



**Thesis**

**By**

**Omoweh, Atime**

**Daniel**

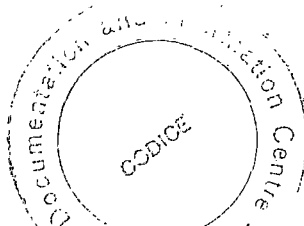
**Department of  
International  
Relations  
Obafemi Awolowo  
University, Ile-Ife**

**The role of shell petroleum development  
company and the state in the  
underdevelopment of the Niger Delta of  
Nigeria : 1937-1987**

---

**1993**

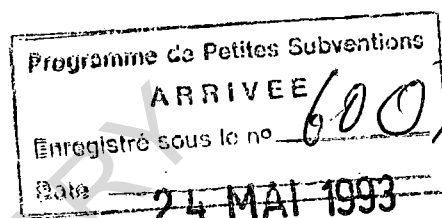
28 MAI 1993



03.02.93  
OMO  
6230

**The Role of Shell Petroleum Development  
Company and the State in the  
Underdevelopment of the Niger Delta  
of Nigeria: 1937 - 1987**

By



Omoweh, Atime Daniel  
B.Sc. (Hons) Pol. Science (Ife)  
M.Sc. International Relations (Ife)

Being Thesis submitted  
to the Obafemi Awolowo University  
in partial fulfilment of the requirements  
for the award of Doctor of Philosophy  
in International Relations.

Department of International Relations  
Obafemi Awolowo University,  
Ile-Ife

1993

Abstract

This study is concerned with the role of Shell Petroleum Development Company and the Nigerian State in the underdevelopment of the Niger Delta. It covers a period of 50 years beginning from 1937 when Shell began operation in the Delta area to 1987 when most of the contradictions attendant to oil production have fully unfolded. The objective of this study therefore, is to bring into proper focus, the process and the nature of the underdevelopment of the Delta area since the production of crude oil began in the area.

In a historical work of this nature, most of the data are obtained from library and archival sources. And given the fact that these sources are mainly books, journals and monographs, among others, the method of extracting data from these sources is that of content analysis. Data are also obtained through interviews and oral history for this study.

The study adopts the historical approach in its analysis of the role of Shell and the state in the underdevelopment of the Niger Delta. Since the past, to a large extent, dictates the present, the historical approach will enhance our understanding of how the pre-colonial social formations of the Delta area were distorted and re-oriented by the imposition of British rule to cater for the interest of the foreign corporate capital not least, Shell. To avoid being too descriptive in the discussion, the Marxian method of political inquiry is adopted as the framework within which data used in this study are analysed. The basic propositions of this body of theory are: (i) society, which is always in constant motion cannot be understood outside the specific state of development of its productive forces and the corresponding social relations of production and (ii) that the social, economic and political institutions of any given society can only be understood within the mode of production within which it exists. Although one major advantage of this tool of analysis is that it demonstrates the present state of development of any given society is a function of its historical past, it is not error proof. One of the fundamental problems of the Marxian political economy approach is the

sweeping generalizations often made by analysts of this school. For instance, as some critics of this school have pointed out, the whole debate on the underdevelopment of the Third World fails to convey the actual meaning of development and underdevelopment. Rather, underdevelopment is caused by colonialism and the inability of the former colonial territories to develop is because they were colonized. Notwithstanding these limitations, however, this method of analysis is still used because of its ability to enhance our understanding of the political economy of Shell and the state in the Niger Delta.

In the light of the above, this study demonstrates that the operations of Shell in the Niger Delta which the State still supervises, promoted the growth of the area in such a way that it facilitated the company's capitalist exploitation. While the company's process of capital accumulation benefited domestic bourgeoisies and the State, it became increasingly impossible for the majority of the people in the area to meet their basic needs. Until the state transcends its role of collecting royalties, rents and taxes from Shell by getting involved in actual production of crude oil and as well keeping to 'the principles of good oilfield practice', the Niger Delta area will continue to be underdeveloped.

**Pages:** 300

**Supervisors:** Dr. Kayode Soremekun (Supervisor)  
Dr. Amadu Sesay (Co-Supervisor)



Dedication

To my mother, Echigeme Omoweh  
for her care and understanding

CODESRIA-LIBRARY

Table of Contents

	Page
Abstract	i
Dedication	iii
List of Abbreviations	ix
List of Diagrams	xi
List of Important Historical Dates	xii
List of Maps	xv
List of Tables	xxi
Certification	xxii
Authorization	xxiii
Acknowledgements	xxiv

Part One: IntroductionChapter 1The Underdevelopment of the NigerDelta: 1937-1987 1

1.i. The Objectives of the Study	2
1.ii. Research Hypotheses	2
1.iii. Justification of the Study	3
1.iv. Scope of the Study	4
1.v. Synopsis of the Chapters	7

Part Two. The Incorporation of the Niger  
Delta into the British Capitalist SystemChapter 2Literature Review, Methodology and  
Conceptual Framework

2.i. Literature Review: Introduction	11
	11

	Page
2.ia. Political Economy of Nigeria	18
2.ib. Literature on the Niger Delta	36
2.ii. Research Methodology	43
2.iii. Notes on the Sources of Data	44
2.iii. Framework of Analysis	47
2.iv. Operationalization of some Basic Concepts Used in this Study	48
2.v. Limitations of the Study	50

### Chapter 3

#### British Colonial Rule in the Niger Delta

	64
3.i. Introduction	64
3.ii. The Pre-Capitalist Economy of the Niger Delta.	65
3.iii. The Colonial Niger Delta: Modalities of Exploitation	70
3.iiia. The Colonial State	72
3.iiib. Monetization	75
3.iiic. Trade	77
3.iiid. The Establishment of Monopolies	77
3.iiie. Taxation	82
3.iiif. Transport	84
3.iiig. Education	87

### Chapter 4

#### Shell Petroleum Development, <sup>Company</sup> in the Economy of the Niger Delta

	99
4.i. Introduction	99
4.ii. The Historical Antecedents of the Oil Majors in the Global Economy	99
4.iii. The Organizational Structure of Royal Dutch/Shell Group of Companies, Europe	107

	Page
4.iv. The Structure of Shell Petroleum Development Company, Nigeria	109
4.v. The Historical Background of Shell Petroleum Development Company in the Niger Delta	111
4.vi. Shell's Mode of Operation in the Niger Delta and Some Aspects of Its Political Economy	116
4.via. The State Policies	116
4.vib. Shell's Mode of Producing Crude Oil	121
4.vic. Contract Labour	126

**Part Three: The Conflicts and Contradictions of Shell's Capitalist Operation in the Niger Delta**

**Chapter 5**

**Environmental and Socio-Economic**

**Consequences of Oil Production in Shell's**

<b><u>Areas of Operation in the Niger Delta</u></b>	134
5.i. Introduction	134
5.ii. The Degradation of the Environment	135
5.ii.a. Discharge of Effluents on the Environment	136
5.ii.b. Oil Spillages and the Environment	144
5.ii.c. Gas Flaring and Environment	154
5.iii. The Socio-Economic Effects of Shell's Operation in the Delta Area	160
5.iiia. Land Scarcity	161
5.iiib. Farming	165
5.iiic. Fishing	171

5.iiid	Rubber Tapping	175
5.iiie.	Transportation	177
5.iiif.	Health Effects	179
5.iiig.	Unemployment Effects	183
5.iiih.	Cultural Effects	188
5.iii(i).	Social Security Implications	191
5.iv.	Concluding Remark	192

**Part Four: The Responses to the Conflicts  
and Contradictions in Shell's Areas of  
Operation in the Niger Delta**

**Chapter 6**

**The Reactions of the Host Oil Communities  
and the Responses of Shell and the State  
in the Niger Delta** 208

6.i.	Introduction	208
6.ii.	The Origins and Causes of the Reactions by the inhabitants of Shell's Areas of Operation in the Niger Delta	208
6.iii.	The Various Forms of Reaction Against Shell and the State in the Delta Area	211
6.iiia.	Legal Actions	211
6.iiib.	Protest Against Shell and the State in the Delta Area	215
6.iv.	The Response of Shell	222
6.iva.	Compensation	223
6.ivb.	The Misappropriation of Compensation	228
6.v.	Shell's Social Development Programmes as Alternative Form of Compensation in the Delta Area	231
6.vi.	The Response of the State	243

	Page
6.via The Use of Law Enforcement Agents	243
6.vib. The Policy Response of the State	244
6.vii. Concluding Remark	247

**Part Five: Towards the Development of the  
Niger Delta**

**Chapter 7**

**Conclusion.**

7.i. <b><u>Summary of Research Findings: Theoretical Implications and Policy Prescriptions.</u></b>	255
<b>Glossary:</b> Selected Terms used in the study.	274
<b>Appendices:</b> Appendix 1: Summary of Questions used during the field work for this study	276
Appendix 2a. List of Contractors/ Service Companies to Shell (Foreign)	279
2b. List of Contractor/Service Companies to Shell (Local)	284
<b>Bibliography:</b>	286

**List of Abbreviations**

AWAM	-	Association of West African Merchants
CBN	-	Central Bank of Nigeria
C.O	-	Colonial Office
CODESRIA	-	Council for the Development of Economic and Social Research in Africa.
F.O.	-	Foreign Office
GRA	-	Government Reserved Area
IBRD	-	International Bank for Reconstruction and Development (World Bank)
IMF	-	International Monetary Fund
IPC	-	International Petroleum Company
JHSN	-	Journal of the Historical Society of Nigeria
NIIA	-	Nigerian Institute of International Affairs
NNOC	-	Nigeria National Oil Corporation
NNPC	-	Nigerian National Petroleum Corporation
NUPENG	-	National Union of Petroleum and Natural Gas workers
OAU	-	Obafemi Awolowo University, Ile-Ife
OPEC	-	Organization of Petroleum Exporting Countries
OSC	-	Oil Servicing Companies
OUP	-	Oxford University Press
PZ	-	Paterson Zochonis
R&D	-	Research & Development
ROAPE	-	Review of African Political Economy
SAP	-	Structural Adjustment Programme
SBM	-	Single Buoy Mooring
TNC	-	Transnational Corporations
UAC	-	United African Company

UDT	-	Underdevelopment Dependency Theory
USA	-	United States of America
UTC	-	United Trading Company
WWI	-	First World War
WWII	-	Second World War
£	-	The British Pound Sterling

CODESRIA-LIBRARY



List of Diagrams

	Page
4.1 The Structural Organization of the Royal Dutch/Shell Group of Companies in Europe	107
4.2 The Structure of Shell Petroleum Development Company-Nigeria.	109

CODESRIA-LIBRARY

**Some Important Historical Dates and Events for this Study**

- 1885 - The British Government declared the Oil Rivers the Protectorate of the Niger Delta.
- 1899 - The Royal Charter granted to the Royal Niger Company (RNC) withdrawn and transferred to the NigerCoast Protectorate.
- 1900 - The British Government 'formally' colonized the Niger Delta.
- 1906 - Southern Protectorate and Colony of Lagos merged to form the Southern Nigeria.
- 1914 - Northern and Southern Nigeria amalgamated by Lord Lugard to form Nigeria.
- 1914 - The Colonial Mineral Ordinance enacted. This Ordinance vested all minerals mined in the colony in the Crown Government in London. It also prohibited non-British companies from operating in the colony.
- 1927 - Shell BP exported petroleum products to Nigeria. Note: This was not the forerunner of the subsidiary of the Shell Group that is studied.
- 1937 - Shell Petroleum Development Company began operation in the Niger Delta.
- 1938 - Exploration licence granted to Shell.
- 1951 - Shell Petroleum Development Company incorporated in Nigeria.
- 1951 - First Oil well drilled at Ihuo-north-west of Owerri (it was a dry drill).
- 1956 - First successful oil well drilled at Oloibiri.
- 1958 - The Mineral Act of 1914 amended.
- 1958 - First crude oil exported to Europe by Shell at Port Harcourt.
- 1960 - 1958 Mineral Ordinance amended and allowed non-British oil companies to operate in the country.
- 1960 - Nigeria gained her political independence from Britain.
- 1961 - Bonny Terminal commissioned.
- 1961 - Shell's office in Port Harcourt commissioned.
- 1965 - First Petroleum Refinery commissioned by Shell-BP in Port Harcourt.

- 1967 - Nigeria civil war began
- 1967 - The Nigerian Petroleum Decree enacted.
- 1968 - Shell's loading terminal off Bonny coast bombed by the Biafran troops.
- 1968-1970- Shell's operation in the Niger Delta suspended.
- 1969 - The all-embracing Petroleum Decree No. 51 enacted.
- 1970 - Nigerian civil war ended.
- 1970 - Shell's first major oil spillage recorded - the company's oil field at Bonny blew out.
- 1971 - Nigeria joined OPEC.
- 1971 - Warri office commissioned.
- 1971 - Forcados terminal commissioned.
- 1971 - Nigerian National Oil Corporation formed.
- 1972 - Escravos Beach - Forcados Trunkline commissioned.
- 1972 - Lagos office commissioned.
- 1972 - Nigerian Enterprises Promotion Decree enacted.
- 1973 - First participation agreement (joint venture) signed with Shell-BP. Federal Government 35 per cent; Shell-BP 65 per cent.
- 1974 - Second participation agreement signed. Federal Government increased its share to 55 per cent; Shell-BP 45 per cent.
- 1974 - The company (Shell) achieved a peak crude oil production of 1.4 million barrels per day.
- 1974 - Petroleum Refining Regulation enacted.
- 1975 - The petroleum and Distribution (Anti-Sabotage) Act enacted.
- 1977 - NNOC dissolved and NNPC established by Decree.
- 1978 - The Land Use Act enacted.
- 1979 - Associated Gas Re-Injection Act enacted.
- 1979 - Third participation agreement signed with Shell-BP. Federal Government increased its share to 60 percent; Shell-BP 40 per cent.
- 1979 - BP share in Shell-BP joint venture nationalised by Federal Government. Federal Government's share 80 per cent and Shell 20 per cent.

- 1979 - Joint venture signed by Shell and BP revoked in Nigeria.
- 1981 - The Clean Nigerian Associates (CNA) formed by 10 oil producing companies and NNPC in Nigeria.
- 1986 - Memorandum of Understanding between Shell and Federal Government signed.
- 1986 - Introduction of Structural Adjustment Programme by the Babangida administration.
- 1989 - Federal Government divested 20 per cent of its participating share in the joint venture with Shell. Ratio: Federal Government 60%; Shell 30%; Elf 5 % and Agip 5%.

