-making and post-conflict reconciliation. This approach inherently implies that resource abundance in many of these developing countries may not necessarily be the primary cause of the paradox of plenty, hence the observed political instability, armed conflicts and civil wars in these developing Southern nations are rather caused by a profound crisis of poor governance, chronically weak state institutions, and an entrenched elite's proclivity towards the opportunistic capture of strategic niches of patronage-based wealth generating societal structures and mechanisms. Resource abundance therefore, may not be the necessary, nor sufficient independent variable in explaining the causality of how extractive-mineral resources culminate in armed conflicts. On the contrary, the evidence suggests that it is indeed, "*resource dependence*", not the fact of resource "*availability or abundance*", that constitutes the primary root cause of the paradox of plenty, or the curse that have persistently plagued resource endowed countries in the developing South. This argument is effectively illustrated in Collier and Goderis (2007) article that contended, that the resource curse can be avoided in countries where there are sufficiently good institutions. The authors noted that:

We find strong evidence of a resource curse. Commodity booms have positive short-term effects on output, but adverse long-term effects. The long-term effects are confined to "high-rent", non-agricultural commodities. Within this group, we find that the resource curse is avoided by countries with sufficiently good institutions.... That an overvalued exchange rate, high public and private consumption, low or inefficient investment, and to a lesser extent commodity price volatility and slow growth in the services sector explain a substantial part of the curse. (Collier and Goderis 2007)

In essence, the *Dutch Disease* syndrome in the documented resource rich countries can be best

explained by the entrenched systems by inefficient redistribution of state resources in return for domestic political support. Petro-dollars can be utilized in the zero-sum game of the politics of *Clientelism* and patronage networks established by state elites that are determined to maintain their perverse political strangle hold of the crude oil rich States. Indeed, in case studies of military dictatorships as was experienced in Nigeria's 30 years of autocracy, there is evidence that suggests that draconian measures can suffice as effective mechanisms that can lead to the monopolistic control of crude oil revenues. The fact that military regimes do not seek electoral ballots in order to retain their grip on State power, means that petroleum endowed developing countries may suffer from the triple plight of bad governance, poor state institutions, egregious human right violations, and abject poverty amongst majority of the citizenry.

The absence of credible state institutions entails that bullets, coups, and assassinations become the most decisive options for triggering regime change in critical eras of Nigeria' post-colonial political development. Consequently, one of the most pernicious criticisms of the resource curse paradigm is the insufficient-theorizing of the causal relationships between the existence of extractive economies, domestic state structures and established regime types in these polities. The leap to the impugned outbreak of violent conflicts and civil wars is therefore, not explicitly and coherently substantiated, as is evident in the Niger Delta case study.

This skewed and observed correlation of state institutions and neo-patrimonial political dynamics critically impedes the development of long-term policies that can spur economic growth vital economic diversification of the resource curse plagued countries. Thus, if bad State policies, weak political institutions and simmering ethno-communal conflicts exacerbate the struggle for resource-control and revenue allocation in dependent resource-extractive polities, then the explanatory efficacy of the resource curse trajectory can be severely undermined. It also implies that other more compelling variables within the realm of the dynamics of State-Society relations needs to be examined in order to provide a more holistic framework and an encompassing theoretical analysis of why some resource-dependent states are more prone or susceptible to civil wars, armed conflicts, poor performance on growth rates and

deficient levels of economic diversification. The paradox of plenty is also correlated to the entrenchment of *Prebendalism* which, according to Joseph (1987) is marked by a perverse normative political culture that perpetuates:

A political tradition in which state offices are regarded as prebends that can be appropriated by office holders, who use them to generate material benefits for themselves and their kith and kins. (Joseph 1987)

This pervasive feature of state-society dynamics is indeed, a prominent characteristic that is prevalent in many crude oil rich states such as Nigeria, Angola, Gabon, Sudan, Libya, Colombia, Venezuela, and many Gulf Oil producing states in the Middle East. Genasci and Pray (2009) perceptively deduced and highlighted the inherent deficiency embedded in the resource curse paradigm when they contended that:

Political economic theories of the “resource curse” see the breakdown of a sense of government accountability to its people as one of the more destructive aspects of excessive reliance on natural resource rents. (Genasci and Pray 2009)

Overdependence on oil wealth fosters a poverty of policy prescriptions and accentuates acute income inequality in the petroleum producing enclave that is also prone to environmental devastation. The Nigeria-Petro-State-Complex has been characteristically challenged by centrifugal tendencies and prolonged insurrectionary upheavals in the Niger Delta region. This “*endogeneity problem*” in part, accounts for the weak institutionalization of credible state institutions, the paucity of poverty alleviation programs and the nurturing of community-sustainable, and thus, efficaciously transformative social welfare programs. Indra de Soysa, convincingly demonstrated that:

theories of the “rentier state” are based on arguments that suggest that resource abundance, and the revenue streams that it generates, affects the proper development and functioning of state institutions, fueling corruption and leading to perverse subsidization policies and budgetary mismanagement. In such situations, the rentier nature of economic activity creates

cultures of dependence, clientelism, and patrimonialism. (De Soysa 2001)

Studies of resource curse and the effects of rentier states on armed conflicts in extractive economies of developing countries are also plagued the reductionism tendency that favors elegant simplicity in parsimony, and the rational-actor perspective. This ingrained intellectual orientation often pays insufficient attention to other critical geo-political, ethno-communal, and cultural variables that are capable of providing robust explanations for the fluidity of meanings in groups’ contestations for resources, entitlements, privileges, and contextualized currencies of gratifications. In fact, the dynamics socio-spatial space reconfiguration and shifting societal trends in normative value systems with consequential effects for identity politics can be easily overlooked or underemphasized due to a more exclusive focus on economically motivated sources of resource-induced armed conflicts. Simply put, this paper argues that the Niger Delta question and the battle for oil, guns and politics in the Nigerian polity requires a more nuanced and multifaceted perspective that integrates the holistic interconnectedness of incisive aspects of the resource curse model, perceptively compelling dimensions of the rentierism prism, and more importantly, the ethno-cultural histories of the diverse communities of the Niger Delta region. Given the inter-subjective dimensions of political marginalization, environmental destruction and brutal struggles to capture and maintain state power in the ethnically-heterogeneous and most populous African post-colonial nation state, the Niger Delta paradox can not be adequately nor sufficiently explained by either an inductive, nor a deductively-oriented analytical perspective.

Okonta (2007a) have cautioned that as far as the Nigerian case study is concerned, the central premises and core hypothesis of the resource curse paradigm needs to be carefully re-evaluated. In his highly-probative analysis of the situation he aptly noted that:

there is nothing inevitable about resource-rich regions regressing into poverty, as the cases of oil-rich Norway and Canada illustrate. Nor is it the case that all authoritarian movements are driven by the lure of easy spoils. Nigerian politics was already well on the way to

unaccountable government before oil production commenced in 1956. This was largely the legacy of colonial conquest, and the undemocratic institutions of governance put in place by the British to exploit the wealth of the country undisturbed by the local people, subsequently handed over to carefully chosen political leaders who would go on to protect their interests after the colonial rulers quit in 1960. The Maxim machine gun, not the ballot box, was the instrument of rule in the Niger Delta and Nigeria in the age of colonialism. (Okonta 2007a)

British colonial legacy in Nigeria bequeathed a culture of authoritarianism which was further embedded in the country's normative political culture, especially during the prolonged 30 years era of military dictatorship, and a putative 5 years period of parliamentary democracy between October 1, 1960 and January 15, 1966. The structural changes from regionalism to a centralized version of federalism fostered the introduction of phantom-arithmetic and capricious revenue allocation formula which have since then exacerbated and polarized the contentious discourse of fiscal federalism and the '*National Sovereign Question*' in the modern Nigerian political system.

A persistent challenge associated with the resource curse hypothesis concerns the issue of timing of the discovery of abundant mineral resources and the prior existence of credible state and political institutions. Thus, where and when extractive mineral resources have been discovered and commercially exploited before the institutionalization of democratic governments, respect for human rights, and the valorization of rule of law, resource-rich countries in the developing world are more susceptible towards the tendency of the criminalization of the state, the entrenchment of the shadow state syndrome and a pervasive culture that fosters the utilization of public offices for private personal capital accumulation by entrenched national elites. Consequently, an established system of kleptocracy perpetuates a culture of conspicuous consumption that is firmly nurtured by the pillaging of state revenues by public office holders. Paradoxically, in a profound sense poverty in the midst of plenty becomes visibly manifested in acute misery index, ecological decay, reign of impunity, debilitating health conditions, and structurally-entrenched patterns

of internal colonialism. The Nigerian Niger Delta case study vividly encapsulates the above mentioned syndromes and systemically pervasive tendencies.

According to Catholic Relief Services, graft and corruption pervades the Nigerian crude oil industrial complex, which have provided selective rewards incentive structures to differentially placed individuals and groups in the internal pre-bendal-redistributive mechanism that have engendered perverse and predatory graft-oriented and nepotistic fiefdoms. Indeed, the report noted that:

little of the money paid by the federal government to state and local governments from the oil revenue is actually spent on genuine development projects: there appears to be virtually no control or proper audit over spending by local and state authorities. An estimated \$4 billion of government funds—some 90% of which came from oil—are reported to have been stolen by General Sani Abacha during his military dictatorship in the 1990s. (Gary and Karl 2003)

Coincidentally, it was also during this military dictatorship of General Sani Abacha that in 1995, the prominent Ogoni human rights advocate and leading environmentalist, Ken Saro Wiwa, was ruthlessly hanged to death along with eight other Ogoni chiefs. The late Ken Saro Wiwa was actively protesting against the devastating effects of Shell BP crude oil drilling activities in the Niger Delta region and the devastating effects of the ecological contamination due to oil spills, gas flaring, and decimation of the communities' sources of economic livelihood. In addition, Saro Wiwa campaigned against the political marginalization of the Ogoni people, and the collusive reign of terror and military impunity between the Nigerian military dictatorship and Multi-National Oil corporations in the host-communities of the Niger Delta. After 13 years of civil and criminal litigation against Shell BP, in a case filed in New York, United States, in a precedent setting court ruling, and indeed, for the first time in the history of Multi-National oil companies relationship with Nigeria, Shell BP, announced that it had agreed to settle the Ogoni and Ken Saro Wiwa problem by agreeing to pay a financial settlement of \$15, 5 million. Speaking shortly after the verdict was rendered, Malcolm Brinded, Shell's Executive Director Exploration and Production, remarked that:

We believe this settlement will assist the process of reconciliation and peace in Ogoni land, which is our primary concern.... [He nonetheless, insisted that] Shell has always maintained the allegations were false. While we were prepared to go to court to clear our name, we believe the right way forward is to focus on the future for Ogoni people, which is important for peace and stability in the region. ([Shell settles Wiwa case with humanitarian gesture 2009](#))

The interpretation presented by several legal advocates of environmentalism and human rights issues with regards to this pioneer case, “*Shell BP–Ogoni land and Ken Saro–Wiwa*” clearly deferred with the corporate position articulated by Shell spokesperson. Thus, for example, Marco Simons, one of the lawyers representing the plaintiffs in this case, emphatically maintained that: “Shell (will now) think that every time that somebody is injured by soldiers on one of their projects where they are providing support and assistance and encouragement, that each one of those incidents is a million dollar incident.” This sentiment was echoed by Elizabeth Bast, International Program Director for Friends of the Earth US: “Shell will be dragged from the boardroom to the courthouse, time and again, until the company addresses the injustices at the root of the Niger Delta crisis and put an end to its environmental devastation.” The profound significance of the moment and decisively definitive verdict was best captured by Han Shan, at Oil Change International, who bluntly cautioned that,

This case should be a wake up call to multinational corporations that they will be held accountable for violations of international law, no matter where they occur. ([Shell pays out \\$15 million to settle rights lawsuit 2009](#))

Douglas et al. (2003) in their article on the correlation between alienation and militancy in Nigeria’s Niger Delta region summed up the core concern of the human condition and its linkages to the principal argument advanced by the proponents of the paradox of plenty perspective. They maintained that:

The annals of oil extraction are an uninterrupted chronicle of naked aggression, exploitation, and the violent mores of the corporate frontier. Iraq was born from this vile trinity. The current spectacle of oil men parading through the

corridors of the White House, the rise of militant Islam across the Q’uran belt, and the carnage on the road to Baghdad all bear the continuing dreadful dialectics of blood and oil. Nigeria suffers all the hallmarks of such petro-violence. Breaking with this bloody history will require a major political commitment on both sides of the Atlantic. (Douglas et al. 2003)

Nigeria’s “Oil complex” with regards to the Niger Delta communities’ constellation, is primarily composed of the alliance between the major Oil Companies, federal and state governments reliance on their repressive military machinery, and pitched against militants, criminal syndicates, and grassroots community associations representing the politically-marginalized ethnic minorities. The growing youth restiveness and militant challenges to previously entrenched patterns of traditional authority, respect for civic association, and in deeply grained values of the legitimacy of elders as custodial arbiters of societies’ mores, and ethos, marks a fundamental shift in socio-spatial re-appropriation, and the fierce contestation and the redefinition of the public space caused by oil wars, *rentierism* and commercialized, militant entrepreneurialism. Petro-violence in the oil rich region is profoundly contextualized by the interlocking sets of multiple stakeholders pursuing divergent socio-economic, geopolitical and military security objectives. Indeed, as was aptly noted in the Niger Delta Peace and Reconciliation Report:

Social disintegration feeds the cycle of unemployment, poverty, despair, crime and conflict that invades society like a cancer. The destruction of robust social structures with inherent social control mechanisms means the brakes that are traditionally applied to prevent behaviours going out of control no longer work. ([Niger-Delta Peace Reconciliation Report-Executive Summary 2009](#))

The coercive effects of traditional institutional dysfunction are further compounded by the grave effects of ecological degradation in the crude oil producing enclave region. In order to mitigate the tendency towards social fragmentation, a vicious cycle of extraction, coercion, and repression have become the characteristic trajectories of state society dynamics within the Niger Delta. The burgeoning illegal black market economy for stolen crude oil is supported and

reinforced by the clandestine trade for light arms and small weapons as well as a lucrative expatriates-hostage kidnapping enterprise. In some respect, the greed or grievance analytical perspective sheds insightful knowledge on the root causes of restiveness in the crude oil abundant region, however, as the Niger Delta case study illustrates, it is important to avoid mono-linear paradigms that seek to exclusively establish a direct causality and tight correlation between resource abundance and the specter of armed conflicts, civil wars, and economic under-development in the crude oil enclave economies located in the periphery regions of the international political economy. The Nigerian Civil War that occurred from 1967 to 1970 cannot be characterized as been caused by the discovery of crude oil in the Eastern region, although insinuations have been made about the crude oil abundance and the propensity of the Biafra secessionist movement to seek political autonomy and territorial sovereignty from the Nigerian Federation. The military government's creation of twelve states out of the pre-existing three regions could also be interpreted as a strategic maneuver to deprive the then Eastern region of financial resources that could be accrued from the exploitation of vast crude oil reserves in the current Niger Delta region.