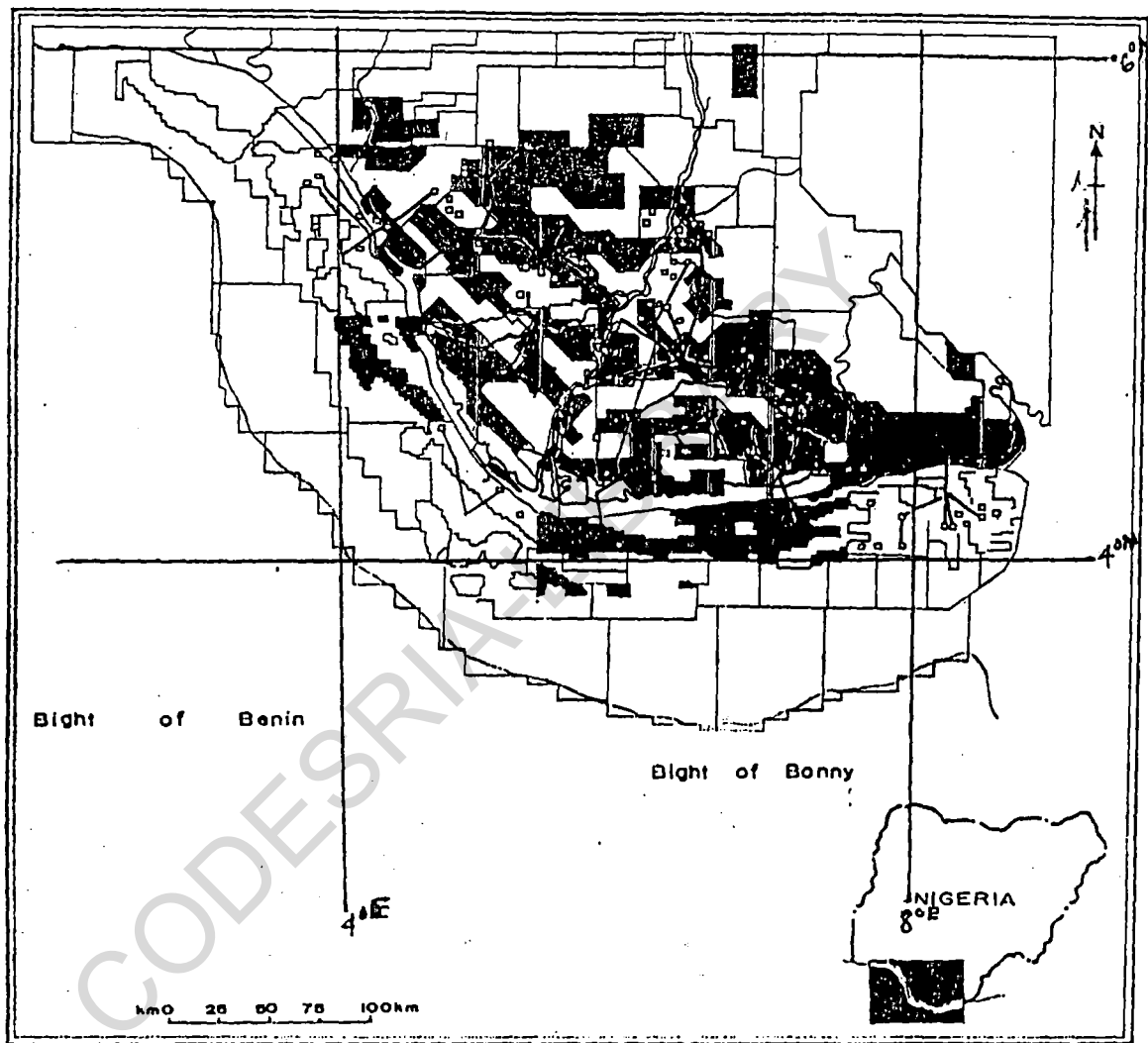
CODESRIA-LIBRARY

List of Maps

	<u>Page</u>
1. Map of Nigeria showing Shell's areas of operation in the Niger Delta.	xvi
2. An Impression of Nigeria showing states where Shell operates.	xvii
3. Map of Nigeria showing Shell's specific areas of study in the Niger Delta (Delta and Rivers states).	xviii
4. Map of Shell's oilfields, oil pipeline and terminals in the Niger Delta.	xix
5. Vegetational map of Shell's areas of operation in the Niger Delta.	xx

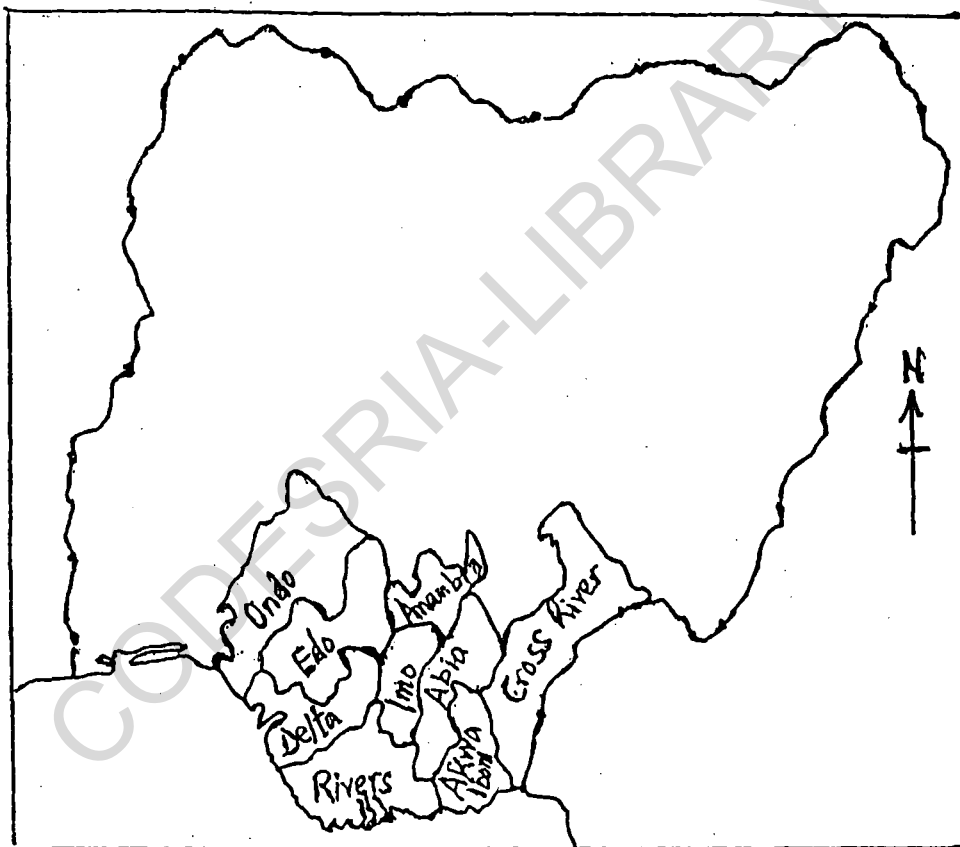
CODESRIA-LIBRARY

Map 1.



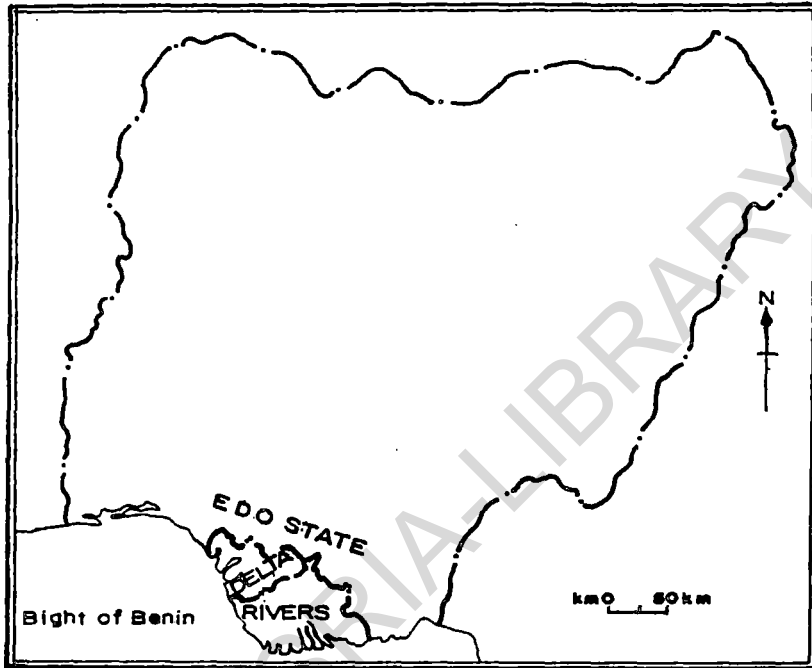
Map showing Shell's areas of operation in the Niger Delta (Courtesy of Shell).

Map 2.



An Impression of Nigeria showing states where Shell operates.

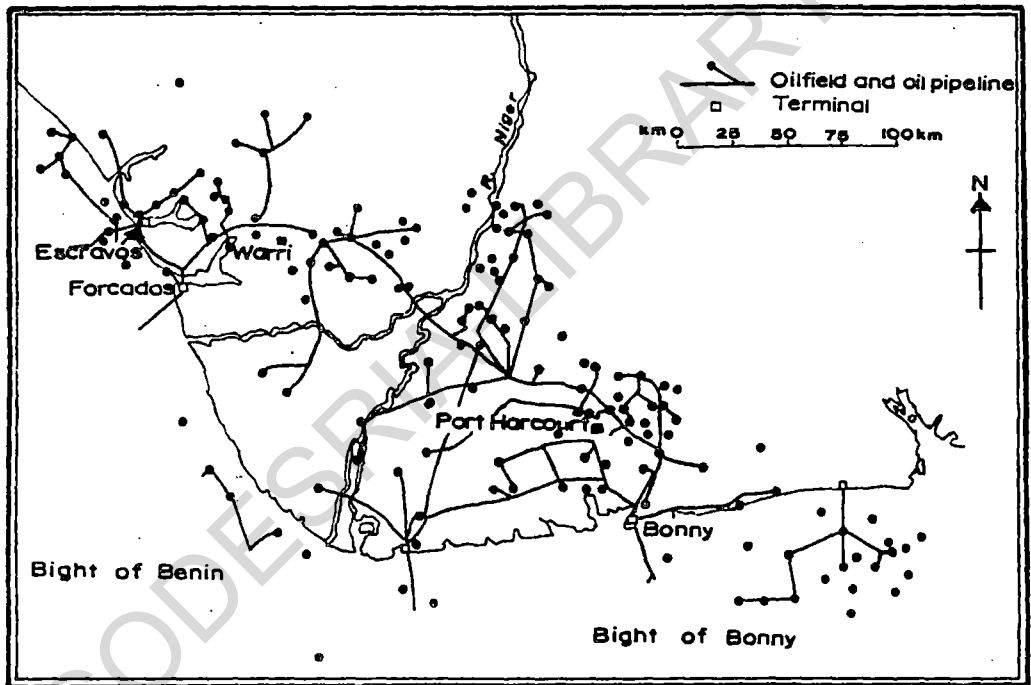
Map 3.



Map showing specific area of study of Shell's operation in the Niger Delta-Delta and Rivers states.

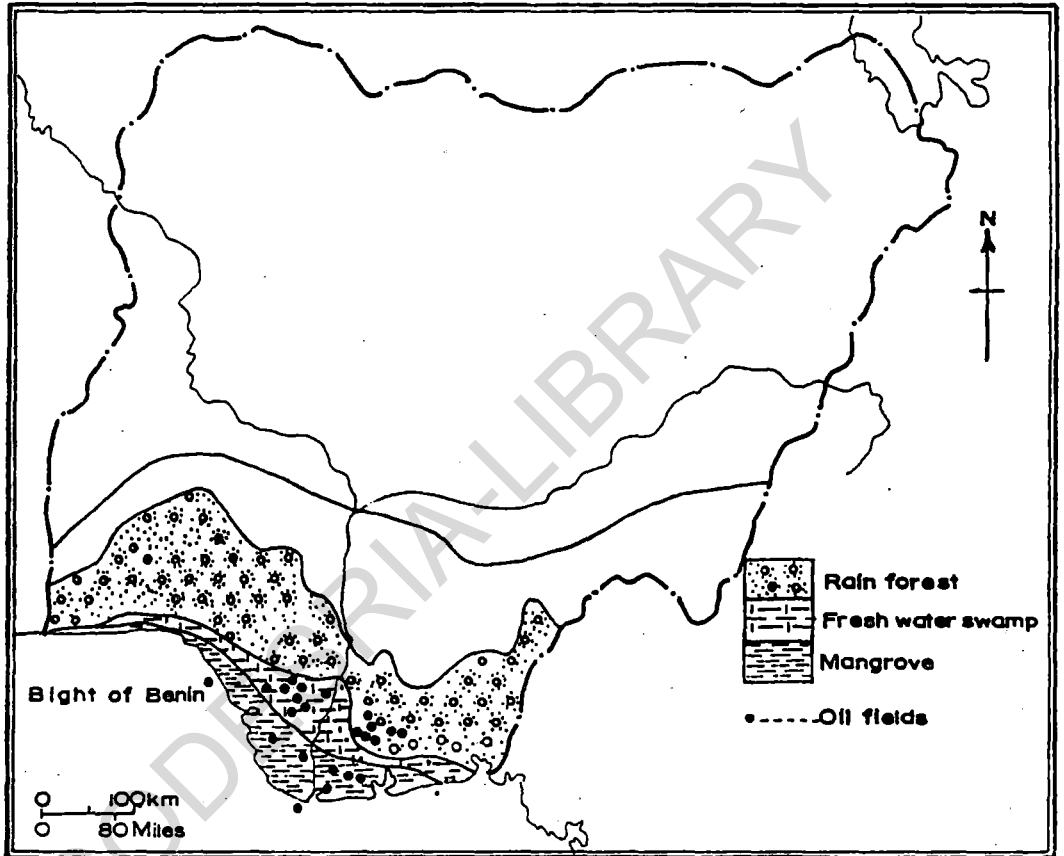


Map 4



Map of shell's oilfields, oil pipeline and Terminals in the Niger Delta.  
(Courtesy of Shell)

Map 5



Vegetational map of Shell's areas of operation in the Niger Delta.

List of Tables

	Page
4a. Government Participation Interests in the Oil-Producing Companies	115
5a. Chemical Components of most of the water-based mud used by Shell and their hazardous effects	138
5b. Sources of Operational Discharges from Shell's Drilling Rigs	139
5c. Shell's oil wells as part of the total oil wells drilled by the oil companies in the various ecological zones of the Niger Delta: 1960-1985	140
5d. Causes of Crude Oil Spills in the Niger Delta: 1976-1980	142
5e. Crude Oil Spill Sizes in the Niger Delta 1976-1980	143
5f. Conditions of Water Resources Before and After Oil Spillage in Uzere 1983	148
5.g Reported cases of the observed Effects of Crude Oil Spill in Mangrove Community and Other Aquatics Organisms in the Niger Delta	152
5h. Natural Gas Production and Disposal by oil-producing companies, January-December, 1987	157
5i. List of Most of the Staple Food Crops Cultivated in the Delta Area	166
5j. Nigeria's Main Domestic Agricultural Exports by Tonnage and Value over 3 years (1956, 1957 and 1958)	168
6a. Valuation of Crops and Economic Resources for Compensation Payment By The Ministry of Lands and Housing, Benin City, 1979	226-227

**Certification**

We hereby certify that this thesis was prepared by Omoweh  
Atime Daniel in the Department of International Relations,  
Faculty of Administration, College of Administra-  
tion, Law and Social Sciences, Obafemi Awolowo University,  
Ile-Ife, under our supervision.

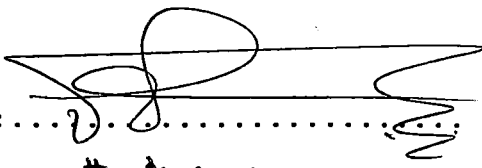
-----  
**Dr. Kayode Soremekun**  
(Supervisor)  
Date:.....

-----  
**Dr. Amadu Sesay**  
(Co-Supervisor )  
Date:.....

CODESRIA-LIBRARY

Authorization

I, Omoweh Atime Daniel hereby authorize the Hezekiah Oluwasanmi Library to copy my thesis in whole or in part in response to requests from individual researchers and organizations for purposes of private study or research.

Signature:..........

Date:..... 16<sup>th</sup> April, 1993 .....

CODESRIA-LIBRARY

### Acknowledgements

This work took five years to complete and I must thank God for making it possible. In the course of this research, I received a lot of assistance from many quarters. To my supervisors Dr. Kayode Soremekun and Dr. Amadu Sesay, I owe a huge debt of gratitude for their understanding, support and availability for consultation at any point in time. To Prof. Julius Ihonbere under whose supervision almost a decade ago I understood the political economy approach properly, I appreciate his effort in assisting me to collect relevant critical materials on the TNCs and the Niger Delta during several trips I made to Rivers and Delta states while he was in Uniport.

In a work of this nature, the role of a 'devil's advocate' cannot be underestimated. I owe to Prof. Bayo Olukoshi a lot of thanks for constantly playing that role, a role which in no small measure sharpened the focus of this work. Collecting information on Shell is like what an official of the company described as 'daring the devil'. In spite of its transient nature and very secretive mode of operation which made things pretty tough, I still had enough data for this study. I appreciate the effort of all those who made my mission fruitful particularly some of the youths of the host oil communities who supplied me with relevant documents on Shell from their community files. Many thanks should also go to some members of staff of Shell and the Joint Venture and the Petroleum Resources Department of NNPC who though knew they were violating the 'oath of secrecy', still divulged very important information to me because of their disgust with the situation in the oil communities. A lot of thanks to Ralph of the NNPC library for his ready assistance in supplying relevant literature on the oil industry during my visits.

I appreciate the financial assistance from CODESRIA for the small grants for thesis writing awarded to me. Many thanks to Malam Isa Bukar who acted as a 'big uncle'.

To have come all this way was not by miracle. It took the

foresight of Mr. Jacob Omoweh my elder brother, who denied himself all the pleasures of life in order that I can be educated. To him I owe a debt of eternal gratitude.

My wife Mrs. Josephine Omoweh gave me moral support, constant advice and accomodated some unusual reactions when pressure of work put me on the edge. No words can express my appreciation. For my daughter Mudia and my niece Blessing, I thank them for being able to live alone in most cases when I was away to school or on field trips.

To Dr. J. Fabayo, Dr. Jide Owoeye, Steve Amale, Prof. Sola Ojo, Dr. Tale Omole, Dr. Sola Akinrinade and my best friend, Godwin Ikperite, I extend a lot of gratitude for their constant advice. I also appreciate the effort of the entire staff of the Department of Internatonal Relations for their assistance during the course of this work.

Many thanks to Mr. Ezekiel Okpogoro my school teacher and Business Manager of NAN BIZCOM SERVICES under whose supervision this work was processed in the computer. Special thanks to Mr. Ernest Onuoha and Mr. E. Naboboh, who painstakingly corrected this work several times. I owe a lot of gratitude to all the people who assisted me in one way or the other but whose names are not mentioned here. Whatever deficiencies that are in this thesis are mine.

**Daniel Omoweh**

## Part One - Introduction

### Chapter 1

#### The Underdevelopment of the Niger Delta.

Africa is a paradox which illustrates and highlights neo-colonialism. Her earth is rich yet the products that come from above and below her soil continue to enrich not Africans predominantly, but groups and individuals who operate Africa's impoverishment. If Africa's multiple resources were used in her development, they would place her among the modernized continents of the world. But her resources have been, and still are being used for the greater development of overseas interests.

Kwame Nkrumah.<sup>1</sup>

The above remark has some relevance to the experience of the Niger Delta since the production of crude oil began in the area. Rather than focusing on how the foreign oil-producing transnationals which have been carting away millions of barrels of crude oil to develop their home countries at the expense of Nigeria, this study aims at bringing into clearer focus, how the Niger Delta that is so rich in crude oil is left as 'the wretched of the earth'. Infact, the experience of the Niger Delta since crude oil began in the area has been a sad one. Apart from the fact that Shell has been carting away millions of barrels of crude oil from the Delta area, damaging its environment and destroying the people's means of



livelihood, the Nigerian state particularly in the post-colonial period, has been interested more in the revenue accruing from crude oil export and not in the welfare of the people and the development of the host oil communities.

### **1.1 Objectives of the Study**

Following from the above, this study examines the nature and process of the underdevelopment of Shell's areas of operation in the Niger Delta. In this context, it examines in particular, how the production of crude oil has undermined the development of the company's operational areas particularly the degradation of their environment and near permanent impairment of their economies as a result of oil spillages, blowouts, gas flaring and the indiscriminate dumping of dangerous drilling wastes. Because Shell operates in concert with the state, the study also aims at bringing into greater focus the reasons why the Nigerian state has had to supervise the underdevelopment of its oil-producing areas in the Delta region. Between 1976 and 1980 for instance, 784 oil spill incidents were recorded in the Niger Delta alone. The oil spills resulted in the loss of 1,336,875 barrels of crude oil to the environment<sup>2</sup>. Out of this, Shell accounted for 578 spills and a loss of almost 1 million barrels of crude oil<sup>3</sup>. In spite of the debilitating impact of these on the environment of the Delta, the State is yet to take any sanction against Shell.

### **1.1.1 Research Hypotheses**

In the light of the above, the research hypotheses for this study are: (i) Shell operates in conjunction with the Nigerian state to underdevelop the company's areas of operation in the Niger Delta and (ii) through its operations Shell has exacerbated the environmental problems of the area where its activities are based in the Delta region and the State, on account of its material interest in the oil industry is unable to act decisively to prevent such environmental problems.

### 1.iii Justification of the Study

Ever since Nigeria became an oil state in the early 1970s, crude oil export has accounted for over 80 per cent of her foreign exchange earnings<sup>4</sup>. And over 80 per cent of the area where the crude oil is produced is located in the Niger Delta.<sup>5</sup> Furthermore, Shell, being the pioneer and the largest of all the oil-producing companies in the country, controls over 70 per cent of oil exploration and production in the Delta area. For instance, with over 1000 oil wells in 85 oil fields and virtually all located in the Niger Delta, Shell produces over half of Nigeria's total crude oil output.<sup>6</sup> The justification of this study lies, therefore, in the fact that it looks into the impact of the most important 'non-state actor' on the socio-economic life of the people in its area of operations in particular, and the Nigerian economy at large.

Since the inception of exploration and production of crude oil by the oil transnational corporations in the late 1940s in the Niger Delta, a lot of damage has been done to the environment of the area. These damages have resulted from many sources notably the poor management of wastes by the oil companies, incidents of oil-spills and blowouts, gas flaring and poor maintenance of the pipelines. Shell which has accounted for the greatest environmental disaster in the Delta area, continues to operate without caution. The state on its part, is not ensuring that the company complies with the standard of 'good oilfield practice'. This study therefore investigates the lack of concerted efforts by both the state and Shell in addressing the 'green issue' and herein lies another of its justification.

Most of the works that have been done by mainstream students of history on the Niger Delta since its contacts with colonialism, focus on the impact of European trading companies on the economy of the Delta area. This is to be expected because the Niger Delta was then the nerve centre of the 'slave and palm oil or legitimate' trade. For instance, in Dike's Trade and Politics in the Niger Delta<sup>7</sup>, he presented a historical account of the impact

of the contacts between the people of Eastern Niger Delta and the European trading companies<sup>8</sup>. Similarly, Ikime's Rivalry in the Niger Delta was a study of how hitherto mutual trade relationships between the Urhobos and Itsekiris in the Western Niger Delta deteriorated into one of conflicts and wars on the advent of European traders in the area.<sup>10</sup>

Even with the discovery of crude oil in Nigeria, most social science research works have focused on the general economic benefits accruing from the new-found petroleum wealth in the country. This, again, is to the neglect of the Niger Delta where over 70 per cent of the country's crude oil is produced. Obviously, therefore, the Niger Delta has been under-studied in the context of the impact of oil-companies' activities on the area. This study is therefore an attempt to fill such a gap by looking into the impact of the activities of Shell and the state on the Delta area.

Finally, what has emerged from the political economy of Nigeria are a host of unsettled issues. First, the exact role of the transnational corporations in the political economy of Nigeria has been over-generalised. Bade Onimode, for instance, has argued that the transnational corporations underdevelop Nigeria because their profit motives do not conform with the development goals of the country.<sup>11</sup> True as Onimode's claim might be, he never conducted a case-study on any of the transnationals. Rather, he merely extended the debate on the underdevelopment and dependency theories (UDT)<sup>12</sup> to reach his conclusion. Such generalizations like the one Onimode made, cannot enhance the understanding of the role of the transnational in the country. In essence, there is need for a case-study to validate such claims among others, which this study hopes to achieve.

#### **1.1v      Scope of the Study**

This study covers a period of 50 years beginning from 1937 when Shell arrived in the Niger Delta to 1987 when the cumulative negative impacts of the oil exploration and production on the means of livelihood

and environment of the people of the Delta reached crisis point. This is by no means an implication that it is a static study. As the historical approach demands, pre-1937 events will be investigated in order to understand the trend of developments that took place in the period beginning from 1937. For one thing, such an exercise will provide a better basis for understanding the extent to which Shell has impacted on the pattern and direction of development in the Delta since it began operations in the area in the late 1940s.

This study is limited to the activities of Shell in the oil-producing communities of the Niger Delta. Shell's concessions are both on-shore (including swamps and land) and off-shore. These concessional blocks are located within Latitude  $4^{\text{ON}}-6^{\text{ON}}$  of the Equator and Longitude  $2^{\text{E}}-8^{\text{OE}}$  of Greenwich Meridian spanning through the following states in the Southern tip of Nigeria:<sup>13</sup> Akwa Ibom, Anambra, Delta, Edo, Cross River, Imo, Abia, Ondo and Rivers. Although Shell's activities spread across these nine states, this study is restricted to the company's operations in Rivers and Delta states. (See maps 1 - 4) This is because over 80 per cent of its operations (and of course, with the greatest attendant negative effects) are located in the two states. For instance, Rivers State has about Shell's 55 oil-fields with 30 in Delta State; the company's Quality and National Pumping Centre is located in Ughelli in Delta State. Shell's oil terminals are located in Forcados and Bonny both of them in Delta and Rivers States respectively. Of the 1,700 kilometres of Shell's oil pipeline network, over 80 per cent is in Delta and Rivers and the two states have also witnessed the greatest number of blowouts/spillages<sup>14</sup> etc.

Limiting the study area of this research to two states is by no means an assumption that the rest 7 states are not worthy of study. Rather, two factors are taken into account. First, the scale of operations in these areas and second, the impact of the activities of the company. For instance, Shell's only location in the coastal area of Ondo state which shares a common boarder with Edo state has been operated with much interruption because crude oil found in the area has been small.<sup>15</sup> Its operation around the Onitsha angle of Anambra

state is too small to merit a study of this magnitude. In fact, in both cases, Shell can be described as still operating skeletally.<sup>16</sup>

The activities of Shell in Nigeria actually began around Owerri, particularly the Akata I & II oil-wells that were drilled in 1937 in the present day Imo State though no commercial quantity of crude oil was struck. Further exploratory activities have however, struck oil around the Egbema/Oguta angle and communities sharing boundary with Rivers State. The level of operations is still low vis-a-vis those in Rivers and Delta States. The situations in Akwa Ibom and Cross River states are not different. Any study on these areas will therefore not actually represent Shell's operation in the Delta.

Shell's concession blocks in the Delta area are on land, in swamps and off-shore, but the bulk of its activities is on-shore (here includes land and swamps). This study is therefore restricted to the operations of Shell in the on-shore areas. This choice is not accidental. Rather, the off-shore areas are usually large water bodies where the economic activities of the Delta people are minimal. In addition, the negative impact of Shell's operations in the off-shore locations can hardly be ascertained. For instance, cases of blowouts/spillages in off-shore locations have been difficult to estimate and cost because of the effect of the sea waves which spread oil slicks to the middle of the Atlantic Ocean.<sup>17</sup> However, reference will be made to them when it clarifies an argument.

Oil production is very specialised. Beginning from exploration to the point when the crude oil gets to the terminals ready for export, many specialised companies are involved. Of particular significance are the oil-servicing companies (OSC) that actually carry out the bulk of the jobs for the major oil-producing transnationals like Shell, Mobil, Gulf, Texaco among others. The activities of these OSCs (like Dowel, Flopetrol, Otis, etc) do not constitute a separate focus of study. Rather, their activities shall be analysed in the context of Shell's operations not the least because

they are on contract with Shell and operate on its behalf. Furthermore, oil production involves a lot of technical details. This study is not interested in such details, however, reference will be made to them only in so far as they help to clarify or enrich an argument.

### 1.v Synopsis of the Chapters

This thesis is organized into five parts. **Part One** is the Introduction and under it is Chapter 1 which states the aim of the study and its research hypotheses, addresses justification of the study and its scope. **Part Two** focuses on the incorporation of the Niger Delta into the British capitalist system. It has three chapters. It begins with Chapter 2 which reviews the relevant literature on the topic of the study. This is done at two levels - (i) The Political Economy of Nigeria and (ii) The Niger Delta. Furthermore, the Chapter states the research methodology and framework of analysis. The operationalization of some basic concepts as they are used in this study is also treated. Finally, it states the limitations of this study. Chapter 3 focuses on the imposition of British colonial rule during which period the infrastructures for capitalist accumulation were installed in the Niger Delta. In doing this, the Chapter first of all, looks into the pre-colonial social formations of the Niger Delta with a view to bringing into clearer relief how British colonialism distorted and re-oriented the economy of the Delta area to cater for the interest of foreign corporate companies not the least, Shell. Chapter 4 addresses the arrival of Shell in the Niger Delta. It begins by tracing the history of the parent company - Royal Dutch/Shell Group of companies noting in particular, how the contradiction of the international capitalist system led to the globalization of finance capital and consequently, the advent of Shell in the Niger Delta of Nigeria. Furthermore, it examines the history of Shell in Nigeria noting particularly the neo-colonial indigenisation decrees and their impact on the structure of the company. Finally, it discusses the mode of operation of the company especially as it affects the environment, the socio-economic activities of the people and

the use of labour.

**Part Three** looks at the conflicts and contradictions that arose from the capitalist operation of Shell in the Niger Delta. Under it is Chapter 5 which address the consequences of Shell's operations on the environment and economy of its host communities in the Delta area. This Chapter infact, highlights in great detail, the nature of the underdevelopment of Shell's areas of operation since the production of crude oil began in the Delta region.

**Part Four** of this study is on the host communities' reaction to the capitalist exploitation of the Delta area by Shell and the state and the bourgeois responses from the two social forces - Shell and State. The task of addressing this issue adequately is what Chapter 6 sets out to achieve.

**Part Five** of this study is geared towards making suggestion for the development of the Niger Delta and under it, is Chapter 7 which summarizes the findings of this study and thereafter addresses theoretical issues that have been brought to bear in this case-study.

It is important at this point to turn the reviews of literature which Chapter 2 addresses.

**Notes**

1. Kwame Nkrumah, Neo-Colonialism: The Last Stage of Imperialism (New York, International Publishers 1965) pp. 1-2. For a more refreshing reading on the pillage of Africa, see Greg Lanning et al. Africa Undermined: A History of the Mining Companies and the Underdevelopment of Africa (New York, Penguin Books, 1979). See also, Chibuzo Nwoke's Third World Minerals and Global Pricing: A New Theory (London, Zed Books 1987).
2. Soga Awobajo, 'An Analysis of Oil Spill Incidents in Nigeria: 1976 - 1980 in The Petroleum Industry and the Nigerian Environment. Proceedings of 1981 International Seminar (Lagos, NNPC 1982) pp57-60.
3. ibid, p. 60
4. See Central Bank Reports and Statements of Account (Lagos, CBN, 1972, 1973, 1974 and subsequent ones).
5. See The Story of Shell (1982) and Shell in Nigeria (1984) (Lagos, Shell, 1981, 1984).
6. ibid. For more details, see NNPC Monthly Petroleum Information 1977-1986; and Annual Statistical Bulletin 1971, 1972, 1973 formerly published by the Ministry of Mines and Power and later NNPC after 1977 and the Monthly Returns From Joint Venture Companies - an NNPC publication.
7. See Kingsley Dike's Trade and Politics in the Niger Delta .... (Oxford, Clarendon Press 1956).
8. ibid.
9. See Obaro Ikime's Rivalry in the Niger Delta ... (London, Longman, 1969).
10. ibid.
11. See Bade Onimode, Imperialism and Underdevelopment in Nigeria (London, Zed Press, 1982) Onimode et al., Multinational Corporations in Nigeria (Ibadan, Shraden, 1983) his Political Economy of Crisis in Africa (London, Zed Press



1989) and his contributions in O. Nnoli ed., The Path to Nigeria's Development (Dakar, Codesria, 1982).

12. For details on the Underdevelopment, Dependency Theory (UDT) see the Section on the Literature review of the Political Economy of Nigeria in Chapter Two. See also Segun Osoba, 'The Nigerian Power Elite 1952-1965' in Peter Gutkind and Peter Waterman eds, African Social Studies: A Radical Reader (Monthly Review Press 1977) and his 'The Deepening Crisis of the Nigerian National Bourgeoisie' Review of African Political Economy (ROAPE) 13, 1978; and Bjorn Beckman, 'Imperialism and the National Bourgeoisie' in ROAPE, 22, 1981; his 'Whose State: State and Capitalist Transformation: Critique of a Kenyan Debate', ROAPE, 20-22, 1981.
13. See note 5 above
14. ibid.
15. Based on interviews with officials of Shell at Warri and Port Harcourt and Lagos, in 1989.
16. ibid.
17. Based on interview with Shell workers in Port Harcourt and Warri in 1989.

Part Two

The Incorporation of the Niger Delta into the  
British Capitalist System

Chapter 2

Literature Review, Methodology And Conceptual  
Framework

2.1 Literature Reviews: Introduction .

Owing to the numerous works that have been done on the activities of the transnational corporation (tncs) in the developing countries, relevant literature as it is used here refers to those that focus on the political economy of Nigeria noting particularly, the emphasis on their (tncs) role in the Nigerian economy. Others on the Niger Delta both in the pre-1937 period and when the oil transnational corporations began crude oil exploration and exploitation in the area in the early 1940s. Before starting the review of literature, however, there is need to clarify some basic issues particularly the various schools of thought that inform the volume of work on the (tncs). Since the end of World War II when the transnational corporations emerged as important 'non-state actors' in the global economy, there has been growing literature on their activities. Of particular importance to researchers, international organisations, Third World leaders among others, is their role in the under-development of the host-states which are usually found in Latin America, Asia and Africa. These works can be located within two broad schools of thought - The Development Schools<sup>1</sup> and the Dependencia.<sup>2</sup>

According to the developmentalist scholars, the transnationals bring major economic benefits to the host-countries in the Third World. To them the Third World countries do not have viable economies because they lack critical production inputs like skilled manpower, technology

and capital. They argued therefore, that the developing countries need the tncs to provide these vital missing links if they are to develop.<sup>3</sup> To Peter Drucker for instance, the transnationals are the only real hope for Third World development not the least because they possess important requirements for development.<sup>4</sup> The consensus among the writers of this school is that 'the tncs are agents of change, altering traditional value system, social attitudes, behaviour pattern and they encourage responsibility among the political leadership of less developed countries. By improving the economic situation and capabilities of less-developed countries, they (tncs) facilitate political development.'<sup>5</sup>

There is no doubt that the tncs bring about development in the host-states. But then, the issue at stake is whose interest is served by the type of development the tncs sought to promote in the Third World countries. To be able to understand this, there is need to understand why the tncs in the first place, have to shift business to the Third World. Equally significant to note are the various historical experiences of the host-states, the nature of the Third World states and the capitalist nature of the international financial system within which the tncs operate.