In essence, therefore, all the major stakeholders in the current Niger Delta debacle have at different stages and time frames of the volatile conflict have articulated their “bone of contention” in terms of historically cumulative grievances perpetrated by the major protagonists in the petro-territorial-militarized entrepreneurship. The Nigerian State, the Multi-National Oil corporations, and the multiple factions of ethnic militias in the Niger Delta, have selectively and judiciously invoked the greed or grievance clause in the convoluted narratives of the instability, impunity, and predatory exploitation in the crude oil conflict. Watts (2008) vividly captured the convoluted nature and intricate web of linkages in the petro-fueled-insurgency, bunkering, criminality, and political disorder in the Niger Delta in his presciently sage conclusive observation:

But the relations between oil and insurgency are complex and multiform and like any insurgency the *mélange* of insurgents in the delta represent a many-headed hydra perhaps operating under the ideological or discursive banner of resource

control but containing a panoply of local, regional and national grievances refracted through a number of different political prisms including ethnicity, chieftainship, clanship, generation and political party. (Watts 2008)

Bluntly stated, with specific reference to the Niger Delta case study, none of the major stakeholders in the seemingly intractable “blood oil” impasse can legitimately usurp or claim the moral-ethical high ground of empathy nurtured by an asymmetrical pattern of grievance that is devoid of the greed imperative. This case study provides substantive array of evidence alluding to economic exploitation, ethnic victimization, and militarized banditry that have been utilized by the different stakeholders in the Niger Delta crude oil imbroglio. The bottom line of this study can be summarized as follows: The social milieu, invidious sources of communal antipathies, and in fact, the centrality and prominence of the cultural-historical framework is indispensable for the comprehension and salience of discourses of the greed or “resource-curse” based binary models of analysis. For a more compelling and theoretically sufficient explanation of the Niger Delta question, scholars and regional analysts have to come to terms with the nuanced complexities that are often embedded in the holistic narratives, contested historiography and ethno-sociological prisms that emphasize greed, grievance, exploitation, expropriation, marginalization and militancy in the volatile and restive crude oil abundant region.

Rosser's (2006) broad-based literature review and robust critique of the resource-curse theories and the political economy of armed conflicts and civil wars aptly illuminates many of the perplexing problems and analytical deficiencies associated with the binary-reductionism focus of this greed-induced paradigm:

Second, existing explanations for the resource curse do not adequately account for the role of social forces or external political and economic environments in shaping development outcomes in resource abundant countries, nor for the fact that, while most resource abundant countries have performed poorly in developmental terms, some—such as Botswana, Indonesia, Chile, Norway, Australia, Canada, and Malaysia (Stevens 2003: 8)—have done quite well. Finally, recommendations for overcoming the resource

course have not generally taken into account the issue of political feasibility. (Rosser 2006)

In the next segment of this study, a review of the geographical terrain, persistent environmental issues, and the root causes of the grievances of the disparate ethno-tribal communities as well as the triggers of youth militancy and restiveness in the crude oil abundant Niger Delta region will be pertinently contextualized. The dynamics of geo-spatial contestations that have engulfed and shaped the discourse of resource control and revenue derivation principle can be best understood after a rigorous analysis of the nature of the terrain and the effects of the activities of the Multi-National corporations in the crude oil extractive enclave economy. Geo-territorial insularity, the challenges of ecological sustainability and the vulnerabilities associated with maintaining the sources of livelihood of the coastal population settlements in the Niger Delta constitutes a major problem for the alleviation of the misery index and the struggles to improve the human condition of the inhabitants of the fragile eco-system.

Geographical terrain of the Niger Delta region

Environmental degradation and roots of communal grievances

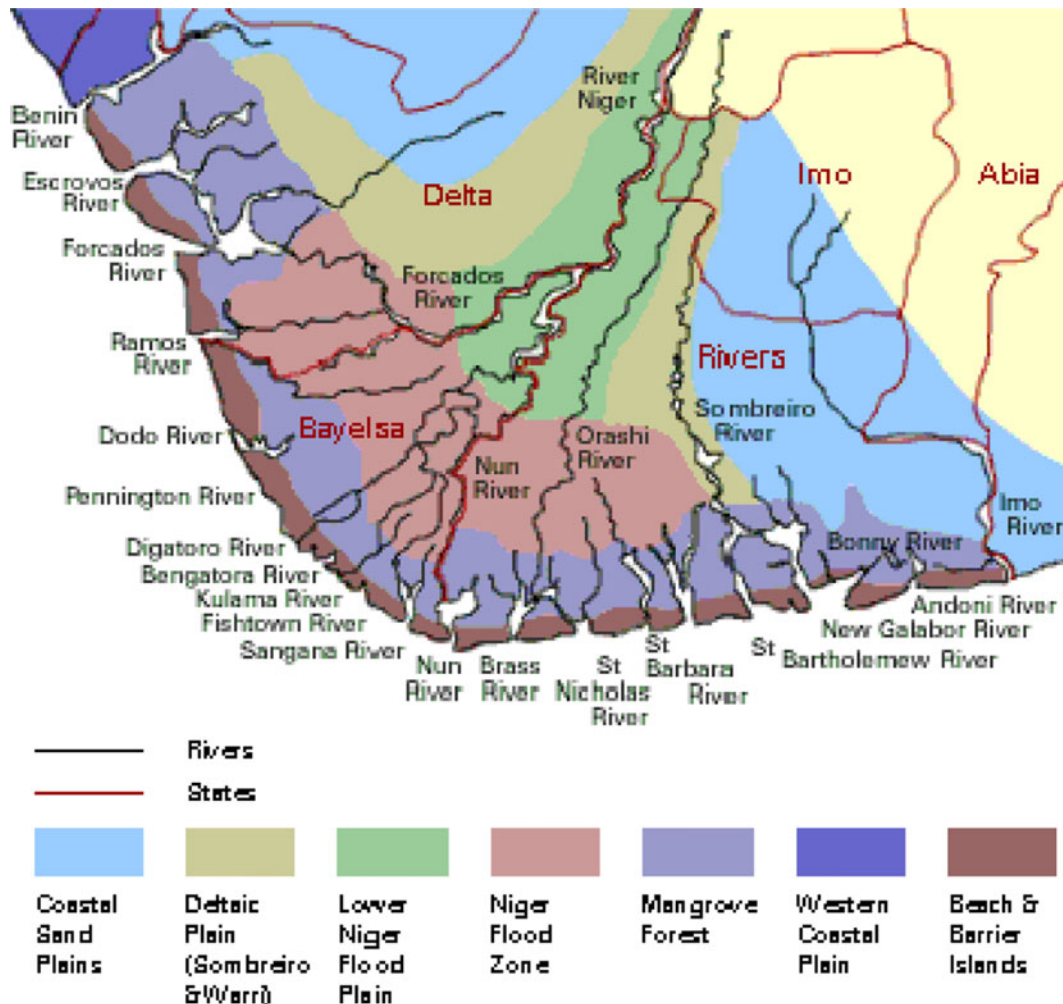
The geographical terrain of Nigeria's Niger Delta region is predominantly characterized by swampy estuaries, dense mangrove rainforest, and densely populated by demographic a multiplicity of diverse ethnic communities. Nonetheless, the Ijaws, the Itsekiris, and the Urhobos constitute the largest demographic ethnic groups in the area. Many of the inhabitants live in small towns, dispersed creeks and lagoons, and in fishing villages and more often arid and remotely inaccessible hinterland terrain. A prominent feature of the Delta region is the fact that the dominant form of transportation is usually by speed boats, canoes, water crafts, and helicopters. In short, most of the Niger Delta is relatively inaccessible by roads and motor vehicles as opposed to other regions in the Nigerian federation. Paradoxically, this region has become the epicenter of petroleum conflict that has led to the influx of a plethora of Nigerian state security agents, Supernumerary Police employed by

multinational oil corporations, domestically outsourced contractors, on the one hand, and are confronted and juxtaposed with a peddling array of entrepreneurs of violence, organized criminal syndicates, a multiplicity and myriad of ethnic militants, politicized and community-oriented associations. Indeed, the transformative fissures and communal ruptures in traditional forms of authority structures are manifestly evident in the emergence of new forms of protest politics and youth restiveness in the oil-rich region. Descriptively, in geographical terms,

The Niger Delta has a peculiar terrain and developmental needs that deserve special attention and the understanding of all. Freshwater swamp forests alone cover some 11,700 km² or about half of the delta, lowland equatorial monsoon 7,400km², brackish water 5,400km², sand barrier lands 11,400km² all totaling 25,640km². Diverse animals and plant species, which are native to the area, are now threatened with extinction due mainly to very serious ecological degradation caused by over forty-five years crude oil exploration. (Earth Rights Institute 2003)

Commercial exploitation of crude oil have caused major environmental destruction and engendered catastrophic health concerns for inhabitants of this resource abundant and yet, geo-territorially denuded region inhabited by increasingly distressed ethno-demographic minorities. Besides the transnational oil corporations, the Nigeria's National Petroleum Corporation (NNPC) is the major state owned monopoly magnet that works in close collaboration with the several foreign owned and joint-venture approved oil majors. Some of the recurrent problems experienced by the inhabitants of the region include severe environmental pollution, ecological degradation caused by incessant crude oil spills, perennial gas flaring, and progressive decimation of aquatic life and depletion of agro-forestry related vegetation. This deadly combination of man made humanitarian and environmental tragedy have culminated in both ecological deficit and in ethno-political violence and instability in the oil rich region. The net effect of this impasse is that:

Nigeria is one of the world's biggest gas flarers. Nigerian gas flares emit as many greenhouse



gases as 18 million cars, and release toxic substances in densely populated areas, damaging both the environment and the people in the Niger Delta. Flaring can lead to leukemia, asthma and premature death. It causes acid rain which acidifies lakes and streams and damages the environment. (Niger Delta's Mangrove Communities Threatened by Continued Gas Flaring 2009)

Numerous health hazards that have afflicted the inhabitants of this region that are quintessentially associated with crude oil extractive activities in the Niger Delta, and often related to the effects of the pollution caused by toxic waste, and the emissions of green gas, region are: low fertility rates, fecundity and life span deficiencies, birth of abnormal babies,

malnutrition among children, measles, malaria, pneumonia, tetanus, dysentery, tuberculosis, worm infestation, gastroenteritis, hypertension, and sexually transmitted diseases. A recurrent source of the environmental and humanitarian calamity in this region has been the escalating frequency rates of oil spills in this enclave economy. The ecological and harmful human effects of crude oil drilling have been multifaceted and pose serious existential traits to marine biology, wild life, fisheries, and the fragile mangrove vegetation. The predicament and precariousness of existence in the Niger Delta can be summed up as follows:

Major oil spills heavily contaminate marine shorelines, causing severe localized ecological damage to the near-shore community. The

harmful effects of oil spill on the environment are many. Oil destroys plants and animals in the estuarine zone. It settles on beaches and kills organisms and marine animals like fishes, crabs and other crustaceans. Oil endangers fish hatcheries in coastal waters and as well contaminates the flesh of commercially valuable fish. Oil poisons algae, disrupts major food chains and decreases the yield of edible crustaceans. It also coats birds, impairing their flight or reducing the insulative property of their feathers, thus making the birds more vulnerable to cold. (Niger Delta Amaechi Seeks Fifty Percent Derivation 2008)

The cumulative multiplier effects and humanitarian tragedies that have impinged on the human condition and low quality of life for the mostly pauperized riverine dwellers in this geographically secluded hinterland region in essence, candidly captures and most vividly encapsulates the resource curse dilemma and the paradox of plenty predicament. Thus, for example, on the one hand, both the Nigerian State and the Oil Majors have profited immensely and are still profiteering at the colossal expense of the politically marginalized and impoverished indigenous minorities, many of whom are, chronically unemployed and plagued by debilitating energy-induced health hazards. The acute misery index, pernicious squalor and despondency within the region are glaringly evident:

There is a lot of neglect, deprivation, poverty and unemployment. It's sad to see a community surrounded by water but without water to drink. When a top World Bank official, Horst Koehler came here, we went to a community and when they fetched up their water from the well, we were embarrassed to find spirogyra in it." (Nigeria: Focus on neglected Niger Delta region 2001)

The warped feeling of exhilaration, euphoric optimism and the delusional anticipation and subsequent betrayal associated with the illusion of petro-prosperity was best captured by the BBC documentary that illuminated on the effects of the discovery of crude oil in Nigeria and the commercial exploitation in 1953. Chief Sunday Inengite, 74 years old, nostalgically narrated that:

They made us be happy and clap like fools, dance as if we were trained monkeys...It smacks of wickedness, hard-heartedness... It wasn't until we saw what they called the oil—the black stuff—that we knew they were after something different... The explorers threw a party at their house-boat and invited everyone from the village to see samples of the oil they had been looking for... You can imagine the jubilation, after all they had been looking for oil in commercial quantities for years... You see fish floating on the surface of the water, something we didn't know before... It may be difficult to make a catch that will be enough for your family for one day...I don't only blame the whites that came here, what about the government?... People in the government get nearly all the money from the economy." (Walker 2009)

Narrative recollections of the genesis, dynamics and ultimate disillusionment of indigenes in the region concerning the discovery of crude oil and long-term deleterious effects on the health, environment, and dire standards of living of the peoples and feuding communities of the Niger Delta was further elucidated in Douglas Oronto's chilling analysis of the causes of the protest campaigns and agitation for a fairer financial compensation and more inclusive political dispensation for the minority citizens in the Niger Delta:

We want self-determination for ethnic nations. Before Nigeria there were ethnic nationalities. And you cannot say because we have been forced together by transnational companies, we should continue to be perpetual slaves. We will refuse to be that. We will defend our dignity as a people. We shall join forces with all the ethnic nations across the world who are similarly oppressed and that is what we are doing now. (Oronto 1999)

The Niger Delta is primarily composed of fresh water and mangrove swamps, lagoon marshes, beach ridges, sandbars, and tidal channels. Thus, access to the disparate and segmented settlements in this geo-territorially insulated region have made it increasingly difficult to ascertain with speed and accuracy the veracity of contentiously disputed

claims of oil spills, environmental destruction. In fact, the catastrophic and contaminating effects of the fragile eco-system have often been blamed on the extractive activities of Shell BP and the other Multi-National corporations within the host communities. As a result of the perennial gas flaring in the region, Nigeria has been declared the world's leading gas flaring country. Indeed,

Oil production and dredging have caused acid rain, fouled the air and the water, and caused widespread and dramatic erosion. Whole communities have watched their lands erode away. Fishing and farming, the traditional occupations of these people, is no longer viable. The situation has caused poverty, hunger and desperation among these peoples, who are struggling to eke out a living. (Bisina 2004)