Faced with the problem of over concentration and centralisation of capital in Western Europe and the United States since the period after World War II, international finance capital (a merger between monopoly banking and industrial capital) carried mostly by the tncs, began to seek for sources outside Europe and USA, of cheap raw materials and profitable outlets for surplus capital and manufactured goods. And it was colonialism that then provided the mechanism through which the political rule of the transnationals was established and maintained in the Third World. Thus, the tncs are primarily concerned with securing raw materials and markets. In the process of achieving these goals, they might promote development in the host-states but that which is obviously not in the interest of the people of the Third World. Rather, such development makes it possible for them (tncs) to

penetrate further, the host-countries for exploitation. Which is why the Dependencia Scholars some of whom are Marxian and others non-Marxian<sup>7</sup> in orientation and analysis, have reached a general consensus in their criticisms against the positions of the developmentalist scholars. To them, the tncs have been identified as the expanded colonial trading companies, purveyors of over-priced obsolete equipment and technology, rapacious exploiters of labour and raw materials, major agents of profit repatriation and capital and resource outflow. They also topple non-conformist governments, dictate the type and pace of development in host-states<sup>8</sup>. The position of these scholars is that the tncs have in no small measure contributed to the under development of the countries in the Third World. But such a sweeping generalisation against the developmentalist scholars by the Dependencia writers may not bring into clearer relief the various positions and point of emphasis among them. It is therefore, pertinent at this point to highlight the fine distinction between them starting with the non-Marxians.<sup>9</sup>

The non-Marxist thought is a logical extension of the economic doctrines propounded by the economists of the Economic Commission for Latin America (ECLA) and its notable Executive Secretary, Raul Prebisch in the 1950s and 1960s<sup>10</sup>. The ECLA's position focused on the structure of the Latin American economy particularly the implications of the prevailing 'international division of labour' that assigned to the countries of this sub-region, the role of supplying raw materials to, and importing finished goods from the industrialised countries. Of particular significance, was the chronic balance of payments problems of Latin American countries since they came in contact with the transnationals through colonial rule.<sup>11</sup>

Raul Prebisch for instance, stressed that foreign-owned extractive industries and agriculture constituted monopoly enclaves within host-countries pointing out that these enclaves had little direct relation to the local economies whereas the export they produced were vital to the position of his countries in world trade. According to Prebisch,

foreign enterprises in these categories carried exorbitant 'excess profits' which were repatriated to their home countries causing serious drain on the balance of payments of host states. The economic welfare of Latin America was not only dependent upon decisions made by foreign firms, but in a more general sense, upon the notorious vicissitudes of the world market for primary commodities. Finally, Prebisch argued that the prices of primary commodities were gradually worsening while the cost of finished goods was rising prescribing therefore, an import-substitution industrialisation strategy for Latin America as a way to lessen the region's dependence on the West.<sup>12</sup>

There is no doubt that the issues addressed by Prebisch and other non-Marxists centred around the structure of the Latin American economy - the dependence of the sub-region on Western countries which arose from its role as suppliers of raw materials and labour in the lop-sided international division of labour. But the issue of dependence cannot be adequately captured by the fact that Latin America was assigned a subordinate role as producer of raw material in the world trade as Prebisch et al did. Rather, there is need to understand the creation of the Latin American states by colonialism, the class structure, nature of the Latin American societies and how the tncs were implicated in the process.<sup>13</sup> To the extent that the industrialisation brought about by the introduction of the import substitution policy relied on the capital provided by the transnational corporations, it is to that extent that Latin American dependence on the West remained. In fact, of greatest concern was the balance of payment problems of the countries in the sub-region which became chronic with the adoption of the policy. This was to form the starting point for the Marxian writers. But before going into the discussion of the propositions of the Marxian scholars, it is important to note that because Latin America had the greatest concentration of United States and some Western European-based transnationals among other developing countries, most of the research works that have been done on the activities of the tncs in the Third World drew largely on the sub-region's experiences. This has

also accounted for why most of the scholarly works cited here are from Latin America. It is by no means an assumption that there by no means is no work on the tncs in Africa, rather, they are just beginning to emerge.<sup>14</sup>

There are as many writers on underdevelopment and dependency<sup>15</sup> as there are varied propositions. But of importance here is the commonalities among them as they relate to the operations of the transnationals in the Third World. Leading writers on dependence most notably, Osvaldo Sunkel have conceived of the increasing dominance of the tncs in the Third World particularly the Latin American countries as a part of a broader process of marginalisation with both 'international' and 'domestic' dimensions.<sup>16</sup> Internationally, there is a widening gap between the 'center' and 'periphery' countries. The domestic corollary is a pattern of international colonialism between the 'modern' cities and the 'traditional' countryside, with the 'zones of misery' (the slums) constituting a type of intermediate zone.<sup>17</sup>

The contention among these scholars has been that foreign investments have helped to create and sustain a clientele 'domestic' elite whose attention is focused away from the development needs of their own countries. This elite has little incentive to concern itself with policies that would spur indigenous entrepreneurs, widen local markets, redistribute income, or otherwise bring the masses into full participation in national life. The elite is content with the status quo, whereby the countryside services the cities, which in turn, direct their primary energies (via the foreign firms) abroad.<sup>18</sup> For instance, Chile, before the election of Allende in 1970 as President, was dominated by over one hundred United States-based transnationals involved in all facets of the Chilean economy. Under such condition, the tncs charted the development destination of Chile. When the Allende's government with its socialist policies made it difficult for the tncs to undermine the Chilean economy the International Telephone and Telegraph's (ITT) and the International Business Machine (IBM) acting in concert with fifth column elements toppled his non-conformist govern-

ment.<sup>19</sup> The Johnson Administration's withholding of aid to Peru in order to provide the International Petroleum Company (IPC) with bargaining leverage in its negotiations with the Peruvian government before the 1968 military coup was another good case in point.<sup>20</sup>

Another major part of the marginalisation thesis is that the tncs discourage the emergence of genuine national enterprises not only by pre-empting the most dynamic sectors of the economy but also by absorbing local capital that might be used to finance local companies.<sup>21</sup> For instance, between 1957 and 1965, the US-based manufacturing tncs raised 40 percent of their capital from local sources in Latin American countries.<sup>22</sup>

One key aspect of the marginalisation process is that the transnationals produce to meet the consumers' needs in the developed countries. The extractive industries for instance, drain host-countries of irreplaceable natural resources. For those engaged in manufacturing for local markets, their products are mainly consumer goods that can only be afforded by the upper income groups whose desire for these items is 'artificially' stimulated by means of advertising. Ivan Illich, the most eloquent exponent of this argument stressed that the Latin American peasant, unlike the U.S. farmer in the Mid-West never afforded an expensive automobile. Rather, he needs a 'mechanical donkey' that gave years of trouble-free service, but no such 'donkey' was rolled off multinational assembly lines.<sup>23</sup>

Finally, writers on underdevelopment and dependency severely attacked the argument that the transnational corporations make invaluable contribution to host governments' development through taxation and provision of infrastructural amenities. These writers doubted in particular, the accounting devices that the tncs regularly employed to evade taxes. There is the notorious practice of overvaluing imports from parent companies as a means of reducing 'profits' in the host country so that extra payments were channelled abroad tax-free. Another device is the over-valuation of existing investment which took advantage of national laws that normally linked the percentage of profits that might be repatriated without taxation to the value of the enterprise

involved. On the provision of infrastructural amenities like roads, these writers argued that the government of the host countries benefited from such amenity. But then, the roads for instance, were constructed first and foremost to facilitate the capitalist penetration and exploitation of the host-states submitting therefore, that whatever development that the provision of such social amenity must have brought, it was not in the best interest of the host-countries. Rather, it further reintergrated the host-states into the mainstream of imperialism which the tncs have been expanding<sup>24</sup>

The writers on dependence have actually enhanced the understanding of the activities of the transnational corporation in the Third World. But that is not to say that they are without some criticisms. Most significant is the absence in their works of the internal conditions that is, the conditions of the colonised. For most of these writers, underdevelopment is due to the destructive effects of capitalist 'penetration' and the incorporation of the whole non-capitalist societies into the mainstream of Western capitalism.<sup>25</sup> As John Taylor even argued, these theories often fail to analyse sufficiently, or even question, why modes of underdevelopment have taken different forms in different countries. To Taylor, another major problematic of the dependency writers is that of 'differentiation'<sup>26</sup> For example, terms such as dependency and underdevelopment are not concretised.<sup>27</sup> According to Philip; O'Brien, 'one looks in vain through the theories of dependency for the essential characteristics of dependency. Instead, one is given a circular argument: dependent countries are those which lack the capacity for autonomous growth and they lack this because their structures are dependent ones.'<sup>28</sup>

The same kind of ambiguity and conceptual poverty can be found in the center/periphery construction. The problems of all the periphery countries are blamed on capitalism which again has been taken as synonymous with colonialism. The center countries are rich because of the wealth of the periphery nations which the former drained via the tncs during colonialism and after.<sup>29</sup>



In spite of some of these shortcomings of the dependencia school, the writers have established some very important political and economic perspectives which must be taken into account before carrying out any research on the Third World social formations. As such, the problems they pose do not warrant a total dismissal of its theories by any means as some critics like the late Bill Warren<sup>30</sup> would have it. In fact, most of the writers on the political economy of Nigeria have adopted the underdevelopment dependency paradigms.

The foregoing discussion has highlighted the major schools of thought within which most of the works on the tncs are located. The criticisms levelled against each school has brought into the fore why a review of the literature on this topic has to be selective. Even within the dependencia school where the works on the political economy of Nigeria are located, there are still criticisms. But its significance lies in its capability to enhance the understanding of the role of the tncs in the Nigerian economy as shown in.

the next discussion which reviews the literature on the political economy of Nigeria and the Niger Delta. But first on the former.

## **2.1a The Political Economy of Nigeria**

Among the issues that have featured so prominently in the literature on the political economy of Nigeria are the state, the transnational corporations, the domestic bourgeoisie, the indigenisation decrees, and the wage earners. For instance, do the tncs constitute an obstacle to the development of the productive forces? Are they 'the real hope' for the country's development? What pattern of accumulation do they promote in Nigeria? Will they ever encourage industrialisation in Nigeria or are they mainly concerned with reducing Nigeria to a mere trading outpost with no productive base? Have the tncs ever agreed to transfer appropriate technology to assist Nigeria's development effort? That is not all. Very important issues such as how the tncs relate with the state and the domestic bourgeoisie in the Nigerian setting have arisen. These in turn, gave rise to more important questions. For instance, what is the

character of the Nigerian state? Who controls the state and with what consequences for the political economy of Nigeria? Is the state the exclusive organ of the tncs or of the domestic bourgeoisie or even both? Why does the state interfere in the economy and in whose interest? To what extent have the indigenisation decrees of 1972 and 1977 reduced the dependence of the Nigerian economy on the tncs? Or, are they, (decrees) neo-colonial policies created to enlarge the accumulative base of the domestic bourgeoisie in the country's economy? Was indigenisation an attempt by the state to mediate the relationship between local and foreign capital to the mutual benefits of both fractions of capital or a means of expanding its base of accumulation with the intent of wresting control of the economy from the tncs?

The Nigerian domestic bourgeoisie was not left out. Crucial among the issues raised were the following: Is the Nigerian domestic bourgeoisie independent of foreign capital or, is it a dependent and junior partner held in a subordinate and exploitative relationship with the tncs? What chances are there that the domestic bourgeois class will ever transcend its position as a transmission belt' for siphoning the country's wealth? Do the tncs, through their presence and activities actually discourage the development of the domestic bourgeois class and thereby constituting a block to the development of capitalism in the country, or is it that the domestic bourgeoisie is satisfied with its highly unproductive but lucrative role as middleman and not interested in the development of the country's economy?

The significance of the above questions lies in the fact that this study investigates how Shell and the Nigerian State have underdeveloped the Niger Delta of Nigeria.

The review of the literature begins with Claude Ake. According to Ake, the Nigerian state cannot be regarded as a public force which is objective in the sense that it is public and uses its monopoly of coercion to police and guide the society rather impartially and managing the public institutions and resources to the interest of the public. Rather, the state is a specific modality of class domination and one in which

class domination is mediated by commodity exchange so that the system of institutional mechanisms of domination is differentiated and dissociated from the ruling class and even the society and appears objective standing alongside society. That is to say that the state mode of domination is the way in which class domination is autonomised.<sup>31</sup>

To Ake, the main feature of the Nigerian state is its little or no independence from the social forces of the society particularly the hegemonic class because it is constitutionally constituted to be so. Because the Nigerian state is an imperialist creation, in fact, a mere tool of foreign corporate capital, its functions include the coercion of Nigerians into commodity relations, changing their pattern of production, the prevention of the emergence of a competitive Nigerian bourgeoisie among others. To him, the Nigerian state started off as a commercial concern of the United African Company (UAC)<sup>32</sup>

At independence, Ake argues, the post-colonial Nigerian state is not significantly different from the colonial state because it remains weak, and at best, with limited autonomy.<sup>33</sup> For Ake, the basic roots of Nigeria's underdevelopment are to be found in these features and he insists that their implications on the country's economy are that

'..political and economic competition becomes 'normless' or at any rate, conducted in clear preference of efficiency to legitimacy norms. Contending groups struggle on grimly, polarising their differences and convinced that their ability to protect their interests and to obtain justice is co-extensive with their power. This creates politics of anxiety and under such circumstance, development cannot occur...'<sup>34</sup>

Claude Ake might be right in his claim that because the Nigerian state - both colonial and post-colonial - was an imperialist creation, it had no room to exercise its judgement and thus, acted strictly according to the dictates of its mentors. But by such claim, Ake has assigned the state one main function - that of ensuring the conducive conditions for capitalist accumulation. This, in fact, denied the state

of other functions. Where would Ake, for instance, locate the function of the Nigerian state in relief disaster or sanitation programmes which would need to be performed even in classless societies.<sup>35</sup> There is no doubt that Ake, like UDT Scholars conceptualised the state merely as an instrument of exploitation.<sup>36</sup> This has not significantly enriched the understanding of the nature of the Nigerian state.

If the Nigerian post-colonial state is significant to the accumulation process in the country's economy as Ake has claimed, the question then is: does it not need some autonomy to be able to perform this function? Obviously, the state needs some autonomy (which it enjoys anyway) to be able to organise the different fractions of the ruling bloc into a conscious category. Even the state needs some autonomy to cater for the interests of the bourgeoisie as well as those of the society generally. This is to be expected because the bourgeoisie as a class, is immersed in conflicts and contradiction, politically incapable of running the apparatus of the state and left with one major concern - that of capital accumulation. Furthermore, it (state) still needs some autonomy to be able to effectively play its role of disorganising the dominated class and act as a representative of the 'national interest' while guaranteeing the hegemony of the ruling class and strengthening its own legitimacy and conditions conducive for the reproduction of the capitalist system.

Under the conditions of 'the politics of anxiety' as Ake claimed, 'development' cannot occur. This might be true but he failed to explain the type of development - whether capitalist or socialist. This left his argument hanging and has not enhanced the understanding of his thesis on the political economy of development in Nigeria in particular, and African States generally<sup>37</sup> In addition, the meaning of development was altogether not explained.

Claude Ake's employment of the UDT framework to explain the nature and operations of the Nigerian state reduced it to an instrument for meeting the exclusive needs of one fraction of capital or the other. This cannot provide a rigorous

theoretical basis for rejecting the thesis on the autonomy of the Nigerian state. Rather, the state should be seen as playing a crucial role in the accumulation process by balancing all fractions of capital and ensuring the conditions for capital accumulation to thrive.

Employing the UDT framework like Claude Ake, Terisa Turner argued that the Nigerian economy is dominated by the transnational corporations characterising it as basically export-import oriented. To Turner, the Nigerian businessmen are essentially middlemen for the tncs while the state and other consumers act as the principal market for the imported goods. Because the state is a major consumer in its own right, control over its apparatus becomes an important source of profit-making and politics, a struggle for position in the state, or at least, access to those who exercise influence over decisions. As a result, a 'triangular relationship' exists between the tncs, their indigenous agents and the state compradors particularly those she referred to as the 'collaborationists.' International competition among the tncs is reproduced at the Nigerian local level through this triangular relationship which proliferates as the foreign corporations interested in winning lucrative contracts in the country grows. It is in this multiplicity of the triangular relationship that the instability of the Nigerian state is to be found.<sup>38</sup>

According to Turner, the prevalence of imperfect forms of competition in addition to the absence of institutionalised forms of making profits transformed the Nigerian businessman into being more concerned with having contacts in government than production. Corruption is therefore, a prevalent aspect of life in Nigeria. Local entrepreneurs do not organise labour, capital, raw materials and energy to produce for the market because of the availability of easier, more profitable and less risky commercial alternatives and the pre-emptive concentration of foreign firms in the productive sectors<sup>39</sup>

Finally, Turner argued that the cost for Nigeria of the dominance of comprador interests has been enormous. Quite apart from the prevalence of corruption and instability, the

Nigerian state has been prevented by the local compradors from organising the transfer of oil technology when almost all members of the Organisation of Petroleum Exporting Countries (OPEC) have succeeded in doing so by wresting concession from the oil tncs.<sup>40</sup>

There is no doubt, in Turner's claim, that the Nigerian state is mainly a trading one concerned primarily with the export and import of goods and services. But the use into which these goods are put in the country's economy was not demonstrated by Turner. This gap in Turner's analysis has failed to bring into proper focus how the 'export-import character' of the Nigerian state has affected the process of capitalist accumulation in the country. Corruption may well be a prevalent feature of the political economy of Nigeria, but Turner fails to elaborate on the logic behind it in the broader context of the accumulation process in the economy and the reproduction of the capitalist mode of production.

Turner sees the state, the domestic bourgeoisie and Nigerian politics purely at the exchange level. This cannot be so because over the years, the Nigerian state for instance, has articulated various incentive measures to encourage both the tncs and indigenous entrepreneurs to invest in productive activities. The state itself is not left out in an attempt to expand its accumulative base. By limiting her study of Nigerian politics to the struggle for commercial gains, Turner failed to bring into greater focus, the roots of political competition in the country.

Scholars of the political economy of Nigeria have variously condemned the Nigerian national bourgeoisie in their works pointing out the fact that they (bourgeoisies) are satisfied with rendering their unproductive but highly lucrative service of acting as 'transmission belts' for foreign corporate capital.<sup>41</sup> For instance, Segun Osoba saw them as being tied to the Euro-American capital in an agent/principal relationship in both the colonial and post-colonial periods. To Osoba, they are caught in this dependency syndrome not because they are unaware of their subordinate status. Rather,

he advanced four main reasons for the inability of this class to reverse its junior partner relationship with foreign capital.<sup>42</sup>

First, the lop-sidedness of the international division of labour reinforced by the refusal of the transnational corporations to transfer technology to Nigeria or split ownership and control of the economy with Nigerians, has acted to keep the national bourgeoisie in its place as a subordinate class. Second, the Nigerian national bourgeoisie has found its role as commission agents and membership of the board of directors of the tncs' subsidiaries by helping to win lucrative contracts for its tnc-sponsor very profitable. This is evidenced by the 'cement armada' and the 'scania bus scandal.' Third, the cohesion of the national bourgeoisie itself is weak because its unity is undermined by fractional differences. This lack of cohesion places local capital at a disadvantage in its negotiation with the tnc stressing that although the national bourgeoisie needs a united Nigeria to enhance its power, this need is in conflict with its dependence on foreign corporate sponsors and manipulators.

Finally, the contradiction between the national bourgeoisie and the Nigerian masses is one more reason why the former cannot end its junior partner status. The national bourgeoisie is unwilling to end its dependence on tncs and create a society in favour of the masses and against its foreign masters. Yet, it is unable to admit openly to the masses that its true commitment is to the domestic and foreign exploitation of Nigerians and their national resources,<sup>43</sup> rather, it propagates defensive radical policies.<sup>44</sup>

To Osoba, the roots of the Nigerian crisis are located in the inability of the Nigerian national bourgeoisie to retain and use an adequate proportion of the nation's wealth that it appropriated for the upliftment of the masses. This failure has robbed succeeding regimes in the country of legitimacy in the eyes of the generality of Nigerians pointing to the high perishability of governments and the unstable and volatile nature of the state as a function of the resultant legitimacy/authority gap. There is no evidence to suggest

that the national bourgeoisie is prepared to mobilise the masses of Nigerians in an anti-imperialist struggle<sup>45</sup> the summary of which Julius Ihonvbere has succinctly put as follows:

'Which bourgeoisie? You mean those fools? Just look at them...is that how their counterparts in the countries they are copying behave? They lack discipline. They are corrupt. They are agents to multinationals. They have no culture. They are rogues. They cannot even practise politics in a peaceful and responsible way. Unless they manipulate the poverty and differences of the people they feel unsafe. What are they really good at? Look at the conditions of our people and country since flag independence in 1960 and you will see how the Nigerian bourgeoisie subverts its own future. I cannot therefore call them bourgeoisie.'<sup>46</sup>

In conclusion, both Osoba and Ihonvbere are unanimous in prescribing the creation of a superior people's revolutionary culture and organisation to overthrow the national bourgeoisie.<sup>47</sup>

The impression created by both Osoba and Ihonvbere is that the key to the country's development is with the national bourgeoisie. There is no doubt that the bourgeois class has through its role, contributed to the underdevelopment of the Nigerian economy but not in a way that both scholars have made us to believe. Bjorn Beckman, for instance, has pit-fallen Osoba's analysis by his (Osoba's) location of the conflicts and contradictions between the domestic bourgeoisie and the Nigerian people merely as a function of its role as an agent of foreign capital and not because it is a bourgeois class. Beckman has argued that Osoba's claim has led us to believe that if the national Nigerian bourgeoisie were more nationalistic and ceased to be agents, a stable, efficient and legitimate government would be established and squalor congestion and mass poverty would be reduced. To Beckman, the reality of the situation is that both the bourgeoisie and



the people are on the same side of the contradiction with imperialism.<sup>48</sup>

On the bourgeoisie's siphoning of the nation's wealth abroad and the consequences of this for the Nigerian economy, Beckman argued that Osoba's thesis rests on the fact that if the siphoning were to stop, it will necessarily be used for the upliftment of the toiling masses. Beckman pointed to the huge economic resources made available to the Nigerian state after the Organisation of Petroleum Exporting Countries (OPEC) oil price increases of 1973 and stressed that rather than eliminate poverty, social inequality and injustice have been increased. Thus, however indicative the outflow of profits from the Nigerian economy or the inefficiency of the state may be, they in themselves, do not provide enough evidence to justify the discussion of national development and class struggle adopted by Osoba.<sup>49</sup> If the state and the bourgeoisie are attacked mainly because they are weak and are not performing, Beckman questioned where he (Osoba) will locate his thesis when they start to perform. He also challenged Osoba's characterisation of the national bourgeoisie as a 'junior partner' of the tncs pointing out that the former has been robbed of its own dynamism.<sup>50</sup>

Julius Ihonvbere like Osoba conceptualises the national bourgeoisie as 'no good.' By extending Beckman's criticisms on Osoba, it is still unclear what Ihonvbere meant by 'the national bourgeoisie is not good at anything.' Who is a bourgeoisie in the first place and how is the Nigerian bourgeoisie different from its counterparts in the developed capitalist states? A bourgeoisie is primarily concerned with the reproduction of the capitalist mode of production in order to strengthen its accumulative base and not to expect it to be nationalistic as Ihonvbere and Osoba would want them to be.

Ihonvbere has created the impression that the national bourgeoisie ought to practise politics. This should not be expected because the bourgeois class by orientation is politically inept (even in the advanced capitalist state) and has therefore assigned to the state the role of running the

apparatuses of government. If the role of the bourgeoisie is to reproduce the capitalist mode of production, how its activities subvert its own future as Ihonvbere claims is not clear. Beckman's attack on Osoba has no doubt, thrown up crucial intellectual issues that need concrete historical tests. For instance, Osoba has argued that the outflow of profits from the Nigerian economy through the alliance of the domestic bourgeoisie with the transnational corporations has contributed to the underdevelopment of the country. Rather than developing a theoretical basis for rejecting Osoba's argument, he (Beckman) took his (Osoba's) position as given, and then went further to reverse it. To merely counterfactualise Osoba's position as Beckman did without conducting a concrete case study to substantiate his claims has not helped matters. In fact, Beckman has fallen a victim of what Bill Warren (and his criticisms of the UDT scholars) did.

The major argument of the CODESRIA Group is that 'proper capitalist development' similar to what obtains in the advanced capitalist states is not possible in Nigeria because of the country's dependence and being a primary producer. Furthermore, it argues that industrialisation in Nigeria is not possible with imperialism.<sup>50</sup> According to Okwudiba Nnoli who led the group project, a lot of what passes for development is not more than a collection of Western 'artefacts' in the name of technology. To him, the country's economy remains externally-oriented, serving the demands of foreign interests first and foremost; technology imported into the country is inappropriate, rural areas are suffering from neglect and decay and the economy is dominated by western corporate firms without a corresponding domination of western economies by Nigerians.<sup>52</sup>

Bade Onimode, another contributor to the CODESRIA-sponsored study on the path to Nigerian development, has argued that industrialisation is not possible in the 'Third World' because it is incompatible with the interests of the dominant forces in the capitalist world economy. In this regard, the colonial state took active measures to prevent manufacturing in Nigeria because the aim of the British expansion was to

seek outlets for the products of its factories. The central defining feature of the post-colonial state has been its domination by the transnational corporations. Attempts by the post-colonial state to promote national economic activities through its development plans have only succeeded in entrenching, rather than reducing Nigeria's underdevelopment and dependence.<sup>52</sup> The consensus of opinion among the contributors to the CODESRIA project is that capitalist development is not possible in Nigeria suggesting in the alternative, a socialist path to development.<sup>54</sup>

Though the CODESRIA Group's general claim that 'proper capitalist development' is not possible in Nigeria because of the country's dependence and the imperialism of the tncs might be correct, there is no theoretical basis in the group's work to make us believe it is so. Rather, 'proper capitalist development' as obtains in the western countries is taken as the yardstick from which the country's development plans are therefore measured. There is no doubt that the tncs are promoting development in the Third World and such development is capitalist in nature and for obvious reasons. One of these reasons is that capitalist development under the aegis of imperialism is to guarantee and expand markets and the Nigerian situation is not different. So it is not clear how the tncs are opposing capitalist development in Nigeria since the country is by all intents and purposes, a capitalist state

Technology is one of the processes used by the tncs to expand imperialism. The type of technology that these corporate firms will transfer to Nigeria will be such that promotes capitalist development in the country. It is Nnoli's failure to analyse the use into which the 'artefacts' are put and the consequences for capital formation in the economy that constitute a major pitfall in his argument. Granted that Onimode is right that the Nigerian colonial state prevented manufacturing in the country for obvious reasons and the post-colonial state is not markedly different, he did not demonstrate how he came to the conclusion that the tncs have 'blocked' industrialisation in Nigeria because their goals are incompatible with the 'development objectives of the

country.' Is Onimode suggesting in the alternative that the ejection of the tncs from the economy will automatically bring about industrialisation? Even if this is done, genuine industrialisation' which Onimode hoped will be achieved will still remain a farce as long as all the allies of capitalism in the domestic economy which collaborate with the tncs are not destroyed.

The tncs propagate western imperialism. Capitalism at the imperialist era is predominantly concerned with market and raw materials. Nigeria's capitalist economy has been set since colonialism for imperialist onslaught. What then is the basis of Onimode's claim that the tncs's priorities are inimical to the country's development goals?

The position of Garvin Williams is an extension of Terisa Turner. According to Williams, the Nigerian bourgeoisie is essentially a comprador class preferring commerce and contract to production and this partly explained why the tncs dominate credit and technology in the Nigerian economy. To him, the compradors have turned the state, politics and access to the tncs as a major source of capital accumulation. This has led to an intense competition among the comprador bourgeoisies for both the state and tncs' patronage resulting in crisis after crisis.<sup>55</sup> Under such circumstances, the state has become 'unable to lay down the rules for and arbitrate competition for political office and its sports. It failed to bring the bourgeoisie into a coherent bloc able to institutionalise its role over other classes<sup>56</sup> The consequences for the economy according to Williams, is that the state cannot override particular capitalist interests both domestic and foreign in the interests of the overall development of the society. Finally, he concluded by stressing that the state has promoted 'the wealth of the nation' but only by the impoverishment of the people.<sup>57</sup>

The argument of Garvin Williams is well taken. But then, he failed to show how the 'crisis after crisis in the Nigerian economy' has blocked the development of capitalism in the country. Neither did he demonstrate how these conflicts have threatened the capitalist transformation of Nigeria.

Tom Forrest, sees the Nigerian bourgeoisie as subservient to foreign capital and therefore, does not enjoy any independent status. He went further to characterise the Nigerian state as a 'rentier state' because it (state) preferred the collection of royalties and rents from the oil companies<sup>58</sup> without judiciously investing in production. Forrest is quite correct that the Nigerian state is a rent collector. For instance, the Nigerian state has not produced crude oil since the oil transnationals began operation in the country in the 1940s. Rather, the state is content with collecting royalties. But another and perhaps, more important dimension of Forrest's rentier thesis' is the use into which these rents are put. This, he failed to explain. Furthermore all capitalist states whether 'advanced' or 'periphery' collect rents and taxes in one form or the other which are then invested in the reproduction of the capitalist mode of production. Rents and taxes therefore, serve as a means to an end. To brand a state 'rentier' because it collects rent without explaining how the rent is used in the reproduction of the process of accumulation as Tom Forrest did, is to place undue emphasis on the superficial.

The weakness of the Nigerian national bourgeoisie according to E. Akeredolu-Ale, is not because of the absence of correct values, motivations and attitude to business, as conventional sociological scholars would explain. Rather, the weakness of the Nigerian bourgeoisie is rooted in the country's historical past. Beginning with the colonial period, Akeredolu-Ale argued that the transnational corporations dominated both the import and export trade in the country and under such circumstances the early growth and development of the indigenous entrepreneurs was stagnated. Worse still, the colonial state that was created by the British imperialists performed the major role it was assigned - to create a favourable business atmosphere for foreign corporate companies and suppress the local business class. That was not all. Nigerian nationalism was more concerned with 'flag' independence than the economic liberation of the country and as a result, more transnationals moved into the country to the detriment of the domestic bourgeoisie. The marketing

boards which were one of the potent sources of capitalist exploitation used by the tncs, operated to preclude the rise of the national entrepreneurs <sup>59</sup>

The period after political independence in 1960, Akeredolu-Ale argued, is not significantly different pointing again, to the fact that the tncs still continue to dominate the commanding heights of the country's economy which made it all the more difficult for the emergence of strong and coherent local entrepreneurs.<sup>60</sup> In addition to these reasons his experience from the comparative case-study of Nigeria, Pakistan and the Philippines, revealed more about the predatory and exploitative orientations and activities of the tncs, their inherent tendency to resist and hamper local industrialisation and perpetuate mercantile capitalism and finally, their deliberate efforts to start the growth of indigenous entrepreneurship have been responsible for the weakness of the national bourgeoisie. In sum, he concluded that the presence and activities of the tncs have hindered rather than helped the development of a local business class in Nigeria. His panacea is that government should establish industrial and commercial banks to cater primarily for the interest of the local businessmen.<sup>61</sup>

Akeredolu-Ale has no doubt, made an insightful contribution to the relationship between the transnationals and the national bourgeoisie particular by giving the reasons why the latter's growth and development have been impaired by the activities of the former. But should it be assumed as Akeredolu-Ale did, that foreign capital is synonymous with 'underdevelopment' and that local capital means 'real development in Nigeria'? This cannot be so because for sure, both foreign capital and the domestic bourgeoisie are on the same side of capitalism, exploiting the majority of the people. As such, there is no guarantee that the enthronement of the national bourgeoisie will bring about the type of development that Akeredolu-Ale advocated for Nigeria. The reason advanced by Osoba et al as to why the national bourgeoisie has chosen to remain weak and the criticisms that followed are too familiar to be repeated here.

The indigenisation decrees of 1972 and 1977 promulgated by the federal government have sparked off a lot of argument among scholars of the political economy of Nigeria. Indigenisation to these scholars, has different connotations and various impacts on the country's economy. First, are those scholars who, applying the UDT paradigm and thus conceptualising the post-colonial Nigerian state as an imperialist creation, interpreting indigenisation decrees as a mere attempt by the state to formalise the lop-sided partnership between foreign capital and its local agents. Notable among these scholar are Segun Osoba who argued that 'the indigenisation decrees are bound to be ineffective because the tncs are not ready to split ownership and control with the domestic bourgeoisie. <sup>62</sup> Claude Ake emphasized that indigenisation made more Nigerians owners of the indigenized companies but control (particularly in the area of technology) remained with the foreign firms<sup>63</sup> and Bade Onimode regretted that 'what ought to have been a 'collective national' response to the imperialist domination of the country's economy turned out to be a failure.<sup>64</sup>

Drawing on her experience of the impact of indigenisation on the Kano economy, Ankie Horgvelt argued that the country's oil money has been used to finance the growth of firms which remained under foreign control. To her, many of the indigenised transnational corporations hand-picked their shareholders who were later used as 'front men' to lobby government officials for land acquisition, contract, expatriate quota among others, with the result that they, still retained control over the country's economy.<sup>65</sup>

Although General Olusegun Obasanjo is not a UDT scholar and indeed, his government put the 1977 decree in place, his position on the outcome of the indigenisation decrees was not different. In his own words:

'In effect, although the economy may be said to be largely indigenised, what has happened is that Nigerians have taken over rights to share in profits while control has remained where it has always been - in foreign hands,

which if we must be realistic, cannot reasonably be expected to identify as intimately with national objectives as if the situation were otherwise.