To be sure, the communal relationships between local indigenes of the Niger Delta and their expatriate transnational oil corporations have over the decades, been characterized by strained, immensely contentious, and often bellicose bouts of mutual suspicions, acrimonious counter-charges of financial improprieties and schisms associated with controversial definitions of Corporate-Social Responsibility, long-term commitment in fostering sustainable economic development in the host communities of the abundant crude oil extractive enclaves. Most of the grievances articulated by the Niger Delta communities have emphasized the economic imperative of MNCs to invest significant sums of their oil windfall profits in the improvement and advancement of infrastructures socio-economic, health, and educational development within the deeply impoverished region. The MNCs on the other hand, have contended that it is the primary duty and responsibility of the Nigerian federal and state governments to provide budgetary allocations in order to systematically redress the economic backwardness and chronic underdevelopment experienced by the indigenous communities of the volatile and restive Niger Delta region. It is within this contextual framework of greed-grievance dichotomy that tensions over the frequency of oil spills incidents and controversies over who, specifically should be held responsible and accountable can be best comprehended. Thus, for example between 1976 and 1996, a total of approximately 5,000 spillages occurred in the region, and in the process, a total of 2,369,470 barrels of oil

was spewed into the already toxic environment. The net effects in terms of ecological deficit and environmental destruction have been enormous:

In the Nigerian Coastal environment large areas of the mangrove ecosystem have been destroyed. The mangrove was once a source of both fuel wood for the indigenous people and a habitat for the area's biodiversity, but is now unable to survive the oil toxicity of which has become contaminated; in turn having negative consequences for human health from consuming contaminated seafood. Oil spills have also destroyed farmlands, polluted ground and drinkable water and cause drawbacks in fishing off the coastal waters. (Nwilo and Badejo 2006)

Although it is accurate to infer that the region's biodiversity may be immense; it is important nonetheless to emphasize that a majority of the local inhabitants of the Niger Delta are primarily subsistent agriculturalists, coastal fishermen, other enterprises include small-scale commercial trading with geographically contiguous inter-tribal communities, and burgeoning logging and the forestry based forms of livelihood. This rugged coastal terrain proves expediently conducive to clandestine smuggling activities, covert oil bunkering, and illegal trafficking in small arms and light weapons, given the treacherous rivers, swamps, estuaries and tributaries. Given the interrelatedness between militancy and criminality, within the region, the quest for the root causes and systemic impediments to the Niger Delta dilemma have increasingly focused on the regional resource disparities between the North and South, and the asymmetrical hegemonic domination of the northerners at the federal government level. Over time, the thesis of political marginalization of the perceived exploited ethnic minorities of the Niger Delta by an ethno-cultural and regionally religiously distinct ethnic majority from the North have resonated in the militant rhetoric and polemic jingoism of the *derivation advocates* from the Southern States of the crude oil abundant Niger Delta.

In a profound sense, therefore, the "Oil Curse" and the "Paradox of Plenty" quagmire that continues to characterize the elusive quest for peace and amicable conflict resolution the volatile petro-conflict zone of the Niger Delta, have found intellectual support and validity within the grievance-based discourse of the

predicaments of ethnic and environmental activists with regards to the Niger Delta question. The legacy of psychological deprivation syndrome often associated with economic and political marginalization towards specific ethno-minority-communities in many developing, post-colonial countries have also been labeled as “*Localised Resource Curse*” by economic analysts from the United Nations Development Program. In short, geo-political destabilization, militancy, impunity, and heightened criminality such as those currently experienced in the convulsive Niger Delta region, often culminates in a persistent pattern and discernable trend in which:

Income inequality, poor performance in poverty reduction, corruption and rent-seeking may all be intensified in the resource producing regions of a country. These same problems can also provide a potential source of grievance underpinning civil conflict and claims of succession. The key problem seems to be a failure of communities in the producing region to accrue tangible benefits from hosting the industry. (Meeting the Challenge of the ‘Resource Curse’ 2006)

Indeed, the exploitation of *black gold* in Nigeria’s Niger Delta has enriched the coffers of the federal government and some politically connected State and local officials and several repressive military cabals. Paradoxically, it has not fostered sustainable economic development, nor has it led to significant levels of poverty alleviation, particularly in the oil rich Delta communities. On the contrary, tremendous deficits in employment opportunities, educational facilities, and dilapidated basic infrastructural development programs for the indigenes and “*sons and daughters of the soil.*” Amnesty International report (2009) entitled “*Petroleum, Pollution and Poverty in the Niger Delta*” succinctly captured the tragedy of human rights abuses, abject existential penury and the debilitating environmental damages caused in the Niger Delta as a direct result of the operational activities of the major multinational oil corporations, with particular emphasis on Shell BP in the extractive enclave region.

People living in the Niger Delta have to drink, cook with and wash in polluted water. They eat fish contaminated with oil and other toxins—if

they are lucky enough to be able to still find fish. The land they farm on is being destroyed. After oil spills the air they breathe smells of oil, gas and other pollutants. People complain of breathing problems and skin lesions—and yet neither the government nor the oil companies monitor the human impacts of oil pollution. (Gaughran 2009)

Consequently, resource derivation advocates representing inhabitants of the petroleum producing host communities have continued to articulate deeply harbored resentments and myriads of grievances against the ethnically hegemonic political leaders from the far-distant Northern region and other parts of the federation. In fact, the expropriation of the disproportionate oil revenues (estimated to be over \$600 billion since 1960) produced from the Niger Delta extractive enclave have become the dominant foreign exchange earnings utilized to fund major political and economical development projects in the non-crude-oil abundant and thus, economically backward geo-territorial regions of the modern Nigerian Federation. While, a majority of the indigenes of the Niger Delta live on less than two dollars a day, at least 2 million barrels of crude oil are regularly pumped every day from the Oil wells located in the on shore and off shore drilling facilities in the volatile Niger Delta. Ethnic groups in the turbulent Niger Delta constitute a demographic minority within Africa’s most populous nation-state with a population of 140 million citizens. The minority status of the several ethno-nationalities of the Niger Delta makes it impossible for any of these groups to utilize electoral ballots and the democratic processes to substantively change their perceived economic exploitation and disadvantaged political status quo.

The syndrome of powerlessness, misery index and trauma of unfulfilled expectations have fostered a conflict-ridden and violent contestation among the inter-ethnic and intra-communal groups within the region to secure direct financial compensation benefits from the technologically intensive and economically powerful multinational oil corporations located in their host communities. By circumventing the Nigerian State elites, host communities have adopted and devised ingenious strategies to secure lucrative financial payments and direct development assistance from the trans-national oil magnets. A system of

rents, protection rackets, goodwill facilitation fees, ghost pay-rolls, questionable and contentious oil spills payments, and other miscellaneous expenditures have become some of the classic hallmarks of the dynamics and patterns of grassroots community based relationships with the several crude oil extractive Multinational Corporations. This pattern has become the entrenched *modus operandi* and the political quid-pro-quo of the political economy and entrepreneurial violence that has become characteristically associated with the battle for oil, militia insurgencies, and recurrent cycles of military reprisals in the turbulent Niger Delta petro-enclave. The growing tendency towards the destabilization of traditional authority structures in many of the remote villages and coastal communities have been exacerbated by youth restiveness, the skills gap, and thus, the inability of the expatriate MNCs to provide gainful employment to ill-suited and teaming contingents of unemployable indigenous citizens of the Niger Delta.

The erosion of communal solidarity and deep antipathies amongst the feuding ethnic groups have facilitated the breakdown of conflict resolution mechanisms and fostered the resort to oil bunkering, hostage takings, reign of impunity, and criminalization of the principled pursuit of local resource control and greater political economy in the vast crude oil, but environmentally devastated region. In essence, periodic pipeline vandalism, disruption of oil-flow stations, wanton acts of sabotage can be deemed as reactionary responses to the paucity of legitimate sources of livelihood, and a brazen attempt to predatorily get a piece of the ‘oil windfall’. Militant and criminal entrepreneurs in the Niger Delta have sought to rationalize their economic pillaging of oil wealth by stipulating that they are only taking what is rightfully theirs in their judgment. Zalik (2006) has adroitly emphasized that the reconstitution of public norms, community spheres and behavioral expectations in the Niger Delta can be directly attributable to the political economy of oil resources and societal upheavals in this vortex of armed conflict.

The illicit bunkering trade and the ‘protection industry’ with which it is associated acts as both informal and self-employment for Niger Deltan ‘youth’, it serves as a claim for inclusion in the national economy without which demands for

autonomy will deepen.... In terms of the ‘local’ Niger Deltan socio-economy, what we may be seeing as a reconstitution of collective norms in the form of indirect claims for sovereignty, in which bunkering/protection competes as an acceptable organizational mode for popular redistribution. Even under the erosion of ‘traditional’ authority structures and the conflict between elders and youths, it is this public, as the ‘force of community’ that seeks to reshape the definition of legal or illegal trade in oil. (Zalilk 2006)

Therefore, in a profound sense, the Niger Delta’s abundant extractive resource endowment has morphed into much broader implications with respect to the conceptualization of citizenship, nationality, community empowerment and the discourse of a new social contract. This tendency towards the redefinition of the prevailing and disadvantageous status quo is at cost the essence of the Nigerian National debate commonly referred to as the ‘*Sovereign National Conference*’. Nation Building in the modern Nigerian political system thus, hinges precariously on pervasive perceptions of ethnic-inclusiveness as reflected in explicit and equitable representation of all stakeholders based on political equality. More importantly, the new social compact has to more prudently institutionalize a fiscal system of revenue allocation that is deemed as more cognizant and remuneratively fairer to the ‘*State’s of Origin Principle*’ by apportioning a larger percentage of crude oil revenues to the Niger Delta States based on the derivation principle.

To date, delegates of the South-South zone have asserted the need to be able to receive a larger share of the revenues produced in their States of origin. The disproportionate environmental imbalance in sharing the risks and burdens of the effects of crude oil extraction and the seemingly skewed rewards matrix is indeed, at the heart of the Niger Delta question. Political advocates of the ‘Federal Principle’ have more often than not been the Nigerian citizens from the demographically more numerous Northern region which has also produced the military leaders and political elites that have imposed through military decrees and executive fiats the existing revenue allocation formula that have seemed to disproportionately favor the resource deficient but

demographically Northern ethno-religious hegemonic leaders of the Nigerian Federal Government. The current civilian democratic 4th Republic have region has being kept sustained a concerted military deployment of air, naval and infantry brigades in order to wipe out rogue elements and economic opportunistic militants in the region who are committed to oil bunkering, criminal sabotage, and destruction of the strategic facilities of the Multi-National Oil Corporations that have been deemed indispensable for the generation of external revenues for the Nigerian polity. The Movement for the Emancipation of the Niger Delta (MEND) is now regarded as the most ferocious and best organized ethnic militia currently operating in the Niger Delta region.

Increasingly, the decentralization or democratization of the monopoly of violence and coercion machineries in the Niger Delta have unleashed a new deadly phase in the struggle for resource control and militarization of the crude oil induced conflict. The entrepreneurs of violence have facilitated the relatively easy availability and supply of light arms and small weapons to a plethora of insurgent and predatory groups in the embattled region. The Niger Delta debacle has become more intractable due to the twin pronged strategy adopted by the current civilian government in its attempts to resolve or amicably diffuse the energy-induced political instability and ethno-communally polarized military conflicts.

On one hand, the governing political party, headed by President Musa Yar' Adua of Peoples Democratic Party (PDP) and his Vice President Dr. Good Luck Jonathan (an Ijaw indigene, and former Governor of Baylesa State), has articulated its pursuit of a proactive policy of dialogue, and concerted engagement with a broad range of community groups in the region in order to address and help to resolve key issues affecting major stakeholders and disparate organizations. The current regime have promised good faith and confidence-building concessions that have included the granting of amnesty to ethnic militants in exchange for speedy initiatives in verifiable demobilization decommissioning of arms and weapons and post-conflict reconciliation remedies. On the other hand, under the auspices of the Yar' Adua government, a Joint Task Force (JTF) that have included land, air, and sea, military offensive have intensified their military campaigns and ruthless attacks against militia strangleholds and

indiscriminate bombings of villages and mangrove population settlements.

Nigeria's security forces have been carrying out their biggest co-ordinated operation for more than a decade—and possibly since the Biafran war—in the Niger Delta this month, using helicopters, aircraft and gunboats as well as three battalions of ground troops to try to flush militants and criminal gangs out of the creeks around Warri. The military says it has destroyed camps belonging to Government Tompolo in Delta state which were seen as a key training ground for rebel fighters and a hub of oil bunkering—the theft of industrial quantities of crude oil worth millions of dollars a day—in the western delta. (Reuters: Africa Blog 2009)

These military campaigns have engendered serious human rights violations, extrajudicial killings, and reign of impunity by Nigerian military and police security agencies. The ethnic militants have also intensified their devastating assaults and acts of sabotage against MNCs production facilities and increased their abductions and captures of hostages in this vicious cycle of instability, repression, and crude oil terrorism in the restive Niger Delta.

Energy security for the Nigerian federal government therefore, means the unimpeded access to strategic sources of foreign revenue, in spite of the legitimate environmental demands and the agitations of the politics of empowerment by civil society groups in the oil producing region. The overarching question that needs to be addressed in the quest for long-term and definitive resolution of the recurrent episodes of armed insurgencies, opportunistic criminality, and reign of impunity in the '*Black Gold reservoir*' region can be succinctly summarized as follows: Should the Niger Delta region be allowed to bear the disproportionate burden of environmental devastation, while the demographically more numerous ethnic groups in the Nigerian federation be allowed to continue to receive disproportionate share of the oil revenues that are derived from the humanly catastrophic and environmentally hazardous business of crude oil extraction and exploitation? The remedy to this thorny question has not yet been satisfactorily worked out or institutionally implemented. Hence, the crux of the resource control, revenue allocation, and derivation principles discourse in the

post-colonial Nigeria political system hinges on amicable political resolution of the agitations and cumulative grievances of indigenes of the Niger Delta States.

Obi (2001) have emphasized the inter-connectedness of ethnic minorities struggles, their quest for a new social compact and a concerted political commitment to the remediation of the environmental decay, and the persistent political marginalization of the peoples of the Niger Delta in the current democratic dispensation. Thus, for example,

The Ogoni Bill of Rights and the Kaiama Declaration shows they all place emphasis on autonomy, control of oil and land. They also seek equal access and representation in national institutions, compensation and restitution from the oil companies for environmental degradation and violations of rights. These demands impinge on the central issues of the national debate and the need for a social consensus. (Obi 2001)

The Niger Delta terrain is essentially a cluster of fragile mangrove forest, marshland, creeks, tributaries, ponds, lagoons, swamps, and wetland. The region suffers from inadequate fresh water supplies, paucity of arable land, and the very sensitive ecosystem continues to be severely compromised by the negative effects of crude oil drilling activities. Access to the heartland of the Niger Delta region has been severely circumscribed, which in turn impedes the reliable availability of information and data on the frequency, magnitude, and multi-faceted effects of environmental pollution, oil spills, and dumping of toxic waste in the disparate riverine communities. Episodic periods of military reprisals in the restive region have been marked by the sealing off the besieged towns, remote villages and “trouble spots” from the rest of the country. Recent military intervention in the conflict zones have been perceived as a form of collective and totalized retribution against the ethnic communities and population settlements in spite of the government’s rhetoric of flushing out, pinpoint targeting and surgical strikes aimed at the militant safe havens, fortified camps, and ammunition depots. The region’s geographical insularity has compelled multinational oil corporations to rely increasingly on the military protection of the federal and state governments in order to preempt the

crippling and paralysis of the oil industry activities in the host communities.

Simply put, the Niger delta region has become an intensely militarized zone due to the recurrent deployment of the army, navy, amphibious brigades, air force, camouflaged State Security Services, the dreaded Mobile Police, locally referred to as *Kill and Go*. These members of the military joint task force are confronted by organized militants, criminal syndicates, sea pirates, cultists, opportunistic ransom seekers, hired political thugs and predators that have divergent and often conflicting political, socio-economic, and geo-strategic security interests. The net effects of the activities of this motley of commercial-criminal-militarized entrepreneurs have been the entrenchment of a reign of impunity, cases of extrajudicial killings, wanton human rights abuses, heightened apprehension, and lack of human security for the expatriate staff and personnel of the beleaguered multinational oil corporations. Ikelegbe’s (2005), assessment of the economy of conflict in the oil-rich Niger Delta region of Nigeria, concisely explicated that a positive correlation can be discerned amongst the predatory pillaging of the militarization of civil society, entrenched culture of siege mentality, and the dynamics of crude oil prospecting, the economic *lootability* of financial revenues, and the capture and control of geo-territorial niches of the “Black Gold” industry in the restive and volatile Niger Delta region.

An illegal, criminal, informal and underground economy exists in the Niger Delta, which has been engaged in resistance against the political economy of oil in Nigeria since the early 1960s. Resistance has intensified since 1997 and there is slowly emerging pockets of armed rebellion. But this economy has emerged only since the late 1990s and has intensified since 2000. This has been coincident with the intensification of armed resistance and the extensive proliferation of non-state institutions of violence and arms. Greed or opportunities did not cause the resistance. It came almost two decades into it. (Ikelegbe 2005)

The cumulative effects of toxic waste dumping, perennial gas flaring, recurrent oil spills, sabotage of oil flow stations and platforms, deliberate acts of

pipeline vandalism, pollution residues related to the dredging of canals, rivers and streams, as well as deforestation of arable land, erosion of riverbanks and sea beds, flooding of coastal areas, and acid rain have caused odious human misery and destitution which in turn have compounded the myriads of existential challenges plaguing the inhabitants of the oil rich Niger Delta region. Okonta's (2007b) documentary and reflective analysis aptly captured the severity and immensity of the environmental predicament of Niger Delta indigenes.

I have traveled extensively in the Niger Delta's communities since the late 1980s, but nothing prepared me for what I encountered in Oporoza and its satellite hamlets in the Western Delta last August. Poverty and neglect take shape in the form of flimsy huts on decayed wooden stilts, bracken greenish water ponds from which the inhabitants drink, and polluted fishing creeks long denuded of life. To visit Oporoza and Egbema is to encounter the very nadir of the noxious embrace of Big Oil, unaccountable government, and the excruciating indigence that only violent exclusion from the civic sphere can bring about. (Okonta 2007b)

As the world's leading gas flarer, Nigeria loses \$2.5 billion dollars annually due to the burning of flared gas in order to separate and extract crude oil in large commercial quantities. The effects of the Oil and Gas Industry on the agro-biodiversity of Nigeria's Niger Delta region constitute one of the most intractable and empirically irrefutable linkages of the corrosively depletive operational activities of the multinational oil corporations. Several federal military regimes and nascent democratic governments have proved incapable of providing long-term and sustainable remedies to the existential penury and egregious human rights violations in the oil-rich epicenter of ethno-communal conflicts and political instability.

Here in lies the quagmire of the Niger Delta Dilemma. Peace, security, law and order are imperative for unimpeded crude oil extraction which is critically important for the foreign exchange revenues of the federal government of Nigeria. The pursuit of basic social welfare, infrastructural and economic development programs in all 36 states of the Nigerian Nation-State is critically contingent on guaranteed

crude oil revenues derived from the international energy market. While the federal government is dependent on petro-dollars for domestic patronage and re-distributional development purposes, only the transnational oil corporations have the technical expertise and financial capital to invest in on-shore and off-shore crude oil prospecting, drilling, and refining capabilities. Nonetheless, the Multinational Corporations remain vulnerable and precariously dependent on the Nigerian military and security apparatus in order to safeguard their costly installations and facilities, while engaged in commercially profitable exploitation of the vast crude oil reserves in the Niger Delta region. Nigeria's oil reservoirs are exclusively located in the geographically-insulated Niger Delta; yet, the indigenes have been persistently discontented with the punishing effects of environmental destruction and consistently inadequate financial compensation accorded to the oil-producing region by the various military and civilian governments in the country's post-colonial political development. Palmer's (2009) report descriptively captured this impasse and pertinently contextualized the Niger Delta environmental dilemma as follows:

Nigeria contains the 4th largest area of mangroves forests in the world, but these important wetland forest are endangered by oil development in the Niger Delta, where billions of dollars worth of oil are being extracted by mega giants in the oil industry, such as Shell and Chevron, and billions worth of natural gas, which is extracted along with the oil, is wasted by burning in mammoth gas flares that burn 24 hours a day for years at a time. Some of these gas flares have been burning for almost 40 years, polluting the air, causing acid rain and massive oil spills, ruining the waterways, killing the mangroves and coastal life, harming the health and livelihoods of millions of Niger Delta people who must live in the shadow of these awful flares. (Palmer 2009)

Given the above mentioned environmental destruction and the deplorable human condition of indigenes in this volatile region, the mounting evidence indisputably affirms that the root causes of militancy, sabotage, hostage takings, and oil bunkering cannot be summarily dismissed as frivolous attempts by economic opportunists to capture oil

rents. The bottom line of the Niger Delta impasse remains the incontrovertible political challenge of how to permanently institutionalize a revenue derivation principle that does not cede the resource control and ownership of vast crude oil reserves located in the region to the belligerents and local agitators for autonomy and economic empowerment to the ethno-jingoist clamorers of homeland rights for “sons and daughters of the soil.”

An analysis of the historical evolution of fiscal federalism in Nigeria with specific emphasis on the politics of resource control, revenue appropriation strategies, and the societal implications for ethno-regional relations and cultural fault lines within the Nigerian *Petro-State Complex* will be critically examined and holistically discussed.

Revenue allocation and resource control

Money, guns, and politics in the Niger Delta question

Nigeria’s current and dynamically intractable Niger Delta question is essentially rooted in the discourse of the political dominance of nationalities and the utilization of the instrumentalities of State power and federal institutions to determine the percentages of allocation and thus, redistribution of national wealth to the different regions and subsequent state governments in the post-colonial political system. The immense cultural heterogeneity and the federal character of the political system further complicates the definition and determination of “who owns crude oil and how much should be given to the states of origin?” i.e. (based on the resource derivation principle). In a country that is currently composed of 36 state governments, the overarching question remains: what is the most expedient fiscal budgetary allocation formula that can be adopted without financially incapacitating the demographically more populous and geographically more numerous non-crude oil producing state governments in the Nigerian nation?

Simply put, the critical question in this center-periphery dilemma is: Who owns crude oil in Nigeria, the Federal government or the geographically insulated enclave regions, generally referred to as the Niger Delta oil producing states? In monetary terms,

how do we account for the disbursement of over \$500,000 billion that have accrued to the Nigerian government in the past 50 years of crude oil exploration, exploitation, and extraction in commercial quantities? In short, what is exactly the “fair” revenue allocation formula for crude oil derivation regions and the non-mineral resource endowed states in the Nigerian federation? To be sure, oil, money, politics, and territory are the concrete and tangible assets and contextual issues that have fomented the current specter of militancy, insecurity, human rights abuses, and catastrophic human and environmental degradation in the restive region. There appears to be an intricate causal linkage between the formula of revenue derivation principle, resource control and the clamor for separatist insurgency and greater ownership and autonomy rights for crude oil producing regions in Nigeria’s post-colonial civilian and military political dispensation.

The utilized formula of revenue allocation prior to Nigeria’s Independence from Great Britain in 1960, was based on 100% of revenues to the oil-producing region. In the first civilian parliamentary democratic regime (1960–1965) the derivation formula was pegged at 50% to mineral producing regions. As a result of the military overthrow of Nigeria’s first civilian republic on January 15, 1966, the administrative system of regionalism was abolished and replaced with creation of twelve States by the military government. In 1970, the revenue allocation formula utilized by the federal government to disburse funds to the state governments was fixed at 45%. The derivation principle authorized to the oil producing states further shriveled to 20% by 1975. This progressively downward spiral in the reduction of the percentages of revenue allocation based on the derivation principle to the minority crude oil producing states was draconically reduced to 2% in 1982. Indeed, in 1984, the resource revenue derivation principle was at its lowest ebb and was fixed at a miniscule 1.5%. In fact, it was not until 1999 that the state revenue derivation principle was elevated to the current 13%.

Besides, the 1960 and 1963 constitutional provisions, all changes to the revenue derivation percentages were arbitrarily imposed by military decrees, without consultation and approval from the citizens of the crude oil producing states of the federation. As a mono-mineral dependent and producing developing

country, the seemingly autocratic impositions all had the same net effect; they in essence, granted to the federal military government (predominantly dominated by the Northern, Hausa-Fulani ethnic groups) the absolute control over the greatest shares of crude oil foreign revenues generated from exports to the international energy markets. Progressively, therefore, over the several military regimes that governed the country for about 30 years, fiscal federalism became perceived as the financial strangulation and political marginalization of the oil producing States of the Niger Delta region. Monopolistic control of petrodollars by the military junta at the central government level, without recourse to public consultations or constitutional amendments have become the major bone of contention in the discourse of the question of stakeholders' engagement and involvement in the "National Sovereign Conference" within Nigeria's current fourth Democratic Republic. Over the years, the Nigerian government has depended on about 90% of its revenues from crude oil exports. Consequently, in order to fund the public sector and social-economic development programs in the country, political elites at the center have adopted and integrated other non-resource derivation specific criteria as litmus test utilized by the federal government for the allocation of funding to the constituent 12, 19, and currently 36 state governments in the federation. Henceforth, under the serial military dictatorships, other geopolitical and strategic considerations such as population size, land mass and issues such as terrain and population density, parity and equity of all constituent state governments, the number of local council districts in each state, and the internal revenue generation capacity of each state were added as requisite factors in the determination and disbursement of crude oil revenues in the Nigerian polity.

Economic disparities and systemic inequalities are deeply embedded in the practice of fiscal federalism in the Nigerian Nation-State. In the contentiously-crystallized prism of resource control, revenue allocation, and political marginalization of ethnic minorities, *devil is indeed, in the detail*. Clearly, phantom arithmetic and political mathematics can deviously mean different things to different people, in spite of the rhetoric of fairness, corporate indivisibility, and fraternal solidarity frequently invoked in discussions of nation-building and forging of national

consciousness in post-colonial and developing African countries. As illustrated by The African Network for Environmental and Economic Justice (2004) the impact and severity of the demographic criteria on the mineral rich but minority states within the Nigerian federation can be indeed, profound:

The northern state of Kano, for example, has forty-four local government councils while a major oil-producing state like Delta has twenty-five local government councils. From the constitutional provision, Kano state will therefore get more revenue than Delta State, even when Kano State does not produce oil. (Oil of Poverty in Niger Delta (p. 50) 2004)

The communal rancor engendered by some of these military decreed revenue allocation formulas, especially within the Niger Delta oil producing states region have been immense and have severely rendered porous the fragile, systemic fault lines and delicate tapestry of ethno-religious and geographically-demographic contours of this Africa's most populous and culturally-heterogeneous nation-state. A long history of the community grievances have fueled the perceived political disempowerment that have been persistently articulated by activists and grassroots leaders of the various ethno-nationalities in the combustive and restive oil-rich region. Thus, for example, community organizers and political pundits have cited that:

The federal military government repealed Sect. 140 (6) of the 1963 Constitution dealing with payment of derivation oil proceeds from the continental shelf to the regions by promulgating Decree No 9 of 1971. This decree greatly reduced the derivation fund or compensation paid to the oil-producing states by the federal government of Nigeria from the proceeds of sale of petroleum products. This singular legislation removed twenty percent from the fifty percent derivation fund guaranteed under the 1963 Constitution. The said Offshore Oil Revenues Decree No 9 of 1971 vested all offshore oil revenues and the ownership of the territorial waters and the continental shelf on the federal military government. (Oil of Poverty in Niger Delta (p. 45) 2004)

Other military decreed restrictions that have been mentioned as critical triggers and catalysts for the anger, bitterness, and militancy of the Niger Delta insurgents and protagonists, include: The Minerals Act and the Petroleum Act (1969), the Land Use Decree (1978), the Territorial Waters Act (1990), and the Exclusive Economic Zone Act (1990), which gave complete ownership and control of oil revenue in the territorial waters and exclusive zone to the federal government of Nigeria. In 1992, General Ibrahim Babangida imposed Decree No. 23, which effectively abolished all and any distinctions between on-shore and off-shore oil mineral for the purposes of revenue sharing and the federal allocation and administration of funds for the development of oil producing areas. The cumulative effects and implications for oil producing minorities of the Niger Delta region have been poignantly ascertained by Suberu's (2001), argument that at the heart of the crisis of Nigerian federalism is:

The brazen neglect of the needs and demands of Nigeria's ethnic minorities in the Niger Delta's oil-bearing communities, and the maladministration and manipulation of the revenue-sharing process, in particular, deprived the states and the localities of huge amounts of revenue due to them under the revenue allocation formula. (Suberu 2001)

The Petro-State-Complex in Nigeria has been characterized by centralized fiscal federalism, and during the 30 years of military dictatorship the politics of revenue distribution was steeply embedded in a political economy of violence, rentierism, predation, and capricious mismanagement of billions of dollars garnered from the export of abundant crude oil in the global energy market. In essence, the country's excessive dependence on oil revenues have engendered rent seeking pervasions and the abuse of State powers by successively ruthless and politically unaccountable military dictators. Persistent attempts by leaders of the oil communities in the Niger Delta to articulate, protest, and mobilize against their perceived marginality and victimization were met with draconian military reprisals, extra-judicial killings, brazen destruction of towns, and villages in the remote creek communities of the petroleum-producing enclave region.

The environmental destruction and acute human deprivities associated with the drilling and extraction of crude oil in their ancestral homelands have been epitomized by the ruthless hanging of Ken Saro Wiwa, and other Ogoni chiefs in 1995 during the General Sani Abacha military dictatorship. After 13 years of judicial litigation against Shell BP in the United States, by the son of Ken Saro Wiwa and other aggrieved Ogoni advocates, Shell BP offered to pay the sum of \$15.5 million as part of the settlement on charges brought against the oil major for its collusion and complicity with the Nigerian military government in the extrajudicial killing of the prominent Ogoni environmentalist and eight Ogoni chiefs. For several decades, indigenous demands for increased compensation payments for oil spills, environmental pollution, gas flaring and other catastrophic damages endured by the inhabitants of the region were either dismissively ignored or dealt with as a form of tokenism to the disparate ethnic minorities of the Niger Delta. The creation of Niger Delta Commissions and other quasi-governmental organizations to address the specific financial needs and environmental development programs were at best, too little and served merely as symbolic and paternalistic overtures by the distant federal government to diffuse the grievances and specter of militancy in the volatile region. However, these governmental institutions and policy prescriptions failed to resolve the crux of the multi-layered and deep-rooted problems engendered by crude oil exploitation by the twin alliance between the multinational oil corporations and the Nigerian Federal Government.