Clearly, 'control of the commanding heights of the economy' which the decree had as one of its main objectives is nowhere in sight ... and indigenisation may have missed the substance for the shadow.<sup>66</sup>

There are other scholars who argue that the indigenisation of the Nigerian economy has helped the domestic bourgeoisie to advance its interests. Leading writers in this school, notably Paul Collins, emphasized that the indigenization process made it possible for the domestic bourgeoisie to harness state power to its own advantage by using government regulations to weaken the foreign corporate companies.<sup>67</sup> Based on his survey of Kano and Lagos, Collins, contrary to Horgvelt, concluded that the local shareholders derived much benefits from indigenisation pointing to the fact that a large number of local entrepreneurs acquired shares in several manufacturing companies whose operations were closely connected with their own line of business technology. To him, the intention of the local businessmen was to create linkages between the foreign firms and a local assembly plant that they planned to establish. Furthermore, the enterprises where indigenes hold majority shares cease to be subsidiaries of tncs and are accordingly charged for any input, supplied to them from abroad. In sum, Collins rejected the 'neo-colonial thesis' and suggested that the state should be seen as a register of the balance of class forces with the domestic bourgeoisie holding the leading edge.<sup>68</sup>

Bjorn Beckman, who has been most critical of the UDT scholars of the political economy of Nigeria, rejected the interpretations so far given above to the indigenisation decrees as inadequate. Beginning with those (UDT) he branded as using the 'neo-colonial model', Beckman agrees that although there is evidence to support their claims, their conclusions point to the fact that the post colonial Nigerian state is a creation



of one faction of foreign capital or the other. The impression they create is that the state functions to meet the interests of these capitals. To Beckman, this has robbed the domestic political actors of their autonomy, strength and organisation. Referring specifically to Horgvelt's claim that unpatriotism on the part of the local businessmen was responsible for the failure of the decrees, Beckman's reaction was that by implication, if the local entrepreneurs were patriotic all would have been well<sup>69</sup>.

On the nationalism of the Nigerian bourgeoisie, Beckman's query was that the bourgeois class's struggle could not be seen as an anti-imperialist one as Paul collinet al would want us to believe. Rather, the domestic bourgeoisie for its own class reasons, merely wants a bigger share of the profitable, foreign controlled business operations going on in the country. Another basic shortcoming of what Beckman called the 'domestic bougeoisie model' was its inability to see the Nigerian state also, as the interest of foreign capital. In proposing a third model as an alternative for both models, Beckman propounded the 'logic of capital thesis.' Explaining this thesis, Beckman argued that both local and foreign capitals made gains from indigenisation. Rather than the Nigerian state serving the interests of foreign capitals and the domestic bourgeoisie, Beckman saw its role as primarily pre-occupied with establishing, maintaining, protecting and expanding the conditions of capitalist accumulation in general without which neither foreign nor Nigerian capital can prosper. In other words, the state to Beckman, played the double role of enhancing and consolidating the domestic bourgeoisie to enter close partnership with foreign capital while at the same time, strengthening the credentials of foreign capital as national Nigerian companies.<sup>70</sup>

What Beckman has done so far is to hold the state as the register for the struggle among these forces. But he did not explain the consequence of his 'logic of capital model' for the country's development. If the state as he, (Beckman) has argued, was charged with the primary duty of ensuring that

the atmosphere is conducive for capitalist development, it is doubtful whether the outcome of the struggle between the domestic bourgeoisie and the tncs will be beneficial for the majority of Nigerians. To be sure, neither the tncs nor the indigenous entrepreneurs is interested in the welfare of the people. By being interested solely in the politics between the tncs and the domestic bourgeoisie, Beckman has failed to realise its impact on the country's economy.

Although his 'logic of capital model' enhances the understanding of the role of the state in the indigenisation process, he created the impression that the state is class neutral particularly with respect to the domestic bourgeoisie and the tncs. This cannot be so because the state itself is an autonomised mode of class domination which is immersed in class struggle as well. The under-development of the country would not have been possible without the role of the state. Furthermore, the state enjoyed unlimited autonomy under Beckman's model forgetting the fact that the indigenisation decrees were silent in the high-technological areas like the petroleum sector. For instance, how would he (Beckman) conceptualise the state as regards its role in the oil-producing foreign companies where in spite of the indigenization decrees, Shell among the oil tncs, is still wholly-owned by its parent body in Europe? In this sector, the foreign oil companies still dictate to the state the technology of oil production. This shall be brought into clearer relief in the light of Shell's experience in the Niger Delta in the course of this work.

One thing, however, is clear from the literature reviewed above and that is: most of the generalisations that have been made particularly on the role and nature of the Nigerian state and its relationship with foreign capital have not been adequately subjected to historical tests. These issues will be addressed in the light of the role of Shell and the State in the underdevelopment of the Niger Delta. So much on the political economy of Nigeria, now the literature on the Niger Delta.

## 2.1b Literature on the Niger Delta

As earlier explained in the previous section of this chapter, the literature reviewed in this study is guided by its relevance to the topic of this thesis. To that extent, this section is concerned with the works on the political economy of foreign corporate capital in the Niger Delta. But then, the historical approach which is adopted in this work would require some knowledge of the pre-capitalist social formation of the Delta area not the least because it will enhance the understanding of how foreign capital (this time, Shell) contributed to the underdevelopment of the area. As a result, the early works which are not political economic in approach but touched on the historical accounts of the activities of these foreign firms in the Delta, are therefore reviewed.

One of the early works done on the Niger Delta was by Kingsley Dike. According to Dike, three main reasons accounted for the presence of the European trading companies in the Delta area. First and most important, was the search for raw materials to feed their metropolitan factories in Europe. Second was the increasing need for labour (which was provided by slave trade) to work in their plantation farms in the British occupied territories in the West Indies. The third reason was to secure market outlets for their manufactured goods from Europe.<sup>71</sup> To Dike, the accomplishment of these economic goals via the slave trade first brought the economy of the Delta closer to the western capitalist system and later, under its control.<sup>72</sup>

Drawing on his study of the Eastern Niger Delta, Dike argued that the British destroyed the traditional political institutions of the area as they (the British trading companies) penetrated the hinterland from the coast. For instance, Dike pointed to the 'House System' around which the political administration of the area was built was destroyed and in its place, was substituted the 'Native Court System' with all its artificiality. Furthermore, Dike argued that the British attempt to amalgamate the Ibo and Ibibio people ostensibly for commercial purpose disrupted the peace and stability of the hitherto small but autonomous city-states.<sup>73</sup>

According to Dike, the climax of the resistance of Eastern Delta people to the intrusion of the British culminated in the various wars fought in the area which resulted in the dethronement and deportation of King Jaja of Opobo among others. Dike rested his case by submitting that the British, determined to control the trade of the Delta region, used its powerful navy to subdue all forms of resistance from the kings, the merchants and the people opposed to their rule. Thus, by the end of the 19th century, all the kingdoms in the Delta had been subdued and brought under British imperialism. In fact, kings were later installed by the British mainly to protect their commercial interests, warrant chiefs replaced the traditional chiefs and became British stooges and in the final analysis, the Niger Delta opened the gateway to British imperialism in Nigeria.<sup>74</sup>

There is no doubt that Dike was right in his claim that the accomplishment of the economic aims of the British trading companies integrated the economy of the Delta into the mainstream of British imperialism and further impoverished it (the Delta area). But then, he failed to demonstrate adequately how the British economic interest was inimical to the development goals of the Delta area. For instance, Dike argued that the importation of British manufactures was detrimental to the economy of the Delta. How he arrived at that conclusion was not shown in his work. Neither did he discuss the role of the emerging domestic bourgeoisie in the context of the underdevelopment of the Delta. King Jaja waged several wars with the British over the palm oil trade. But Dike did not explain if Jaja were to have sovereign control over the trade on palm oil the economy of the Delta would have been better than under when the British controlled it. Since the Kings were part and parcel of the capitalist exploitation, the situation would have been the same. Furthermore, the importation of British manufactured goods in itself should not underdevelop the Delta as Dike would want us to believe. Rather, the use into which they were put, how they were distributed, the class involved and the overall impact on the traditional cottage industries should be a better basis for understanding how the imports led to

the arrest of the development of the area. All these were silent in Dike's work.

Extending Dike's work was James Anene who in a general study of Southern Nigeria in transition between 1885 and 1906, drew scantily on the Eastern Niger Delta and on that basis, argued that the British trade motive and use of their navy to subdue the people into accepting British rule laid the foundation for the ruins of the government of today<sup>75</sup>

Anene's claim was not substantiated with empirical evidence in his work. He was not altogether clear on what he meant by the 'government of today.' For instance, was he referring to the colonial or post-colonial Niger Delta considering the period covered in his work? To assume as Anene did that because the British used their navy to achieve their economic motive and therefore, posed the problems of today's government cannot provide a useful insight into the political economy of the Delta area.

Obaro Ikime in his study of the Western Niger Delta attempted to show how the advent of the European trading companies has sown the seed of discord among the people in that part of the Delta area. According to Ikime, hitherto the arrival of these companies in the area, a mutual trade relationship existed between the coastal and the hinterland people. He pointed to the fact that the Itsekiris and Ijaws who are the coastal people produced mainly fish, salt, local gin ('Ogogoro') and built boats which were exchanged for palm oil, yams, cassava products and plantain produced by the hinterland people mainly Urhobos. But on contact with the European merchants, Ikime emphasized, the relationship altered and deteriorated into one of constant conflict and war among the people and between the people and the companies<sup>76</sup>

On the specific relationship between the Itsekiris and the Urhobos, Ikime argued that the (British) trading companies brought the Urhobos into direct contact with them. Such contact broke the monopoly position the Itsekiris enjoyed over trade in the Delta and their attempts to win back such privileged position was not successful because the Urhobos

now preferred to trade directly with the British merchants because it brought more economic benefits to them. The climax of the resistance of the Western Delta people to the imperialism of 'free trade' was the dethronement and subsequent deportation of Chief Nana of Itsekiri by the British. In concluding his study, Ikime submitted that the imposition of British rule, in all its ramifications, retarded the growth and development of the Western Niger Delta. <sup>77</sup>

Ikime might be right in his claim that the relationship between the Urhobos and Itsekiris deteriorated with the advent of the British trading companies. But blaming the British for why the former decided to trade directly with the foreign trading companies as Ikime did, help matters. For one thing, the Urhobos, acting to the dictates of the imperialism of 'free trade' had to sidetrack the Itsekiri middlemen in order to get a better price for their commodities. Obviously, the preference by the Urhobos to trade directly with the British firms cannot be a source of conflict rather, they were avoiding being exploited by the domestic middlemen.

Joseph Alogoa, who was equally worried about the impact of the European trading companies on the Nembe people argued that the British companies supported by the Royal Navy subjugated the people to advance their economic interests. To him, the disruption of the political and economic system of the Nembe people did not only bring their economy under British control but laid the basis for the impoverishment of the area<sup>8</sup>. Alogoa's work was not significantly different from those of Dike, Anene, Ikime and others in the sense that he too, presented a historical account of the activities of the European trading companies without adequately analysing how their impact actually underdeveloped the Delta area. It is not enough to base the argument on the destruction of traditional political institutions without explaining how the new institutions put in place have stagnated the economy of the Delta.

One common string of thought runs through the works of these scholars and that is their failure to demonstrate how the advent of British merchant capital has either impeded or facilitated class formation, the process of capitalist accumulation and the reproduction of the capitalist mode of production in these hitherto 'city-states' in the Delta area. The absence of such analysis created the impression that exploitation never took place. For instance, Dike did not bring out in his work the intensification of the slave revolt. Even the 'city-state' structure which Dike and others claimed was the dominant political set-up of the Delta area could not have been non-exploitative bearing in mind the power structure and mode of production in these small democracies which would have favoured the exploitation of one class by another since it was not egalitarian. It is a different case if the level of exploitation cannot be compared with the colonial and post-colonial periods in the Delta but even then, it existed.

By the late 1930s when the western oil-producing transnationals came to the Niger Delta to prospect for crude oil a new body of literature began to emerge. Most of these works emanated from the papers presented during seminars and conferences organised by the University of Port Harcourt, Energy and Social Development Centre and the biennial conference jointly organised by the Federal Ministry of Works and the Nigerian National Petroleum Corporation (NNPC). The bulk of the papers presented in the latter's case were very technical (mostly in ecology, biochemistry and engineering<sup>9</sup>) and were therefore not reviewed here. References however will be made to them in the course of the work either to enrich or clarify any argument. By and large, the literature on the Niger Delta since crude oil was discovered in the area is still scanty.

Beginning with Eniola et al., the Niger Delta has benefited tremendously from the oil companies since they began operation in the area pointing to the infrastructural amenities such as roads, pipe-borne water and electricity, that were installed by them.<sup>80</sup>

There is no doubt that the oil-producing communities have

benefited from the social services provided by the oil companies. For instance, the major road in Ughelli town and other roads linking up most of the villages under the Ughelli Local Government Area were built and maintained by Shell. They have facilitated the movement of people and goods in the area as well. The major roads in Isoko Local Government Area - another oil producing area in the Delta were tarred by Shell.<sup>811</sup> But then, what they (Eniola and others) failed to realise is the fact that these infrastructural amenities were put in place to enable the oil companies operate in these areas. Crude oil production for instance, involves a lot of earthmoving equipment and obviously there is need for access roads to ease the movement of their trucks as well as linking up all the oil wells scattered over the Delta areas. As such Shell's access roads in the Delta terminate at its oil locations even when it is less than one kilometre to the nearest village.<sup>82</sup> This demonstrates that the aim of Shell in providing these access roads is not the upliftment of the people of the Delta, rather, they (the people) just cashed in on the opportunity provided by the oil company. The situation is even worse when the oil wells dry up because the roads will be abandoned almost immediately. Even the state that ought to repair the roads has not shown any interest in maintaining them. So, the State is not as interested as the oil companies in the development of infratructural amenities in the company's areas of operation in the Delta area.

According to Obioma, the Land Use Decree is one of the state's ploys to protect the oil companies among others, emphasizing the fact that by virtue of the Decree, any land on which crude oil is produced automatically comes under the preserve of the state and by that design, the oil companies are being shielded from attack by the community members whose land is forcefully acquired without compensation. Because most of the oil-producing areas in the country are currently located in the Niger Delta, less land is now available for agricultural production. The agonising situation is that the people of the oil-producing areas in the Delta cannot seek redress in the court because of the Land Use Decree whose enabling Act vested the ownership of land on the state making it difficult to make



any serious case against the oil companies<sup>83</sup>. Directly related to the issue of inadequate land for farming as a result of oil production is F. McOliver's argument that since the new found petroleum wealth; the state has shifted emphasis away from agricultural production and that such neglect is responsible for the food crisis in the Niger Delta in particular, and Nigeria generally<sup>84</sup>.

The positions of Obioma and McOliver are well taken. However, the impression that Obioma created with the Land Use Decree in force, is that no form of compensation is paid. This is not true because aggrieved communities are paid compensations though the amount was a mere pittance compared with the extent of damage done to the environment of the Delta area. For instance, the areas that have suffered from crude oil spillage have had their land rendered infertile for almost ten years and fishing activities impaired for almost the same time. This and other serious damages are not taken into account in computing the cost of damages done. Even those members of the communities who bear the brunt of oil production are not involved. Rather, crops are used as yardstick and the rate is again determined by the oil companies, the state and the domestic bourgeoisie<sup>85</sup>.

This literature review ends with the position of Eboe Hutchfull who emphasized the danger of oil-pollution to the environment in the Delta. According to him, the problem of oil pollution in Nigeria has been exacerbated by the absence of effective regulations by the state and the predatory attitudes of the oil companies. Drawing on his experience from the study of the Funiwa - 5 Blowout which is about 8 kilometres offshore in the Niger Delta that occurred on 17 January, 1980, Hutchfull argued that despite the destruction of aquatic life as a result of the incident, Chevron Oil Company and Texaco Overseas Petroleum Company both of Nigeria (operator of the joint venture), were defended by the state (represented by NNPC) claiming that not much damage was done. Because the state relies on the oil companies for rents, Hutchfull, in his conclusion, submits that they (oil companies) will always operate regardless of the impact of oil production on the environment.

Eboe Hutchfull is quite right in his claim that environmental pollution resulting from oil production in the Delta area of Nigeria has reached an alarming proportion and that the weakness of the state is responsible for this. The impression that Hutchfull has created is that there might be laws in the country that address oil pollution but the weakness of the state has made it difficult to enforce them. It is important to add at this point that even the laws on oil pollution such as the Petroleum Regulations Act of 1967 and Oil in Navigable Waters Act No. 34 of 1968 among other, are not just mere adoptions from international laws on environment, but are couched in general terms with no provision to detail out the necessary ingredients of the subject matter. Although the above literature reviewed provides useful insight into the roles of the transnational corporations, the state and the domestic bourgeoisie in the political economy of the Niger Delta in particular and Nigeria generally, a lot of unsettled issues have been thrown up. Notable among the issues are the generalisations made by scholars on how the tncs underdeveloped Nigeria, the nature and character of the Nigerian state, the domestic bourgeoisie and their roles in the underdevelopment of the country, the absence of the concrete meanings of concepts such as underdevelopment and dependence, resulting in the widespread use of the UDT paradigms without recourse to the problematiques involved. These issues will be addressed in the course of the work. A discussion on the methodology of collecting data for this study is important at this point.