The rancor over fiscal federalism, derivation principles and regional resource control within the Nigerian polity revolves squarely on the asymmetrical political domination of the majority ethnic and regional demographic groups over the centralized and mobile federal government, especially in matters of security, finance, and judicial decision-making processes. Ethnicity and tribalism are recurrent primordial hallmarks of government and politics in the modern Nigerian political system, in spite of centripetal tendencies towards the forging of national consciousness in the culturally-heterogeneous nation-state. Therefore, ethno-regional and communal groups claims to financial resources and monopoly of political power have been subjected to invidious comparisons

and the politics of entitlements. This contextual and historical dilemma has been manifested in the fact that all former military Heads of State since the first military regime in 1966, have been predominantly from the Hausa-Fulani, and Northern region. The only exception to this Northern political hegemony was the relatively brief military regimes of General Ironsi, an Ibo (killed in July 1966) and General Olusegun Obasanjo, a Yoruba (1976–1979). These two military leaders were also from the two most dominant ethnic groups (Ibo and Yoruba) in the Southern regions of the country. The salience of ethnicity and regionalism becomes critically important primarily because Nigeria's vast crude oil reserves are located exclusively in the Niger Delta region, which is the ancestral homeland of the several ethnic minority populations.

The ethnic groups of the Niger Delta have indeed exercised minimal political power within the central government and their leverage within the state institutions at federal government level have not been preponderantly imposing. To date, none of the former military Heads of States or the civilian elected Presidents of the Fourth Republic has come from the country's crude oil producing region. Currently, Nigeria's Vice President, Dr. Jonathan Goodluck, is the only top-ranking Ijaw ethnic politician that is serving under Hausa-dominated government of President Yar' Adua administration. Cynical analysts of the complex tapestry of Nigerian politics, especially the self-styled "sons and daughters of the soil" have perceived Dr. Jonathan Goodluck's nomination to the Vice-Presidency as a form of *ethnic-tokenism*, and a shrewd Machiavellian maneuver designed to purchase peace and thus placate the youths restiveness, militancy and economic sabotage of the crude oil extractive industry in the Niger Delta. This symbolic inclusion of a prominent Ijaw politician into the federal government has nonetheless, failed to either placate the incendiary rhetoric of rebel insurgents such as the Movement for the Emancipation of the Niger Delta (MEND) or dampen the black market economy of oil bunkering and illicit sale of small arms and light weapons in the restive Niger Delta region.

Environmental rights advocates and minority-resource control protagonists have anchored their historical grievances on the perceived unfairness of the revenue allocation, and derivation principle structure of fiscal federalism in Nigeria's modern political system. The ethnic minorities of the Niger

Delta have condemned the egregious assets and revenue stripping decrees promulgated by erstwhile military regimes that have deprived them of their control and revenues from the vast crude oil reserves located in their heartland. Nigerian military control of the vital energy sector not only dispossesses the indigenes of the Niger Delta of surplus wealth but more significantly, federally-mandated, and militarily promulgated decrees have served as the basis for the criminalization of protests and the tempering with the facilities and operational activities of the vital crude oil revenue generating sector of the Nigerian economy. Some of the special examples of these security penal codes include: the 1965 Oil Pipeline Act, the 1969 Petroleum Drilling and Production Regulation Act, and the Petroleum Decree, the 1993 Treason and Treasonable Offences Decree, the 1994 State Security Detention of Persons Decree and the Special Petroleum Offences Miscellaneous Decree. The regionally-focused consequences and long-term implications of the military decrees and edits have been the *de facto* incapacitation of Niger Delta indigenes' ability to engage in overt or surreptitious demonstrations and activities that would further destabilize the crude oil industry, and thereby jeopardize the country's major source of external revenues.

True federalism or fiscal federalism and revenue-appropriations formulas in Nigeria, have fostered an entrenched pattern of ethno-hegemonic control of the power of the purse by the demographically more numerous and ethno-regionally more dominant *Hausa-Fulani-Northerners* at the expense of the Southern ethnic minority communities located in the oil-rich Niger Delta region. The reinforcement of region, religion, resource-paucity, and the utilization of phantom arithmetic, and political domination at the central government constitutes the crux of energy-politics, resource-control, and the discords over derivation principles and fairness of allocation formulas. Thus, for example, Watts's (1997) article entitled 'Black Gold, White Heat: State Violence, Local Resistance and the National Question in Nigeria, demonstrated that:

At the height of the oil boom, 60 percent of oil production came from Rivers State, but it received only 5 percent of the statutory allocation (roughly half of that received by the Kano and Northern states and by the Ibo heartland

states). Between 1970 and 1980 it received only in revenues one-fiftieth of the value of the oil it produced. (Watts 1997)

It is within this prism of ethnic arithmetic and its correlation to economic privation and environmental degradation in the Niger Delta region that the internecine and protracted struggles to capture oil spoils, that the agitations and demands for local resource control, militancy and the political economy of violence in the Niger Delta can be more pertinently contextualized, more holistically and persuasively comprehended. This historical linkage was emphatically reinforced in the recent report of the Niger Delta Technical Committee, which noted that:

...the allocation of funds from national oil and gas revenues to the region should be increased to 25 per cent, up from 13 per cent, in order to finance new infrastructure. It is pertinent to recall that before the advent of oil, derivation was as high as 50 per cent. Then, the major sources of national revenue were cash crops produced mainly by the major ethnic groups in the country. If one may ask; why is it that the derivation that was good for the major ethnic groups is not good for the minorities? (Agbu 2009)

Ethnic groups' entitlements and cultural fault lines that are inherent in Nigeria's implementation of fiscal federalism constitutes the critical challenges confronting the federal government, the multinational oil corporations and the myriads of grass roots-oriented civil society groups and armed factions of militants and the entrenched crude oil bunkering criminal syndicates operating in the restive Niger Delta region. Currently, the federal government and the demographically numerous state governments receive a disproportionately larger share of crude oil revenues under the prevailing revenue allocation formula. Therefore, the proclivity towards youth restiveness, militancy, and clamor for local resource control by the ethnic communities in the Niger Delta will continue unabated, and render porous the geo-regional cross-border relations in the West African sub-region and more importantly, undermine the fragility of the political security matrix of Africa's most populous and largest petroleum producing country. This observed tendency will likely persist

in the short-term, irrespective of political regime type, or state-sponsored solutions to redress community grievances, political marginalization, and environmental devastation of the volatile crude oil extractive enclave economy. Omeje (2007b) underscored the correlation between youth restiveness and the political economy of violence in the Nigerian political system. According to him:

Promotion of violence as an economic opportunity... a significant proportion of the petro-violence in the Nigerian oil producing region are either orchestrated or amplified by militant youths to extort petrobusiness or gain economic advantage over a rival community/group (Omeje 2007b)

The treacherous nature of the swamps, creeks, estuaries and tributaries of the Niger Delta region have necessitated heightened federal military security presence in the oil rich region, which in turn, have compromised the safety of expatriate oil workers, as well as protection of ordinary citizens of the geographically insulated Niger Delta region. In fact, over 300 foreigners have been kidnapped since 2006 in revitalized upsurge in hostages for ransom payments orchestrated by ethnic militias operating in the Niger Delta. Paradoxically, the growth in militancy, youth restiveness, oil bunkering, pipeline vandalism, and other acts of economic sabotage have been attributed to the underlying unresolved problem of *unfairness* of the existing revenue allocation formula and the criteria of derivation principle utilized by the Northern political elites at the federal government level, and its impoverishment and destitution of the environmentally devastated ethnic minority communities of the Niger Delta.

This, indeed, is the most critical cornerstone of the Niger Delta Question. It has become increasingly evident that the derivation principle of revenue allocation to the crude oil producing Southern States will have to be raised from the current 13% criteria to upwards 25%, or 50–60% in order to assuage the rage and grievances of the resource control insurgents in the vast crude oil endowed region. However, this politically expedient option might seriously incapacitate and thus, diminish federal government's control and financial leverage in the dynamics and development of Nigeria's centralized fiscal federalism in the current civilian democratic dispensation of the Fourth

Republic. The societal implications of acceding a greater percentage of oil revenues to the resource control advocates from the Niger Delta might be construed as a political capitulation and a decisive diminution of the de facto political control Hausa-Fulani and the Northern region's hegemony of the modern Nigerian political system. In fact, over the years in meetings designed to address the 'National Question' politicians from the non-crude oil producing states have emphatically argued that what the so-called South-South resource control advocates have been demanding is in practical terms, tantamount to an economic blackmail and the decimation of the financial framework that Nigeria's territorial indivisibility principle has been predicated upon. Territorial sovereignty and the corporate indissolubility of the Nigerian Federation have been strategically interconnected to the central government's financial monopolistic control over revenue allocation formulas granted to the 36 states and local governments in the polity.

To date, both the various military and civilian governments have adopted a minimalist-incremental policy approach to the escalating restiveness in the Niger Delta region. Nigeria's excessive dependence on oil revenues from the region have necessitated a "stick and carrot" strategy that have been designed to quell intractable internecine ethno-communal conflicts, militarily dislodge militant factions, and perpetrators of economic sabotage who have targeted the production facilities of the Multinational corporations and the economically indispensable crude oil flow stations, refineries, and pipeline operations. On the other hand, policy initiatives have been implemented in order to forge political solutions to the deep seated causes of the region's perceived injustices, underdevelopment, and political marginalization. Some of this initiatives have included the 1960 Niger Delta Development Board (NDDDB), the 1970 River Basin Development Authority (RBDA), the 1973 Petroleum Technology Development Fund (PTDF), the 1993 Oil Mineral Producing Area Development Commission (OMPADEC), the 2000 Niger-Delta Development Commission (NDDC), and the most recently established 2008 Ministry of Niger Delta (MND), the commissioning of the 2008 "Ledum Mitee Technical Committee on the Niger Delta" (TCND) to review, investigate and make recommendations to the federal government on the feasible remedies and logistical

mechanisms to foster peace building, demobilization of ex-combatants and surrender of light arms, weapons, and other deadly military arsenal in the volatile Niger Delta communities.

In addition, President Umaru Yar'Adua's administration has offered unconditional amnesty to militants engaged in violent armed struggle for resource control, a fairer share of revenues generated from the sale of crude oil extracted predominantly from the beleaguered Niger Delta oil fields. Previous attempts to address the recurrent upsurge in communal violence and militia insurgency have tended to be piecemeal, ad hoc, and designed to defuse short-term escalation of armed conflicts and demands for immediate economic alleviation of the underdevelopment and compounding environmental devastation of the region. In prior attempts to "sort out" the Niger Delta debacle, the financial transparency and accountability of funds disbursed by the various commissions and governmental agencies have been plagued with corruption, misappropriation of resources, and the hijacking of developmental relief assistance by powerfully entrenched political elites at the federal, state, and local government hierarchies. It is imperative therefore, that funding for clean-up of oil spills, reduction of gas flaring, compensation payments by the international oil corporations to host communities and not diverted to serve political patrons, compromised traditional leaders or factions of ethnic militias in these segmented and disparate creeks, swampy hinterland communities.

Given the political history of the Niger Delta dilemma, it is apparent that a much more comprehensive and concerted overarching approach will be required in order to provide long-term, sustainable and durable peace in the restive Niger Delta region. Such a comprehensive framework needs to be anchored in legislative appropriation of billions of dollars over a long-term period designed to substantively improve the basic infrastructures, provide meaningful social welfare programs, revitalize environmental regeneration, address the sources of youth restiveness by the provision of educational and employment opportunities for the indigenes of the oil-producing communities. Above all, a larger share of the revenue allocation threshold provided to the region will have to be exponentially increased from the current 13% to upwards 50% in the intermediate stages

of rehabilitation, re-integration, and reconciliation of the politically marginalized minority populations of the South-South zone.

The report of the Niger Delta Technical Committee offers another unique opportunity to holistically transform the neglected region that produces over 90 per cent of Nigeria's wealth.... The Mitee committee harmonised all previous recommendations on how to fast-track the development of the Niger Delta region. One such recommendation is on the ever controversial issue of resource allocation. The report said the allocation of funds from national oil and gas revenues to the region should be increased to 25 per cent, up from 13 per cent, in order to finance new infrastructure. It is pertinent to recall that before the advent of oil, derivation was as high as 50 per cent. Then, the major sources of national revenue were cash crops produced mainly by the major ethnic groups in the country. If one may ask; why is it that the derivation that was good for the major ethnic groups is not good for the minorities? (Agbu 2009)

Extremist resource control advocates of the Niger Delta region have argued for "true federalism" i.e. complete control and local autonomy over the exploration and exploitation of crude oil operations in the region in exchange for excise payments and other fiduciary dues and designated State taxes to the federal government. In essence, resource control autonomists are committed to the refocusing of the discourse of '*who owns crude oil in Nigeria?*' in favor of the regional producing communities. To be sure, such radical and decisive political and socio-economic changes might be easily construed by the majority indigenes of other resource-poor regions and embittered political zones in the 36 States Federation as a form of central government capitulation to the "economic blackmail" and more importantly, a decisive political defeat of the Hausa-Fulani and the legacy of Northern hegemony over Nigeria's post-colonial political development.

Although there are several significant ethnic minorities in the Niger Delta, the politicization of Ijaw ethnic identity as synonymous with the plight of the oppressed, neglected and marginalized minorities of the crude oil producing region have also

engendered the specter of ethnic parochialism and contentious acrimony over the re-appropriation of indigenes with parochial identification with "*Ijawness.*" What is beyond dispute is the fact that there are at least 30–40 distinct ethno-communal clusters of identity groups in the expansive riverine terrain and tributary estuaries of Niger Delta region. Consequently, beyond the economic deterministic prism of the resource-curse hypothesis and its correlation to armed conflicts and civil wars, lay the much more intractable and sociologically holistic dimension to the Niger Delta impasse due to the intense rivalry and mutual suspicions of the motives and incentives of the various ethnic groups. The long-term socio-political engineering task of peace-making, sustainable development, and grassroots community empowerment, have to be addressed while establishing institutions and policy mechanisms designed to diffuse perceptions of differential revenue allocation and resources deployment to the various stakeholders and geo-contiguous municipalities.

The cyclical and current upsurge in oil bunkering, pipeline vandalism, kidnappings of expatriates for ransom payments, and other forms of economic sabotage perpetrated by militants and criminal gangs in the volatile Niger Delta have been attributable to the perceived unfairness, and inequitable revenue derivation formula utilized by the federal government against the petroleum-producing communities of the Niger Delta. An entrenched political economy of violence have unleashed in the region a militarized culture of impunity, human rights violations, environmental deficits, and the proliferation of entrepreneurs of violence and international black market syndicates.