### **2.11 Research Methodology**

The nature of the problem being investigated will to a large extent, determine the type of data used, how they are collected and analysed. In this study which examines the underdevelopment of the Niger Delta from a historical context by drawing on the experience of Shell and the State in the area, the questionnaire method will be too empirical and generalising and is therefore not used. It limits even the respondent's horizon of expression.

Thus, the methods adopted in the collection of data are oral history, interviews and content analysis of documents and existing literature on the topic. The basic advantage of oral history without ignoring its shortcomings, lies in its provision of raw information which is then used to either corroborate or refute the existing works on the Delta area. Among those consulted for oral history are some of the indigenes who were colonial officers, of the district level ex-staff of Shell and other oil-producing companies operating in the Delta area as well as village heads. The interview method provides the respondents enough horizon for expression. It also allows the author much room to frame and reframe questions. It is not without shortcomings any way but they are not enough to jettison it. Among those interviewed are officials of the National Union of Petroleum and Natural Gas Workers (NUPENG), both field and office staff of Shell, officials of the NNPC particularly those in the Joint Ventures Department and Inspectorate Division. Others are members of the Federal Government Task Force on the Oil-Producing Areas and finally, the inhabitants of the oil-producing communities where Shell operates. Data are also obtained from library and archival sources. And given the fact that these sources are mainly books, journals, monographs, documents among others, the method of extracting data from these sources is that of content analysis. A note on some of the places visited and some of the works consulted in the course of this study is important at this point.

#### **2.11a The Notes on the Sources of Data**

This study looks into the nature and process of the underdevelopment of the Delta in a historical context and cannot avoid using archival materials. This is all the more so considering its scope spanning from 1937 to 1987. To that extent, the National Archive Ibadan was visited. Notable among the documents consulted was the colonial memos which contained various British colonial legislations particularly on labour and minerals as they bear directly on the topic of this research.

### Library Sources

A study of this nature obviously involves a lot of desk research and this is carried out in selected libraries located in various parts of the country. Those visited and some of the documents consulted are stated as follows:

- (1) The Nigerian National Petroleum Corporation's Library, Falomo, Lagos. Materials consulted ranged from NNPC's Monthly Petroleum Bulletin, the Annual Statistical Bulletin, the Monthly Returns from the Joint Venture Companies to the four volumes of the Seminar Proceedings on The Petroleum Industry and Nigerian Environment, general books, reports and papers on the Nigerian oil Industry and the oil transnationals among others.
- (2) The Nigerian Institute of International Affairs, Victoria Island, Lagos where dissertation abstracts, journals, documents, books and reports on the Niger Delta, Shell and the tncs are consulted. Some of them are Journal of the Historical Society of Nigeria, Development and Change and Review of African Political Economy, The Press section of the Library for newspapers cutting, The United Nations Centre's Reports on Transnational Corporations.
- (3) The energy and Social Development Centre of the University of Port Harcourt, Port Harcourt because of its volumes of research works on the oil companies, the petrochemical industries and the refineries, environment and in addition to organising conferences on the oil industry and Nigeria's development .
- (4) The Faculty of Arts and Social Science Library of the university was also visited to consult seminar papers on the oil industry and published conference proceedings like the one on Energy, Self-Reliance National Development, 16-18 October, 1985

- (5) The significance of the Petroleum Training Institute, Effurun, Warri lies in the fact that it was set up to raise middle-level technical manpower for the country's oil industry. The Institute has also organised workshops and seminars on all aspects of the industry. The Library of the Institute was therefore consulted for papers on the oil sector.

### Interview

In a work of this nature, several interviews are conducted but then, the respondents are selective because of the specialised nature of the topic of research. Notable among those interviewed were Officials of the National Union of Petroleum and Natural Gas Worker (NUPENG) located at Barracks Bus Stop, Surulere, Lagos; both field and office staff of Shell at its headquarters in Marina, Lagos, and the divisional offices at Warri and Port Harcourt, down-trodden members of the oil-producing communities that actually suffer, bear the hazards arising from oil production such as oil-spillages, blowouts and gas flare; officials of the Oil Servicing Companies (OSC) based in Warri and Port Harcourt who actually carry out most of the operations of oil producing for Shell and the state, foremen who worked for Shell Community leaders and other elites in the Delta who are involved in the issues of compensation, the officials of the Federal Environment Task Force on the oil Producing Areas for the Western Delta, landlords and tenants in oil cities like Warri and Port Harcourt and market women to determine the impact of the activities of the oil companies on the cost of living, and members of the communities where Shell Community projects are located to know how they have benefited from such projects. The Departments of Environment in the Ministries of Petroleum and Natural Resources and Works and Housing (particularly its Agency on Environmental Protection) before it becomes the Federal Environmental Protection Agency (FEPA) .

### **2.iii Framework of Analysis**

The method of analysis employed in conducting this study is historical. But for the historical method not to become descriptive, the Marxist method of historical inquiry<sup>98</sup> is the framework within which data are analysed. The basic propositions of this body of theory are that society, which is always in constant motion cannot be understood outside the specific state of development of its production forces and the corresponding social relations of production, and that no social, political or economic institutions can be understood independent of the mode of production within which they exist. With the materialist conception of history therefore, the development of phenomena in society will be understood only in their connectedness and motion and not in isolation in order to avoid static, ideal or empiricist analysis.

The justification for employing the marxian historical analysis in this study lies in the fact that it is through this approach that the past can be understood in order to comprehend the present and make credible projection for the future. For instance, to understand the different stages of development in the Niger Delta, events will be analysed in a historical and chronological manner. This will bring into bolder relief the impact of Shell on the Delta. For instance, Shell arrived in the Niger Delta in 1937 but in order to clearly understand how it under developed the Delta area, there is need to first of all look into the social formation of the Delta that pre-dated Shell. This is all the more necessary because the Niger Delta was already in existence before 1937. It is only within such framework that the present realities in the Niger Delta can be properly studied, in this case the oil production activities of Shell and the State.

Furthermore, the discussion on the relationship between Shell and the state being the major social forces producing crude oil in the Delta area is not based on a simple analysis of what they think of each other. This will be too empiricist and over-generalising. To overcome this problem, the study looks into their evolution taking note of elements of change

which are brought about by the changing circumstances in the society. It is argued here that it is through such a historical approach that a clearer picture of how the pre-1937 events were altered with the advent of Shell and its impact on the pattern of development in the Niger Delta can be better understood.

It is quite possible for non-Marxist analysis to be materialist but the superiority of Marxist materialism lies in the fact that it offers the advantage of coming to grips with the conflicting interests among social classes and the struggle it gives rise to. And it is these struggles within and among classes which then dictate the nature of accumulation and the direction of development.

However, like any method of analysis, the application of a Marxist historical method is not error-proof. In fact, the debate between the UDT analysts and their critics unfolds some of the difficulties such as ambiguous definitions of concepts like development and dependency. In spite of this, the methods of analysis employed in conducting this study is still the historical and dialectical materialism because of its analytical strength. It is in order to now clarify some of the basic concepts used in this study.

#### 2. iv Operationalization of Some Basic Concepts Used in this study

One basic problem among the scholars in the literature reviewed above is the lack of concrete meanings of some concepts such as underdevelopment and dependence as they are used by them. There is need to define therefore the context within which some of these basic concepts are used in this study. This is to avoid the general meanings often ascribed to them. In the study of the underdevelopment of the Niger Delta in the light of the experience of Shell and the State, underdevelopment is not used in a circulationist manner of blaming the problems of development in the Delta area solely on colonialism. Rather, underdevelopment as used here, means a process of structural change and capital accumulation that moves a society (this time the Delta area)

in a direction that makes it more difficult to achieve the basic need of its people (in the Delta) as a result of the activities of Shell and the state. In this sense, underdevelopment involves significant increase in per capita income but in a form that concentrates gains among a well-off minority and imposes social costs on the poor majority<sup>89</sup>.

**Development** here, on the other hand, means a process of structural change and capital accumulation that moves a society (the Delta) closer to a situation in which the basic needs of the people are met while socio-economic equality is increasing.<sup>90</sup>

**Capitalism** is understood in this study to mean that system of commodity production and exchange based on the private ownership and control of the means of production and the exploitation of wage labour and the peasantry by capital. Though it is assumed under this broad definition that expansion and not stagnation is the primary goal of capitalism particularly at its monopoly stage, the process of that expansion could also have stagnatory effects on a given social formation. As a result, stagnation may not be the primary force of imperialism, but it is not impossible. Suffice it to say that this study recognises the double logic of imperialism -expansion and stagnation<sup>91</sup>.

**Dependence** as used here does not mean the dependence of one state on another. Rather, it means the dynamic and dialectical process whereby a national economy in the process of its reproduction as a capitalist social formation on the basis of its dependence on international finance capital, also contributes simultaneously to the reproduction of the world capitalist systems

**Shell** as used in this study means the Shell Petroleum Development Company which is one of the subsidiaries of the Royal Dutch/Shell Group based in Europe. This subsidiary operates in Nigeria under the name of Shell Petroleum Development Company of Nigeria but remains 100 per cent owned by the parent body in Europe because it is not indigenised. It is the joint venture in which the Nigerian government (through NNPC) now holds 60% Shell 30% Elf 5% Agip 5% that



is indigenised. Shell as the operator of the partnership is owned by Royal Dutch Shell Group of Companies in Europe.<sup>93</sup>

The **State** as it is used here refers to the Nigerian state which stands for 'a number of institutions that make it a reality.'<sup>94</sup> But in the context in which it is applied in this study, the state is not regarded as a public force which is objective in the sense that it uses its monopoly of coercion to police and guide the society rather impartially. Neither can it be seen as class neutral and managing public funds and institutions to the interest of the public. Rather, the **state** is a specific modality of class domination and its essential form of domination is that the system of institutional mechanism is autonomised and becomes largely independent of the social classes including the hegemonic social class. So, state domination remains class domination and its autonomisation institutionalises among others, the equal treatment of unequals, the capital rule over labour which compels the workers to sell their labour power, and the capitalist right to surplus value and its free disposal which are all capitalist relations.<sup>95</sup>

**Class** as used in this study means a group of people which can appropriate the labour of another owing to the different places they occupy in the economy.<sup>96</sup>

## 2.v. Limitations of the Study

Any study on the transnational corporation's subsidiaries in the countries of the Third World is a difficult one. For instance, their operations (subsidiaries) are usually shrouded in secrecy. The author encountered this problem as officials of Shell were not prepared to divulge information. As a subsidiary of the Royal Dutch/Shell Group of Companies, its operations in the Niger Delta are to a large extent based on orders from the parent company in Europe. As a result, official of the company who spoke to me did so with great limitation.

It was when the NNPC was established in 1977 that information on the petroleum industry of Nigeria began to be collected and collated on a scale that graduate students will find them

readily available. Before then, not much of Shell's activities were on record in Nigeria. Even after the NNPC came on stream, vital information on the company's operations is still scanty. This is one major limitation of the study particularly getting information on the use of casual workers and their salaries in the Delta area.

Studying the role of the state in Africa's underdevelopment has not been an easy task. Because of the character of the African state and its role in the pillage of the continent, both colonial and post-colonial attempts to analyze its role has always been met with resistance and repression. This was brought to bear in the author's experience with the Nigerian state. The response of the state in the course of the author's field work is not encouraging. Reason for this are many but notable ones are discussed here. First is the state's officials ignorance of oil production. As a result, whatever technical information that is given by the state is supplied by Shell. It is as bad as that. Second is the confidentiality of some of the information. Third is the bureaucracy the system. For instance, some of the staff of NNPC who always insisted on the principle of the General Order. These are all limiting factors to the study.

Although the open-ended interview method is used in this study, the problem of large response still remains. For instance, officials of the state adhered to the oath of secrecy in most cases refused to give information except with the express permission of their superior officers. Who were again not cooperating. Official of Shell too, for fear of losing their jobs, declined in most cases to give information. For those who assisted the author with vital information, names will therefore not be mentioned but sources are acknowledged. This is to safeguard them from being sacked.

To an extent, the author's personal emotion affected the study not the least because he hails from one of the oil producing areas in the Delta where Shell has been operating for almost four decades.

The geographical terrain of the Niger Delta limited the author's movement during his field work in the area. For instance, most of the roads, leading to Oloibiri, Adagdabiri among others, throughout the year were water-logged and this inhibited movement. Most of the off-shore locations could only be reached through boat. Apart from the dreadful sea waves, boat services are were irregular.

In spite of these problems, the study still sheds more light on how both Shell and the state have underdeveloped the company's areas of operation. Infact, it is a contribution to the paucity of literature on the political economy of the transnationals operating in Nigeria. At this point, it is important to turn to Chapter Three for the discussion on British rule in the Niger Delta.

CODESRIA-LIBRARY

### Notes

1. The major argument about the transnational corporations is whether they are agents of development or underdevelopment in the host-states usually found in the Third World. This has polarised the positions of scholars into two main schools of thought, the Developmentalist and Dependencia scholars. The former scholars drew their inspiration from the economic theories advanced by western academics like Walter Rostow, who displayed scholarstic fervour on the problems of growth and development in the Third World. The latter, dissatisfied with these western economic doctrines because neither were they bringing about growth nor development in the Third World, began to seek for alternative method for understanding and explaining why the Third World countries are not developing. Inspired by the Marxia tradition, they began to understand that why the Third World countries are not developing cannot be explained by the simplistic reasons advanced by the developmentalist scholars that they are traditional. Underdevelopment was understood as a process of reproduction determined Forwork on the developmentalist scholars see Walter Rostow, The Stages of Economic Growth (New York, Cambridge) 1960 and his edited volume, The Economics of Take-Off Into Sustained Growth, (New York, St.. Msartin) 1963. For works done by developmentalist scholars on the tnCS, see Charles Kindleberger ed., The International Corporation: A Symposium (Cambridge, MIT Press) 1970; Thomas Bierstaker, Distortion or Development? Contending perspectives on the Multinational Corporation, (Cambridge, MIT Press) 1978 The United Nations Report titled Multinational Corporations in World Development, (New York, United Nations ST/ECA/190) 1973; Richard Barnet and Ronald Muella, Global Reach: The Power the Multinational Corporations, (New York, Simon and Schuter) 1974. Raymond Venon, The Economic Consequences of Multinational Enterprise: An Anthology, (Boston, Haward) 1972 and his numerous works, Peter Drucker, 'Multinationals and developing Countries; Myths and Realities', (Foreign Affairs, s 53) 1974. John Diebold, 'Multinational Corporation ; Why be Sacred of Them?' (Foreign Policy, 12) 1973
  
2. For works on dependency theory, see Charles Wilber ed., The Political Economy of Development and Underdevelopment (New York Random House) 1973. Gander Frank, Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil, (New York, Monthly

Review Press) 1967. Paul Baran, The Political Economy of Growth. (New York, Monthly Review Press) 1957. Celso Frortado, Development and Underdevelopment (Berkeley, California) 1967 and various works done by Samir Amin, Giovanni Arighi,, Theotonio Dos Santos, Colin Leys, Immanuel Wallerstein. For other works on dependency see Magnus Blomstrom, Development Theory in Transition: The Dependency Debate and Beyond Third World Responses (London, Zed Press) 1984. Dudley Seers, Dependency Theories in Transition, London)

1983; Marxism, Africa and Social Class: A Critique of Relevant Theories. (Montreal, McGill Press) 1980, (monograph); Satchi Ponnambalam, Dependent Capitalism in Crisis: The Sri Lankan Economy 1948 - 1980 London, Zed Press) 1981; Bjorn Beckman's Imperialism and Capitalist Transformation: Critique of a Kenya Debate:' (Review of African Political Economy (ROAPE, 20 - 22) 1981. See the various works done by Claude Ake, Yusuf Bangura, Bade Onimode, Segun Osoba, Okwudiba Nnoli's Path to the Nigerian Development, Akeredolu-Ake, Bright Ekuirhare's 'Recent Patter of Accumulation in the Nigerian Economy' and Julius Ihonvbere's The State, Foreign Capital and the Oil Industry in Nigeria (forthcoming book).