There is therefore, a tight causal linkage between ethnic groups' perceived deprivation syndrome, internal colonialism, and the catastrophic disruption of crude oil production in the Niger Delta region. The economic consequences of the more recent and rather drastic reduction in crude oil exports due to unrelenting insurgency and militancy in the gas and energy extractive enclave have proved to be ruinous and severely undermining of the Nigerian Federal Government's commitments and obligations to improve the human condition, by pursuing diverse developmental programs and other costly and long-term sustainable socio-economic programs. In a nutshell, herein lays the quagmire of the

‘Petro-State-Complex,’ the revenue allocation and fiscal federalism predicament in the Nigerian ethno-heterogeneous and differentially resource endowed geo-territorial politics:

The essence of the constitutional debate revolves around the allocation of federal revenues, because 90 percent of all governmental revenues are derived from oil and paid by the oil companies directly to the federal government. Prior to the establishment of the Derivation Account in 1999, all oil revenues were paid into the federal treasury and redistributed to the various tiers of government following the payment of “first charges” for Nigeria’s debt repayment and debt service as well as for various “special projects” directed by the federal government... The reestablishment of the Derivation Account was the first step in the reallocation of federal revenues. 13 percent of Nigeria’s oil revenues is paid into this account for distribution to the oil producing states, while 87 percent is retained by the federal government for distribution to all tiers of government. (Barkan et al. 2001)

A deeply contested strand of the domestic historical and sociological narrative that has been intrinsic to the Niger Delta Question, concerns the legacy of economic exploitation of ethno-minorities and the protracted political marginalization of the indigenes of the Niger Delta region. The historical sociological framework is therefore pivotal and illuminative for contemporary scholarly discourse of the effects of geo-politics on the dynamics of revenue allocation and the proclivity towards political instability, civil wars, and militia insurgencies in the Nigerian political system. The economic grievances associated with the inadequate levels of revenues provided by the federal government to the oil-producing South-South States have translated into a more bellicose and yet symbiotic relationship between aggrieved indigenes of the host communities and the Transnational Oil Corporations. Community activists in the restive Niger Delta have steadfastly maintained that characteristically, the Oil Majors have exhibited the repugnant tendency of refusing to pay adequate monetary compensations for incessant oil spills, perennial gas flaring, and other forms of ecological contamination which have rendered their economic sources of livelihood, (fishing

and subsistence farming) increasingly perilous and thus, environmentally unsustainable. The multinational oil corporations have often reneged on the payment of compensation claims brought by host communities because as their officials often alleged, majority of the oil spills are caused by deliberate acts of sabotage perpetrated by criminal groups seeking to collect profitable compensation benefits. The ethno-regional dynamics of local resistance movements have reflected a pattern of alliances of convenience and creative subterfuge employed by the different stakeholders in the deadly economic rhythm of violence and peaceful coexistence predicated on the interplay of oil, guns and politics in the Niger Delta.

The immersion and historical triangulation of the crude oil majors in Nigeria’s ostensibly domestic political, socio-economic schisms and grievances have been made inevitable because of the bountiful royalties and financial payments that have accrued to specific ethnic groups who have received the highly coveted designation of ‘*host communities*’ that can only be conferred by the multinational oil corporations. The financially endowed MNCs, often pay lucrative financial royalties, protection fees, and other miscellaneous monetary allocations to diverse non-state actors and paramilitary societal groups within their oil drilling and production platforms in order to purchase political tranquility, and thus be able to engage in peaceful and unimpeded extraction of crude oil within the designated territories of their host communities. Bluntly stated, the Oil Majors are perceived as a major source of funding for communities in the Niger Delta, even if they argue that it is not their corporate responsibility to either subsidize or replace the role of the federal and state governments within their territorial jurisdiction of crude oil extractive activities. Van Niekerk and Davis (2009) concisely illuminated the geo-strategic and politico-economic implications of the MNC-State-Community-Nexus in the Niger Delta region as follows:

A low-level war has been fought in the oil-rich Niger Delta for almost a decade now. In the past three years alone, militant groups have kidnapped more than 250 expatriate oil workers and cut oil production by 1-million barrels a day. The conflict is a threat to the long-term stability of Nigeria and is spilling into the rest of the region. A recent coup attempt in Equatorial

Guinea and an upsurge in piracy in the Gulf of Guinea emanate from the armed groups operating from the Delta. (Van Niekerk and Davis 2009)

As a result of the international dimension of the petro-conflicts in Nigeria's Niger Delta, in the next section of this paper, the focus and emphasis will be the analysis and review of the phenomenon of oil bunkering, and the intricate linkages amongst the MNCs, Host Communities, and the Nigerian State Apparatus. The resiliency of criminal syndicates and ethnic militias in the crude oil producing enclave economy will be critically contextualized and analytically evaluated. Indeed, the multifaceted dimensions of a militarized culture in state society relations within the Niger Delta communities have fostered a persistent pattern of impunity, extrajudicial killings, sea piracy, youth restiveness, repeated military occupations and recurrent reprisal raids within the political economy of violence, predation, pillaging and profiteering. The oil rich reserves located in the infested swamps, creeks, and mangrove coastal communities have become the geo-territorial targets for militancy, brigandage and insurgency, with attendant consequential effects for the region, the West African Community and the broader international energy markets.

Oil bunkering, militias and multinational oil corporations (petro-conflicts in the Niger Delta)

The illegal theft of industrial grade crude oil in the Niger Delta is indeed, a multi-faceted endeavor characterized by local, regional and international dimensions. This burgeoning black market economy for "black gold" firmly incorporates Nigeria's Niger Delta region into the orbits of the global energy-extractive industry. Nigeria's highly coveted "*Sweet/Bonny Crude*" remains a highly coveted extractive resource in the world energy markets. Nigeria's current petroleum minister, Rilwanu Lukman (a Northerner and Hausa-Fulani indigene) on July 24, 2009, conceded for the first time, that as a result of disruptive militancy and clandestine oil bunkering activities in the beleaguered Niger Delta region, the country's crude oil production ratio declined to 1.5 million

barrels per day, as opposed to pre-insurgency projected targets of 3–4 million barrels per day. In effect, this drastic shortfall represented a 50% decline in net-quarterly external revenues to the federal government.

Nigeria's oil revenue was slashed by half in the first quarter of 2009 compared to the previous quarter, official statistics released Thursday show, as the industry suffered the impact of militant attacks. The huge slump in oil income dragged down total external trade by 29% over the same period last year. Sales in the first quarter of 2009 fetched the country 735.4 billion naira (\$4.9 billion), sharply down on the previous quarter, when oil returned \$9.86 billion, the National Bureau of Statistics said in its July publication. "Total trade figure for the first quarter of 2009 was NGN1, 974.6 billion, thus indicating a drop of NGN572.5 billion or 29 percent over that of the fourth quarter of 2008." This sharp drop in the value of exports may be attributed to the activities of militants that reduce the quantity of crude exports. (Nigeria's 1Q Oil Revenue Down by Half 2009)

Therefore, oil bunkering is indeed, a nebulous form of rent extraction by local rogue actors, criminal syndicates, gun traffickers, and economic freedom fighters or ethnic militias in the volatile region. The pilfering of processed crude oil involves the surreptitious tapping of pipelines, the brazen capture of oil cargos in offshore facilities, and the falsification of documents by colluding perpetrators in the oil industry. There are three distinct types of oil bunkering operations in the Niger Delta energy extractive enclave economy. To be sure, domestic level oil bunkering is qualitatively distinct from the broader West African regional dimension of the illegal oil trafficking business. The international and more global axis of the parallel black market crude oil trade is more sophisticated and tends to be characterized by organized trans-national criminal syndicates involved in the lifting of millions of barrels of commercial grade crude oil exports in the world energy economy.

As a semi-refined product, crude oil is a "*lootable*" commodity and the vast oil facilities and interlocking pipeline installations that have spanned across the country from the remote Niger Delta to the Northern parts of the federation and have provided saboteurs

with multiple opportunistic target points to engage in illegal theft of processed petroleum products. In essence, the oil war declared by militants such as MEND have also simultaneously facilitated criminal activities by syndicates engaged in oil bunkering. The combined effects of pipelines sabotage and destruction of MNCs operational infrastructures have drastically diminished the quantities of Nigeria's production quotas, thus, threatening the mono-extractive revenue base while oil bunkering have provided militia factions and criminal gangs with abundant financial resources to sustain their militancy and economic pillaging of the vast crude oil reserves located exclusively in the Niger Delta. The International Energy Agency (IEA) recently reported that between May and June 2009, Nigeria's crude oil production fell from 1.8 million bpd to 1.72 million bpd. However, other energy sector analysts have insisted that:

Nigeria's crude oil production has fallen to about 1.2 million barrels per day (bpd) due to attacks against installations by militants in the Niger Delta... "The situation is disastrous. It is high time they stopped damaging the pipelines," a top official of an international oil company operating in the country told AFP on condition of anonymity. He estimated that Nigeria's current crude production was between 1.2 million bpd and 1.3 million, compared with 2.6 million bpd in 2006. ([Nigeria's Crude Production Falls Sharply: Industry Sources 2009](#))

Evidently, oil bunkering has had a devastating economic and environmental effect on the Niger Delta region and the internal political dynamics of state-society relations in the current Nigerian political system. Diminished federal revenues due to illegal oil theft exacerbates the revenue allocation dilemma and further politicizes the resource control, regional underdevelopment, and perceptions of political marginalization, especially in the South-South States of the ethnically-heterogeneous polity. While the root causes of oil bunkering may be contentiously debated, the methods and tactics utilized by the so called "economic freedom-fighters" and criminal looters of crude oil have evolved and become more sophisticated. It is, however, beyond dispute that oil bunkering deprives the nation of indispensable revenues

needed for socio-economic development, and it severely endangers the sources of livelihood of the impoverished indigenes and cumulatively compounds the environmental destruction of the Niger Delta region. Thus, for example:

The Nigerian government estimates the amount of oil stolen countrywide is as much as 100,000 barrels a day—worth about \$1.5 billion a year at current prices... Originally focused on stealing from pipelines, "bunkering" has developed an integrated supply chain where petroleum can be stolen straight from the wellhead, distilled and sold at gas stations... Pipelines are tapped by drilling holes vertically downward into them, inserting a metal plug to which a plastic hose can be connected, and siphoning out the petroleum. The hoses disappear deep into the meandering swamps of the delta to resurface to pipe the hydrocarbons into boats which transport the material to illegal refineries. "This is clever engineering," a Shell official said. ([Faucon 2009a](#))

Illegal oil bunkering can be effectuated through various mechanisms and depending on the scale, magnitude, and the level of sophistication, this clandestine political economy of pillaging and entrepreneurial violence depends on the collusion of multiple participants. The simplest form of crude oil theft involves the deliberate rupturing of pipelines by local belligerents disgruntled with the operational activities of the International Oil Companies in their host communities and the perceived collusion of Federal Military Security Services with the exploitative multinational corporations. At this first tier of low grade crude oil robbery this cottage industry made up of mostly local scoopers, siphoners, and resourceful domestic scavengers of low grade crude oil. These nocturnal activities have been facilitated explosions in often remote towns, secluded villages, and swampy riverine communal settlements located in the interior creeks of the Niger Delta region. This risky and pedestal form of economic expropriation of "*black gold*" have often led to calamitous pipeline explosions, grotesque human carnage, and the mutilation of charred bodies associated with the rupturing of oil pipelines. In terms of the genesis or origins of illegal crude oil

bunkering, the United Nations Office on Drugs and Crime (UNODC) report noted that this deceptive and clandestine practice began:

in the late 1980s as a method of enabling Nigerian National Petroleum Corporation (NNPC) to export crude oil beyond its OPEC quota. According to this line of argument, the NNPC pioneered bunkering, and militant groups simply took it up. Today, there are several ways oil can be stolen without the need for tapping a pipeline. Oil company employees can be bribed into allowing unauthorized vessels to load. Authorized vessels can be “topped”—filled with oil beyond their stated capacity—and the excess load sold on. Oil revenues can also be embezzled, or money made through the sale of export credentials and other paperwork. (Igidi 2009)

The net effects have been the lamentable incineration of thousands of unfortunate victims in the past several years of despair-induced-illegal crude oil theft. In short, the immensity of the human tragedy caused by this first tier type of crude oil brigandage has been vividly and graphically illustrated as follows:

...bunkering is taking a toll on local communities and the environment. After puncturing pipelines to steal oil, the thieves tend to leave them leaking. The resultant spills have proved detrimental to vast expanses of forests and farmlands in the Niger Delta—and have also led to fires. These often occur when poor villagers attempt to scoop up the leaked oil. Pipeline fires have claimed more than 2,000 lives in the last six years, with one of the most devastating incidents taking place in Jesse village in 1998. The blaze left about a 1,000 people dead, and scarred the community in any number of ways. Bad burns have left some of Jesse’s villagers permanently deformed, while many children who lost their parents to the fire have been left without proper care. (Olukoya 2004)

The second tier of crude oil theft business is indeed, a multi-million dollars criminal enterprise targeted towards more localized regional consumers. This ‘parallel black market economy’ sells petroleum

products at cheaper cost and hence, has led to the proliferation of a clandestine cottage industry of illegal refineries controlled by organized criminal syndicates whose operational trajectories extend sometimes into the neighboring countries in the West African sub-region. These dubious illegal refineries often compete with the legitimate and officially established Nigeria National Petroleum Company (NNPC) and the international oil corporations (IOCs) that control the supply of petroleum products in the country. Although this level of illegal crude oil refining and trafficking tends to be more profitable, it tends to involve multiple players across transnational boundaries, thereby forming a more complex pattern of petro-security-protection rackets. Geo-strategic delineation of operational turfs facilitates illegal arms trafficking, money laundering, and narco-kidnapping operations beyond the volatile and oil-rich Niger Delta region. Given the intricate logistical and expansive nature of this magnitude of illegal oil bunkering, most regional analysts have affirmed that the persistence of the entrenched political economy of petro-violence has been nurtured and consolidated by the tacit political support of ‘major godfathers’ in the Nigerian system of rentierism, and predatory-pillaging petro-state-complex. In the Nigerian context, illegal oil refineries are fundamentally basic, rustic and ingeniously designed:

Cement shacks where petroleum goes through a raw distillation process in metal drums...Originally focused on stealing from pipelines, “bunkering” has developed an integrated supply chain in which petroleum can be stolen from the wellhead, distilled and sold at gas stations... Pipelines are tapped by drilling holes downward into them, inserting a metal plug to which a plastic hose can be connected, and siphoning out the petroleum. The hoses disappear deep into the delta’s meandering swamps and resurface to pipe the hydrocarbons into boats that transport the material to illegal refineries. (Onuoha 2008)

Several decades of the crude oil exploitation and petro-conflicts in the Niger Delta have coexisted with the emergence of powerful barons—or military oligarchs that have been predominantly composed of retired military generals, complicit members of the navy, air force personnel, military police, and strategically positioned local chiefs, bureaucratic elites

and corrupt politicians at the Federal State and local government levels of leadership. The capture and control of Petro-dollars helps to lubricate the underpinnings of the shadow economy and thus entrench the predatory, kleptocratic and nepotistic tendencies of the dominant political elites.

Large scale oil bunkering can be facilitated by the procurement of fake documents, the forging of shipping documents, illegal transfers of ownership of ships on the high seas, and international black market oil brokers who are willing to purchase bunkered crude oil at cheaper costs of transactions. Similar to the deadly trade of ‘conflict or blood diamonds,’ once bunkered crude oil gets into the international energy markets, it becomes exponentially harder to trace and precisely distinguish illegal and legitimate crude in terms of its circulation in the global energy markets. Clearly, illegal oil bunkering is a sophisticated criminal activity that have involved Nigerian citizens, foreign nationals and specific countries mentioned in connection with the opaque trafficking in ‘black gold’ include: Ghana, Senegal, Togo, Ivory Coast, and the Republic of Benin, South Africa, Israel, North Korea, Filipinos, Ukrainians, Georgians, Russians, Romanians, Bulgarians, and Chinese nationals. In short, there are ample economic incentives for multinational rogue actors’ to participate in the clandestine trafficking of industrial and commercial scale theft and merchandising of bunkered crude oil in the global energy market.

More often than not, illegal oil bunkering activities have been orchestrated and perpetuated by compromised insiders’ working for the National Petroleum monopoly or their affiliated oil majors and subsidiary firms. This seemingly effortless stealing of vast quantities of crude oil can be accomplished while staff workers are engaged in the routine industry-wide standard operating procedures, such as the lifting of petroleum from the dock to ships that are destined for the export markets. Indeed, the mere fabrication of a secret compartment behind the ship’s bridge can cause tens of thousands of crude oil barrels to be redirected at the flick of a switch while the hold was being filled. Other sneaky and crafty ways of perpetrating this insidious, non-violent but financially ruinous theft of oil revenues also involve the filling of a ship with legitimate oil and then topping it up with oil that ostensibly have been legally purchased. Illegal oil bunkering can also be carried out through more

complicated logistical and tactical operational dynamics. Thus, for example, Onuoha (2008) in his review of the security implications of oil pipeline sabotage in Nigeria succinctly concluded that:

Oil bunkering has become a sophisticated operation that does not require the cooperation of oil company staff to operate equipment at wellheads or allow access (though there are reports that some are indeed involved in the theft). The bunkerers now tap directly into pipelines at a site removed from oil company facilities, and connect the pipes to barges that are hidden in small creeks under cover of mangrove forests. It is estimated that over 10 percent of the oil exported from Nigeria every year has actually been bunkered. (Transnational Trafficking and the Rule of Law in West Africa: a Threat Assessment 2009)

Due to the technologically complex nature of the petroleum-extractive industry, and the huge capital investments required for sustained exploration, drilling, and exploitation of crude oil, a symbiotic commercial alliance has been formed between the Nigerian Federal government and the multiple international oil corporations. These joint partnerships and public–private arrangements have become imperative in order to ensure long-term sustainability and the profitability of the oil and gas sectors of Nigeria’s mono-extractive economy. However, recurrent economic sabotage by ethnic militias and financially devastating illegal oil bunkering by criminal cartels have caused consequential economic and collateral damage to both, the Nigerian State and the several Western oil majors operating in the restive and politically destabilized Niger Delta region.

In recent year of renewed militancy in the Niger Delta, pipeline explosions, hijacking of petroleum tankers and vandalism of the terminals and infrastructures of the multinational oil companies have become frequent and recurrent problems plaguing the Nigerian energy sector. This security dilemma in turn has engendered consequential economic spillover effects for the domestic economy and the global extractive energy markets. The recurrent political instability and destruction of expensive energy infrastructures have led to a political economy of violence marked characteristically by the intense militarization and massively fortified security facilities in the

beleaguered extractive enclave zones of the vast oil and gas reserves rich region of the Niger Delta. The (2009) United Nations Office on Drugs and Crime (UNODC) report focused on the West African sub-region cryptically reminded us that:

Before stolen oil can be trafficked, it must first be stolen. Classic oil bunkering involves stealth: attacking an unauthorized secondary pipeline to a company mainline by the techniques known as hot and cold tapping. The theft of oil through corruption is also possible, where vessels are filled or over-filled through payments to the officials controlling export. (Amaize 2009)

Tactics, methods and means of illegal oil bunkering

Increasingly therefore, brazen profit seeking entrepreneurs of violence and dare devil oil bunkerers have found creative ways and devised ingenious methods to siphon vast quantities of crude oil in a relatively short period of time. Given the technical sophistication of the petroleum extraction industry, successful bunkering at the international level requires the collusion and expertise of displaced and disgruntled workers in the oil sector, whether they are employed by the national oil corporation or by the multinational oil majors. Casualisation and redundancy creates a pool of skilled but unemployed crude oil and energy workers who can be persuaded to divulge their insider knowledge of operational methods and vulnerable spots in the pipelines and shipping routes of legitimate crude supply networks. In the pursuit of their clandestine and criminal commercial activities, the “*Hot tapping*” approach to illegal oil bunkering has been in part successful because of the technical expertise and experiential dexterity often required which can be for a handsome fee supplied by displaced oil company employees working for the parallel black market economy characterized by lucrative financial payments to criminal operating syndicates in the region.

Crude Oil can also easily be stolen through non-laborious but legitimate channels while utilizing the established standard operating processes of lifting petroleum and oil from the dock to the ship destined for the export markets. The fabrication a secret compartment behind the ship’s bridge can cause tens of

thousands of crude oil barrels to be redirected at the flick of a switch while the hold was being filled. Other sneaky and crafty ways of perpetrating non-violent but financially ruinous theft of oil revenues include the filling of a ship with legitimate oil and then topping it up with oil that has not been paid for legally or legitimately. This “*Insider-Theft-Method*” requires the collaboration of strategically networked operatives in order to consistently execute without verification and detection the sustained diversion of wholesale quantities of crude oil for illegal sale for the personal financial gains of the oil cabal and syndicates. The support of compromised security operatives, as well as military personnel for an appropriate fee or financial cut is thought to be indispensable in order to get away with the fraudulent arithmetic of energy supplies computations. Indeed, the complexity of the organized criminal syndicate means that:

The real success of the battle against crude oil bunkering in the Niger-Delta does not depend on how many of the “small boys” doing the illegal business that the JTF is able to arrest, it depends more on its ability to track down the big boss directing the affairs, the mafia behind the syndicate and the man oiling the wheels, for as the saying goes, you don’t kill a snake by cutting the tail, but, by cutting off the head. (Nigeria: Piracy report says Nigerian waters the most deadly 2004)

Another documented method of illegal oil bunkering deals with the surreptitious transfer of certificates of shipment documents while the oil cargo is already in the high seas, and thus, successfully evade the tracking of the bunkering cargo. Sea piracy and falsification of end user certificates schemes requires the involvement of some seasoned shipping agents and large ocean-going vessels staffed with complicit sea-captains and the organizational syndicates of the geographically dispersed, but cheaper parallel black market economy with participants and stakeholders in the expansive operational axis of criminalized trafficking in illegally bunkered crude oil supplies. In fact, Nigerian maritime waters have become increasingly unsafe due to the nefarious activities of sea pirates colluding in the arms and narco-trafficking in exchange for illegally bunkered crude in the West African region. Paradoxically therefore:

Nigeria's growing prominence for piracy can be traced back to oil, the country's economic lifeblood and large-scale theft of crude oil which is sold to vessels offshore... Decades of corruption and mismanagement by successive Nigerian regimes has left the oil-rich Niger Delta one of the most impoverished regions across the country. Massive unemployment is just one of the manifestations with a myriad of knock-on effects... The consequences of unemployment are numerous... Youths become involved in criminal activities (e.g. illegal oil bunkering, thuggery, kidnapping, piracy, etc.) and recruited into crime cartels and armed militias. (Igbikiowubo 2009)

It should be emphasized that successive Nigerian Federal governments have considered illegal oil bunkering as a criminal offence punishable under the law. For example, military decrees such as the 1990 Petroleum Production and Distribution (Anti-Sabotage) Act, making oil theft and tampering with oil facilities severe criminal offenses. Nonetheless, the intensity, immensity and brazenness of illegal oil bunkering have progressed exponentially in the past decade.

Crude theft is a crime; we should not give excuse to people stealing crude in the name of resource control or agitations.... Thieves masquerading under the guise of agitating for improved living conditions for communities in the oil-rich Niger-Delta, drill holes into oil manifolds and pipelines that crisscross the region, to siphon crude which is then loaded into barges transferred into ocean tankers on the high seas. (Making Sense of Nigeria's Trouble 2008)

In order to further diminish the incentive for illegal theft of crude oil, the Nigerian government does not legally acknowledge the right to compensation for victims of pipeline explosions because it is maintained that citizens who willfully engage in acts of sabotage of pipelines and vandalism strictly motivated by criminal pursuit of illegal crude oil wealth. The multinational oil corporations on their part have been reluctant to pay compensation claims to victims and communities alleging or asserting cases or instances of oil spills, environmental degradation and pollution contamination. Regional-based MNC

officials often maintain the 'official' position that many oil spills in the region have been caused by belligerent groups and entrepreneurial communities' compensation-collectors usually in search of hefty benefits payments from the financially-endowed oil corporations operating in their region. According to Shell BP officials, it has been estimated that:

Around 70% of the oil spills—two-thirds of the spilled oil measured by volume—are deliberately caused. I'm talking about acts of sabotage for political reasons or economic benefit. Our critics may not want to hear it, but this is the reality. The main reason people cause the spills is to seek compensation. They sometimes even direct the spill into their property to increase the spread of the spill. The bigger the spread, the bigger the compensation they hope to get, or the higher the amount of money they hope to earn by being contracted to clean up the spill. Compared with local income, these are significant sums. Again, it is a sad human story of poverty that leads individuals to seek profit in ways that damage their own environment and goes against the interest of the wider community. (Omonu 2009)

The illegal oil bunkering business in Nigeria's Niger Delta region seems to thrive prodigiously under conditions of societal instability, regional insecurity, and a culture of collective impunity. Essentially, youth restiveness, erosion of traditional authority structures, militarization of civil society engenders the favorable climate for rapacious commercial illegal oil bunkering and acts of economic sabotage, pipeline vandalisms, disruptions of oil companies infrastructures, and thus, critical diminution of vital export-revenues to the Federal Government. Faced with crippling and shrinking oil revenues as well as the breakdown of law and order, the beleaguered international oil corporations (IOCs) have through their own community outreach practices perpetuated willingly or innocuously, the rivalry and inter-communal animosity prevalence of armed groups seeking financial compensation for protection and safe passage contractual obligations from oil companies operating in the host communities. Indeed, the oil majors have become integral and critical players in the scramble for oil, guns, profits, and control in the turbulent crude oil extracting enclave economy.

The foreign oil companies in the country because of their unwholesome business practices have equally contributed to fueling the crisis in the Niger Delta. Their oil exploration activities have resulted in massive pollution and environmental degradation in the region; ... Moreover, illegal oil theft has accelerated the conflict in the region and provided militant and other criminal groups with funds to purchase arms. Another source of funding is the discreet payments oil companies make to militant leaders in return for surveillance and protection of pipelines, and other infrastructure. This practice, frequently cloaked as community development, has fueled conflict through competition for contracts and providing income to groups with violent agendas. Oil companies in the region also pay allowances and sometimes salaries to “supernumerary police”, as well as regular duty police, and soldiers deployed to protect oil installations. Security forces consider these plum postings and sometimes use excessive force to protect their jobs. (Von Kemedi 2006)

More so now than ever before, Nigeria’s crude oil and gas sector has become anchored on the political economy of commercialized violence, the out-sourcing of entrepreneurial violence and coercion by MNCs eager to purchase political peace in host-communities, and by local activists seeking sustainable community-based—economic development, by ethnic militias bent on political autonomy or outright separatism, and by rogue merchants willing to steal processed and semi-refined crude oil for lucrative financial benefits. There are multiple points of entry and participation in legal and criminalized petroleum political economy in Nigeria’s besieged Niger Delta oil fields and natural gas merchandizing. Once Nigerian crude gets into the world energy markets, it is difficult to distinguish “blood” Oil from OPEC approved “clean” Oil commercial centers in Rotterdam, Eastern Europe, China, Asia, Russia and even Western Europe and the United States. A number of foreigners notably, Filipinos, Ghanaians, Ivorian nationals, and citizens of other countries have been arrested in recent months in a renewed initiative to thwart the illegal theft of crude oil from the Niger Delta.

As in legal bunkering, illegal oil bunkering is a multinational business. There is speculation that several Eastern European, British, Australian and Lebanese businessmen are involved in the provision of finance and tankers for exporting the oil to refineries in Ivory Coast, Senegal, and The Gambia. It is suspected that certain West African oil refineries rely almost solely on stolen Nigerian crude. Moroccan, Venezuelan, French and Russian involvement has also been suggested. The Nigerian Government moved to close off the Ivory Coast refining of crude oil, stolen from Nigeria, by putting in place a contract for supply of oil to the state owned refinery. One widely discussed money trail goes from Senegal and Ivory Coast through French banks and French credit agencies thence to Syria and Lebanon. Stolen Nigerian crude is also reaching the Rotterdam spot market. (Faucon 2009b)

There are positive correlations amongst militant insurgency in the oil rich Niger Delta, international illegal oil bunkering, and the upsurge in criminal sea piracy in the maritime waters of the West African region. Despite the coordinated air, land, and sea surveillance and deployment of Nigeria’s dreaded Joint Military Task Force (JTF), the heightened pace and financially devastating impact of international smuggling of illegal crude oil from the Niger Delta has continued unabated. Due to the clandestine and surreptitious nature of oil bunkering cartels and criminal syndicates, crude oil barges and ocean tankers have the capacity to lift millions of barrels of stolen crude outside of Nigeria’s territorial waters, and as soon as bunkered crude oil gets into the international market, it becomes practically difficult to verifiably trace its country of origin, although the Nigerian Government, in response to the dwindling export revenues has intensified its campaign and initiatives for “oil finger printing” or a system of chemical certification in order to deter the illegal theft of the country’s most precious and revenue-generative extractive energy resource.

It is observed that there is a strong link between Nigeria’s oil firms and maritime agents and foreign partners from such countries like Ukraine, Russia, Philippines and China among

others... The grim situation informed a submission that the pirates, illegal bunkers, foreign vessels, arms traffickers and drug dealers “operate unchallenged in Nigeria’s internal waters. (Akinsanmi 2009)

To be sure, it should be emphasized that institutionalization of a financially lucrative and successfully sustained illegal oil bunkering enterprise at the local, national, and international levels of operations must of necessity require a myriad of entrenched collusive and disparate sets of actors, players, and sponsors. Above all, it would require the deft and indefatigable capacity to systematically evade detection, craftily elude law enforcement, decisive capture and defeat, thereby exposing the intricate network composed of the major king pins, political ‘godfathers’, retired military generals, compromised traditional leaders, sea captains, customs officials, naval officers, and state and local political elites, many of whom might have gained their electoral victories based on the political support of vigilante groups, secret societies/violence-peddling cults, intimidating thugs, and renegade militants, and criminal syndicates. More importantly, at the global level, it should be noted that the persistent chain of supply of illegally bunkered crude oil has to be critically contingent and operationally hinges on the precarious existence of colluding buyers and profiteering insider-traders of Nigeria’s high grade Brent sweet crude oil products in various international spot markets engaged in energy speculation in the extractive industry. The net effects of unbridled illegal oil bunkering on the Nigerian citizens and the exacerbation of deep seated cultural fault lines in the current 4th Republic have been economically ruinous and ethno-politically and geo-strategically debilitating.

Oil bunkering is a crime that enriches a few criminals, insurgents and corrupt officials, while impoverishing many. It undermines the rule of law, deepens corruption, pollutes the environment, violates human rights, and depletes natural resources. It has become a transnational criminal enterprise in its own right, and the violent political struggle provides a convenient smokescreen for those intent on personal enrichment. (Oil Theft Lubricates Corruption in West Africa 2009)

Simply put, in different regions and geo-political economic enclaves in several continents of world energy trafficking, illegal oil bunkering provides for the existence and juxtaposition of an underground parallel black market for billions of dollars worth of stolen crude oil. Indeed, illegal oil bunkering, narco-small arms trafficking, kidnappings, hostage-takings, and extrajudicial violence have led to the plunder, pillaging, and economic profiteering at the expense of the impoverished citizens of the Niger Delta Region, and the debilitating effects of environmental degradation and catastrophic human disabilities. Paradoxically, the Niger Delta question, or the ongoing battle for oil in Nigeria’s current democratic dispensation can be summed up as the tripartite complex and often violent contestation for resource control, energy profits, revenue allocation, derivation principle, and the restitution of ethno-nationality political self-determination. In fact, success and failure, peace, stability, anarchy or insecurity in this seemingly intertwined *petro-state-conflict* that has been embedded in a political economy of rentierism, *Dutch disease*, greed and grievance motivations and the historical legacy of backward versus advanced groups can not be reduced to a mono-casual, reductionism and rational choice based model frequently and conventionally utilized by scholars and theorists of the resource curse paradigm.

We need to integrate a more holistic and socio-logically nuanced analytical framework that highlights the substantive salience of ethno-communal groups’ articulation of the more subjective invidious notions of systemically entrenched patterns of internal colonialism in Africa’s most populous Nation-State. Sustained economic sabotage by MEND and other militant groups, unbridled illegal oil bunkering activities have combined to wreck havoc on the fiscal stability of the federal government and engendered profound legitimacy crisis for the president Yar’Adua civilian administration. The July 29, 2009 Financial Times editorial opinion aptly summed up the essence and paradox of Nigeria’s current militancy, drastic decline in crude oil production, and the implications for regime stability and the country’s overall economic development.

Militants campaigning for a greater share of wealth in the Niger delta have brought the oil industry to a virtual halt. The state is losing

billions of dollars that it needs to invest in decrepit infrastructure and failing schools... To bring peace back to the Niger delta the federal government must ultimately give its inhabitants a greater stake in the oil, while ensuring the proceeds broad-based development rather than enrich a few. At the same time it must persuade inhabitants of the north that such a strategy can be in their interests, even if it means less money flowing their way. (Nigeria's long odds 2009)

In terms of the short-term discernable impacts of MEND's sustained insurgency and the military intervention of the Joint Task Force (JTF) and Nigerian Security Organization (NSO) in the crude oil producing Niger Delta region, several themes and patterns can be analytically extrapolated in the current political stalemate and geo-territorial insecurity impasse. The apparent inability of the JTF to effectuate a decisive military defeat and thus engender the capitulation of renegade militias, war lords, criminal syndicates, and self-styled 'freedom-fighters' in the volatile region has exacerbated the economic hemorrhaging of vital crude oil resources due to sustained illegal bunkering operations in the Niger Delta.

In recent months, continued drastic reductions in foreign revenues due to economic sabotage, vandalism of crude oil infrastructures, disruption of onshore drilling activities, incessant kidnappings of key personnel of petroleum producing companies and their subsidiaries have led to work stoppages and compelled major Multinational Oil Corporations to invoke *force majeure*—an industry term for the inability of oil companies to meet prior supply and delivery obligations due to unusual and extraordinary circumstances beyond their control. Thus, protracted instability in the Niger Delta has not only crippled Nigeria's productive capacity but has made Angola a more attractive investment destination for crude oil extraction and exploitation.

Indications are that Nigeria's dwindling oil fortune appear to be Angola's gain with multinational operators and oil service companies shifting focus from the country to its southern neighbour owing to funding constraints, an unending reform agenda superintended by government personnel who appear impervious to the concerns of multinational oil partners, the

bureaucratic bottleneck between project conception and final award and security challenges. (Nigeria's Dwindling Oil Fortune: Angola's Gain (p. 4) (2009)

Indeed, due to recurrent production shortfalls, Angola has now replaced Nigeria as the leading oil producing-country in Africa, although Nigeria has the largest crude oil reserves in the continent. Nigeria's prior ranking as the seventh leading petroleum producing nation has dropped to the eighth position. The problems of insecurity, restiveness and impunity on production activities and stability of labor relations on the Nigerian gas and oil sectors have been cumulatively crippling.

Listed below are a few quantitative examples and compelling descriptive illustrations of the impact and the magnitude of challenges that have been precipitated by MEND's unrelenting militancy and acts of economic sabotage against the infrastructures of the multinational oil corporations:

Nigeria is losing over N120 million worth of man-hour on daily basis as about 12, 000 oil workers who fled various oil platforms in the crisis ridden Niger Delta region for safety are yet to return to the field...12, 000 oil workers who fled various oil platforms in the crisis ridden Niger Delta region, majority of who are field engineers, contractors and consultants, were either evacuated by their companies from the sites or fled on their own to avert dangers. Besides oil workers who were rendered "inactive on work" by the security in the Niger Delta region, Daily Independent also gathered that about 3, 000 workers in the four ailing refineries of the Nigeria National Petroleum Corporation (NNPC) are redundant as a result of the temporary shut down of the refineries due to obsolete equipment or for Turn Around Maintenance (TAM)... About 2, 500 Shell's workers have left oil platforms in the Western Delta operations sites of the company since the escalation of crisis in the region. (Yusuf 2009)

In sum, the phenomenon of illegal oil bunkering and the renewed phase of militancy, insecurity, and youth restiveness in Nigeria's vast crude oil producing region has engendered far reaching domestic, regional and international effects with regards to

regional security in the West African region, sea piracy and the guarantee of international energy security. Nonetheless, the ongoing insurgency has fuelled the resurgence of criminal syndicates, warlordism and gravely intensified a climate of impunity, human rights violations and the resort to extra-judicial killings in the volatile Niger delta. A political economy of violence, pillaging, predation has been accompanied by ruthless military reprisals against thousands of defenseless and pauperized indigenes and inhabitants of the coastal swamps, creeks, and mangrove communities in the environmentally devastated crude oil extractive enclaves.

Paradoxically, the unintended and undesirable consequences of the recurrent spate of violence, impunity and carnage for both the Nigerian government and the multinational oil corporations, has been the drastic depletion of resources, erosion of revenues and depletion of capital intensive infrastructures. The *Petro-State-Complex* for the first time faces a fiscal crisis of the State, based on militant agitations for resource control and a fairer and more equitable revenue derivation principle. This current legitimacy crisis appears to be deeply embedded in both historical and sociological definition of true federalism, and political autonomy for marginalized ethno-communal minorities in the culturally heterogeneous Nigerian political system. Big Oil and the Leviathan State are therefore, concurrently experiencing the depletion of human capital and loss of billions of petro-dollars as a direct effect of the sustained illegal oil bunkering enterprise and the protracted militias' insurgency and orchestrated economic sabotage.

Conclusion

Recent developments in the protracted Niger Delta conflict strongly indicate that a new window of opportunity for sustainable peace making and conflict resolution initiatives has been created as a result of MEND's spoiler role in the triangulated impasse between the federal government and the multinational oil corporations. Whether these confidence building mechanisms will ultimately lead to the resolution of multi-decades old conflict still remains a matter of scholarly controversy and analytical speculation. Nonetheless, Nigeria's Federal government has embarked on a political process that can help to

alleviate the effects of MEND's militancy and illegal oil bunkering on the financial stability of the country and the security situation in the oil rich and still volatile Niger Delta region. President Yar'Adua has granted amnesty to Henry Okah, the leader of MEND. In addition, the President has offered amnesty to militants engaged in insurgency in the Niger Delta states. This amnesty provision stipulates that militants have 60 days period [August 6–October 4, 2009] to turn in their weapons, receive financial support for 2 months, and provided with opportunities for reintegration into civil society. Critically important to the peace process and particularly for the indigenes of the Niger Delta, has been the federal government's steady removal and redeployment of the military contingents under the command of Joint Task Force (JTF) from the recently attacked communal settlements, that led to the displacement of over 5,000 citizens from the creeks, swamps, and mangrove ancestral homelands of the Ijaws, Itsekiris, Urhobos, and other disparate tribal groupings in the volatile crude oil producing region.

The federal government anticipates that if successfully implemented, the current demobilization, disarmament, and reintegration exercise would ultimately lead to the peaceful surrender of approximately 10,000 militants. While some factions of MEND, the principal militant organization in the region have accepted the amnesty clause, the core leadership cadre of the organization has maintained that the federal government's amnesty plan does not address the fundamental root causes of the insurgency in the crude oil producing region. It is evident however, that the government's amnesty gesture has engendered tensions and discords within the ranks and file of the armed insurgency movement. A strategy of divide and conquer, 'sticks and carrots', and gestures of symbolic tokenism, and ethno-cultural reaffirmation can at best help to assuage the restiveness and perceptions of marginalization and underdevelopment in the crude oil extractive enclave.

Beyond the amnesty provisions, a new Petroleum Industry Bill (PIB) is currently under consideration by the National legislative body. If successfully passed into law, the PIB legislation would among other things provide monetary compensations in the form of rents and royalties to the oil producing communities located in the Niger Delta. It is also envisaged that a review of the Land Use Act would

ultimately increase the transfer of funds to the States and local governments in the South-South geopolitical zone. These peace-making and conflict-defusing overtures by the federal government have not translated into concrete legislations or substantive redefinition of the essence of fiscal federalism, resource control, and derivation quotas. Other issues such as increased transparency of the extractive industry, accountability for appropriated developmental funds for the Niger Delta, enhanced involvement and strategic appointments of communal stakeholders from the Niger Delta region in the leadership positions of the NNPC, integration of more local content in the business models and commercial activities of the international oil corporations, the relocation of the operational headquarters of MNCs to the territorial jurisdiction of the Niger Delta communities and the vexatious issues of oil spills, gas flaring, pollution, and environmental degradation have not yet been significantly redressed.

Most scholars, analysts and regional observers, would concur with the assessment that the restoration of law and order, peace and security, in the resource abundant, but destabilized theatre of armed insecurity would constitute the most critical imperative for the attainment of sustainable economic development and facilitation of long term solutions in the quest to alleviate poverty, misery massive unemployment, improvement of the human condition and regenerative ecological restoration. The diverse stakeholders in the convulsive and protracted Niger Delta conflict, such as the miscellaneous array of ‘freedom fighters’ and ‘resource control’ economic insurgents, entrenched bureaucrats and political elites, vested oil barons, traditional leaders, the legions of local staff and petrified expatriate personnel of the MNCs deem the return to normalcy as a common denominator in pursuit of their over-lapping and cumulative interests. Consequently, economic growth and the path to robust prosperity in the region and the Nigerian political system hinges on the implementation of good governance, establishment and nurturing of credible institutions, greater transparency, and efficacious accountability and commitment of political officials to the amelioration of the plight of the poor and destitute indigenes of the petroleum producing enclave economy.

In order to successfully entrench a new dispensation in Nigeria’s Niger Delta, the weeding out of

rogue police and military officers, and the surgical dismantlement of the institutional pillars of rentierism, prebendalism, and kleptocratic tentacles of elite malfeasance which fosters the politics of “god fatherism” have to be decisively eliminated. Indeed, a revolutionary break from past precedents of deeply ingrained Nigerian normative political culture that emphasizes primacy on thuggery, impunity, electoral violence, political intimidation, and instrumental dependency on hired militants and other non state actors in order to garner electoral victory and retain political incumbency have to be fundamentally altered in the dynamics of nation building in Africa’s most populous, and immensely heterogeneous nation state.

Theorists of the resource curse paradigm have placed premium on the inverse correlation between natural resource abundance and the proclivity towards armed conflicts, civil wars, and paucity of economic growth and industrial diversification in the developing countries of the modern international system. The Niger Delta case studies partially lends credence to this analytical perspective, yet, as this study has demonstrated, this is only a partial explanatory prism for a much more complicated holistic and ethno-culturally sociological framework of the root causes of fault lines in deeply divided post-colonial African States. Not all developing countries that are endowed with natural resources are plagued by the resource curse, nor is it evident that countries can not overcome the debilitating syndromes and symptoms of the resource curse hypothesis. The quality of state institutions, the probity of leadership matters a lot on whether a country such as Nigeria, can overcome the impediments of predatory expropriation of crude oil wealth that is primarily harvested from the environmentally despoiled Niger Delta, due to the extractive and exploitative activities of the multi-national oil corporations located in the host-communities of the politically marginalized, communally aggrieved and militantly mobilized armed insurgent groups that have succeeded in undermining the dynamism of oil exports, and financial incapacitation of the *Petro-State-Complex*.

The major contribution of this study can be succinctly summarized as follows: Nigeria’s Niger Delta conflict which deals with the crucial issues of who owns crude oil, what role should indigenes of the oil producing communities play in the political and

economic determination of where and how the revenues generated from crude oil should be appropriated calls for a more robust scholarly analytical framework that on the one hand, acknowledges the merits and useful insights garnered from the economic-rational-deductive model of the resource curse paradigm, but goes beyond to integrate the historical context, the ethno-cultural prisms and geo-territorial underpinnings of perceptions of social injustice, ethnic marginalization and issues of regionalism, hegemonic control of the more distant and over-centralized federal government controlled by the demographically more numerous ethnic groups from resource-poor regions of the centrifugally susceptible multi-ethnic post-colonial polity. In short, the search for viable solutions and remedies for conflict resolution and peace building in the Nigeria's Niger Delta would have to encapsulate the salience of ethnicity, primordial affinities, and restructuring of the country's federal system of government to emphasize greater devolution, local autonomy and economic empowerment of the various regions in the judicious utilization of their diverse resources to pursue economic development and prosperity in the modern international political economy.

Here in lies the paradox and prospective path to the resolution and remediation of the Niger Delta question. A military victory by MEND is pragmatically unattainable, a military solution by the Nigerian federal government is strategically un-conceivable, yet, the MNCs, host-communities and the Nigerian federation can at best exhibit the political will that will be required to pursue public policy initiatives that can set the framework for long term development of the Niger Delta region, while assuring continued and profitable economic extraction of sweet crude from the delicate and fragile environment containing a vast reservoir of premium grade and high quality crude oil.

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