3. See note 1 particularly Thomas Bierstaker op.cit; The Harvard Business School Project on the US-Multinationals in Latin American Annual Report. (Cambridge, Mass) is good source of material most representative of the developmentalist scholars. See also the various works done by Raymond Verrion on transnational corporations.
4. See Peter Drucker, op.cit. p.134.
5. Thomas Bierstaker, op. cit. p.3.
6. As earlier explained in note 2 op.cit., the starting point for the Marxia scholars on transnationals was the shortcoming of the import-substitution policy of Prebisch. The only body of theory that provided a basis for comprehending the persistent dependence of Latin America was Marxism. For details see Osvaldo Sunkel, 'The Patter Latin American Dependence in V.L Urguidi an R. Thorpseds. of Latin American in the International Economy. (New York, John Wiley and Sons) 1973; his 'Transnational Capitalism and National Disintegration in Latin America (Social and Economic Studies, 22) 1973 and 'National Development Policy and External Dependence in Latin America' in . N. Ferguson

ed., Contemporary Inter-American Relations, (Eaglewood Ciffs, Princeton-Hell) 1972. See also Dos Santos op.cit. Gunder Frank op. cit., Immanuel Wallerstein's 'Dependence in an Interdependent World: The Limited Possibilities of Transformation in the Capitalist World Economy, (African Studies Review, 17) 1974; Samir Amin's 'Underdevelopment and Dependence in Black Africa and Historical Origins' (Journal of Peace Research, 9) 1972 and Colin Ley's Underdevelopment in Kenya: The Political Economy of Neo-Colonialism (London, Heineman) 1975. Dan Nabudere, The Political Economy of Imperialism (London; Zed Press) 1977.

7. See note 1 op. cit. for the list of works done by non-marxism scholars. Also see the various reports by the ECLA on Latin America. In particular, see Raul Prebisch, The Economic Development of Latin America and Its Principal Problem (New York, United Nations) 1950, and his 'Center and Periphery in Leading Issues in Development Economics by G. Meired., (Oxford:Oxford University Press) 1964.
8. This is the general claim of both the non-Marxism and Marxims scholars although there are differences in emphasis. See notes 1 and 2 op.cit.
9. See Sunkel, 1973, op.cit.
10. See Raril Prebisch, 1950, op. cit.
11. ibid.
12. Ibid. See also, Richard Mansbach et al. The Webs of World Politics: Non-State Actors in the Global System. (New Jersey: Princeton) 1976, p. 198.
13. See Keith Griffin, Underdevelopment in Spanish America: An Interpretation (Cambridge, MIT Press) 1969, also, see note 6 op. cit.
14. Among the notable works done on the role of the transnationals in Africa, see Carl Widstranded. Multinational Firms in Africa. (Uppsala, Scandinavia Institute of African Studies), 1975; and Greg Lanning et al. African Undermined: A History of the Mining Companies and Underdevelopment of Africa (New York, Penguin Books) 1979.
15. The failure of the import substitution policy to reduce the dependence of Latin American countries on the West gave rise to the increased volume of works done on the

impact of transnational capital on the subregion. Each writer addressed the question of dependence and underdevelopment from various perspectives. But for convenience, Colin Leys coined the phrase underdevelopment and dependency theorists to describe them which became a popular abbreviation UDT. See notes 2 and 6. The UDT'S positions will be brought to clearer relief under the sub-section on Literature Review of the Political Economy of Nigeria in chapter two.

16. Sunkel, 'Transnational Capitalism ...op. cit.
17. ibid.
18. ibid., See also Grander Frankop. Cit., Dos Santos, op. cit.
19. See the Chapter on 'The Multinationals' in Dale Johnson ed., The Chilean Road to Socialism 1973 as cited in Mansbach et al The Webs of World Politics ... op.cit. pp.198 - 199.
20. Richard Godwin, 'Letter from Peru' in Yale H. Ferguson ed., Contemporary Inter-American Relations: A Reader in Thoery and Issues cited in Mansbach et al ibid.
21. See notes 2 and 6, but for details on opposition on this view see Raymond Vernon, Multinational Enterprises in Developing Countries: An Analysis of National Policies. (New York, United Nations Industrial Development Organisation (UNIDO) 1975, pp.20 - 22.
22. United Nations Economic Commission for Latin America, Economic Survey of Latin America, 1970, (New York United Nations) 1972 p. 227.
23. Ivan Illich, 'Outwitting the Development Countries' (New York Review of Books, 13,8) 1969, P.21.
24. See Windstrand, Multinationals Firms in Africa ...op. cit.
25. See Stephen Katz, Marxism, Africa and Social Class.... op: cit.
26. See John Taylor, 'Neo-Marxism and Underdevelopment - A Sociological Phantasy, (Journal of Contemporary Asia. 4.1) 1974 pp. 375 - 380

27. ibid, Katz, op. cit.
28. Philip O'Brien, 'A Critique of Latin American Theories of Dependency' in Irar Oxaal et al eds., Beyond the Sociology of Development: Economy and Society in Latin America. (London, Routledge and Kegan Paul) 1975, p.
29. See Adebayo Olukoshi, Multinationals and Imperialism in Northern Nigeria (forthcoming book) particularly the chapter on the 'Debate on Theories of Dependency and Underdevelopment.' See also, Magnus Blomstorm, Development Theory in Transition... op. cit. .1984; Bill Warren, 'Imperialism and Capitalist Industrialisation', (News Left Review, 81) 1983 and his Imperialism: Pioneer of Capitalism, (London, New Left Books) 1980.
30. Bill Warren, ibid.
31. Claude Ake, Political Economy of Nigeria, (London, Longman 1985), pp. 1 - 3. For details on Ake's position on the Nigerian state in particular, and African states generally, see his, A Political Economy of Africa (London, Longman 1981) and Revolutionary Pressure in Africa, (London, Zed Press 1978).
32. Claude Ake, Political Economy of Nigeria, op. cit., p. 10.
33. See Claude Ake, op. cit. 1978 and 1985. For other works on state in Africa, see for instance, Eme Ekekwe Class and State in Nigeria, (London, Longman 1986), John Saul, 'The State in Post-Colonial Societies: Tanzania.' Socialist Register, (1974), Colin Leys, 'The 'Overdeveloped' Post-Colonial States: A Re-evaluation,' (Review of African Political Economy 5, (1976) and his Underdevelopment in Kenya: The Politics of Neo-Colonialism, (Berkeley', University of California Press, 1975); Steven Langdon, 'The state Capitalism in Kenya' Review of African Political Economy, 8, (1977) and Bjorn Beckman op. cit., and works of Mahmood Mamdani (1976) and Issa Shivji (1976)
34. See Claude Ake, op. cit. 1985, p. 10.
35. See for details, Hal Draper, Karl Marx's Theory of Revolution Vol. 1: State and Bureaucracy (New York, Monthly Review Press, 1977) pp. 169 - 170.



36. 'The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie'. - Marx and Engels, See for details Karl Marx and Frederick Engels, Selected Works Vol. 1 (Moscow, Progress Publisher, 1969) pp. 110 - 111.
37. For details on Claude Ake's thesis on the political economy of development in Africa, see Julius Ihonvbere ed., The Political Economy of Crisis and Underdevelopment in Africa: Selected Works of Claude Ake, (Lagos, Jad Publishers, 1989)
38. Terisa Turner did scholarly works on the Nigerian state, the oil tncs, the refineries, the domestic bourgeoisie and transfer of oil technology at the University of Port Harcourt Energy Centre before she was forced out of the country by the Federal Government of Nigeria. For details, see T. Turner, 'The Transfer of Oil Technology and the Nigerian State,' (Development and Change), 7, (1976): her 'Multinational Corporations and the Instability of the Nigerian State,' (ROAPE, January - April), 1976
39. Turner, ibid, particularly her 'Multinational Corporation and the Instability ...'
40. ibid.
41. Segun Osoba has done much work on the Nigerian national bourgeoisie, see his 'The Nigerian Power Elite, 1952 - 1965' in Peter Gutkind and Peter Waterman eds., African Social Studies: A Radical Reader. (New York and London: Monthly Review, 1977); 'Decolonisation in Nigeria as a Programmed Transition to Neo-colonial Dependence,' Seminar paper, Department of History, University of Ife, 1977; 'Considerations and some Conceptual and Ideological Aspects of Nigerian Underdevelopment in Historical Perspective' in Proceedings of the Department of History Seminar Series 1979/80 Session, University of Ife, 1980 and 'The Deepening Crisis of the Nigerian National Bourgeoisie,' (ROAPE, 13, 1978). See also Claude Ake Revolutionary Pressures in Africa ... op. cit. and his other works; the works of Bjorn Beckman particularly his 'Imperialism and the National Bourgeoisie'. op. cit., ROAPE 1981 and ... 'Critique of a Kenyan Debate,' op. cit. Julius Ihonvbere, Labour, State and Capital in Nigeria's oil.

Industry (Mimeo), 1986; his 'The state and the Irrationality of the Bourgeoisie: An Examination of how the Nigerian Bourgeoisie subverts its own future,' conference paper presented at AWO: The End of An Era, organised by Obafemi Awolowo University Press, Ile-Ife, October, 4 - 8, 1987; and his Rise and Fall of Nigeria's Second Republic 1979 - 1984 co-authored with Toyin Folola (London, Zed Press, 1985).

42. Osoba, op. cit. 1978

43. ibid.

44. See Claude Ake Revolutionary Pressures in Africa op.cit.

45. See Osoba, op. cit., 1977, 1978, 1980

46. Julius Ihonvbere op. cit. 1987, p. 1

47. Both Osoba and Ihonvbere see the national bourgeoisie from the same perspective. See their various works on the issue.

48. See Bjorn Beckman .. 'Critique of a Kenya Debate' op. cit

49. ibid.

50. ibid.

51. The outcome of the CORDESRIA study group was a book titled Okwudiba Nnoli ed., Path to Nigeria Development. (Dakar, Cordesria, 1981). The members of the CORDESRIA study group are Okwudiba Nnoli, Bade Onimode; Inyang Eteng and U. Nwala.

52. See Nnoli contributions in Path to Nigeria Development, ibid.

53. See Bade Onimode in Okwudiba Nnoli ed., Path to Nigeria Development, op. cit. For other works done by Bade Onimode, see his, Multinational Corporations in Nigeria. (Ibadan, Les Shyraden 1983) Imperialism and Underdevelopment in Nigeria (London, Zed Press, 1982) and The Political Economy of Crisis in Africa (London, Zed Press 1989).

54. See note 51 op. cit.

55. See Garvin Williams ed. Nigeria: Economy and Society (London; Rex Collings, 1976) and his 'Political Economy of Colonial and Neo-colonialism in Nigeria' in P. Gutkind and P. Waterman (eds. African Social Studies: A Radical Reader (London: Monthly Review, 1976).
56. ibid, p. 12.
57. ibid, pp. 13 -14. For further details, see Garvin Williams State and Society in Nigeria (Idanre, Afrografika, 1980).
58. See Tom Forrest, 'Recent Development in Nigerian Industrialisation' in Martin Fransman ed., Industry and Accumulation in Africa, (London: Heineman, 1982).
59. See Akeredolu-Ale. E., The Underdevelopment of Indigenous Entrepreneurship in Nigeria. (Ibadan, Ibadan University Press 1980)
60. ibid.
61. See his various works on indigenisation and other.
62. Segun Osoba op. cit.
63. Claude Ake op. cit., 1985 particularly chapter nine.
64. See note 53.
65. For details see Ankie Hoogvelt op. cit 1979., 1980
66. 'The Editorial' of Business Times of 5 June 1979, (Lagos, Daily Times Publication, 1979) p. Also cited in Claude Ake op. cit 1985 , p. 189.
67. For details, see Paul Collins ed., 'The Political Economy of Indigenisation in Nigeria, -Special Issue of the Quarterly Journal of Administration, (Ife), 9, January 1975; his Niger ia's Indigenisation Policy: Proceeding of the Nigerian Economic Society Symposium, 1974, (Nigerian Economic Society, University of Ibadan Press, Ibadan, 1975)
68. See Paul Collins, Survey of Indigenised and Partially Indigenised Enterprises, Lagos and Kano, 1975 submitted to the University of Ife.

69. Beckman op. cit. (ROAPE), 22 1981; (ROAPE) 20 -22, 1981 and (ROAPE) 23, 1983.
70. Ibid, particularly (ROAPE) 20 22, 1981.
71. See Kingsley Dike, Trade and Politics in the Niger Delta op. cit 1983 - 1985, (Oxford, Carendon Press 1986).
72. ibid.
73. ibid.
74. ibid.
75. For details, see James Annene, Southern Nigeria in Transition: 1885 - 1906, (Cambridge, Cambridge University PRESS. 1966)
76. See Obaro Ikime, Niger Delta Rivalry: Itsekiri-Urhobo Relations and European Presence, 1884 - 1936(London: Longman, 1969).
77. ibid.
78. See Joseph Alagoa, The Small Brave City-States (Ibadan, Ibadan University Press, 1964)
78. Among the notable works done on the environmental imbalance caused by the production of crude oil in the Delta area are those of Anthony Imevbore, 'Studies on Toxicity of Some Nigerian Crude Oil to Some Aquatic Organisms,' L.C. Amajor, 'The Ejamah-Ebubu Oil Spillof 1970: A Case History of a 14-year Old Spill,' I. Ekevoozor and R. Snowden, 'The Studies of the Impact of a Minor Oil Spillage in the Upper Bonny Estuary all in the Federal Ministry of Works and Housing and the NNPC jointly held Seminar proceedings on The Petroleum Industry and the Nigerian Environment, 1985. (Lagos, NNPC/ FMWH, 1985). See other volumes of the publication, 1979, 1981, 1983 for details.
80. See for details O. Ebiola et al. Environmental and Socio-Economic Impacts of Oil-Spillage in the Petroleum Producing Riverine Areas of Nigeria, 'Seminar paper, Energy, Self-Reliance and National Development op. cit.
81. Based on the interview conducted during the researcher's field trip to Shell's locations in Ughelli and Isoko Local Government Areas of Delta State. In fact, these two

LGAs account for over 80 percent of Shell's crude oil production in the Western Delta.

82. Agbarha-Otor in Ughelli Local Government Area has no tarred road despite the fact that Shell's access road terminates at one of its wells which is less than one kilometre to the town. Around the angle of Olomoro, Uzere, Aviara where Shell's oil wells are located, the oil communities are linked up with access roads but Oleh, the Local Government Headquarters is still untarred. This trend pervades all Shell's location in the Delta.
83. See B. Obioma, 'The Oil Companies and the Oil Communities in Nigeria: An Unequal Relationship,' Seminar paper, University of Port Harcourt, 1986;
84. See F. McOliver, 'The Nigerian Oil Industry: Impact and Role in Economic Development, 1970-80, Seminar paper, University of Port Harcourt, 1986.
85. See note 79
86. See the sections on the Legal Aspect and Enforcement, Monitoring Evaluation and Assessments and Environmental Impact Statement/Assessment in the volumes published jointly by NNPC/FMWH The Petroleum Industry ... op. cit.
87. See Eboe Hutchfull's 'Oil Companies and Environmental Pollution in Nigeria' in Claude Ake ed., Political Economy of Nigeria (London, Longman, 1985).
88. See Karl Marx, A Contribution to the Critique of Political Economy, (Moscow, Progress Publishers 1970) and Chapters One and Two of Claude Ake's Political Economy of Africa op. cit.
89. See Colin Legume et. al, Africa in the 1980s: A Continent in Crisis (New York, McGraw-Hill, 1979) p.124.
90. ibid.
91. Karl Marx, Capital Vols. 1, II, and III (Moscow, Progress Publishers 1954, 1956 and 1965).
92. See Yusuf Bomgura (mimeo ) 1982.
93. The Shell Story in Nigeria ....Shell publications op. cit.

94. See Ralph Miliband, The State in Capitalist Society, (London, Weidenfel and Nicolson) 1969 p. 49
95. See Claude Ake, 'The State in Contemporary Africa' in his Political Economy of Nigeria, (London, Longman, 1980) p.1.
96. It should be emphasised that neither Marx nor Engels invented the concept of class, rather, they refined the concept and stressed its importance in under standing society scientifically, See V.Lenin, 'A Greater Beginning' in Collected Works 29, (Moscow, Progress Publishers 1965) p.421.

CODESRIA-LIBRARY

### Chapter 3

#### British Colonial Rule in the Niger Delta.

##### 3.i Introduction

In 1900, the British government 'formally colonised' the Niger Delta after it withdrew the royal charter granted to the Niger Company in 1899.<sup>1</sup> By 1937 when Shell arrived in the Niger Delta to prospect for crude oil, the colonial government, through its policies and the activities of British companies, had already put in place the modalities for capitalist exploitation and accumulation in the area. Accordingly, it is pertinent to understand first of all, the operations of such capitalist infrastructure in order to properly locate Shell and the state in the underdevelopment of the Delta. This chapter, therefore, serves two broad objectives. First, it looks into the organization of socio-economic activities in the Delta before the imposition of foreign rule, that is, the pre-capitalist period. Second, and perhaps more important, it examines the impact of British colonialism on the area, a period during which the structures of capitalist accumulation were installed.

Before then, however, it is important to briefly explain some dates as they are used in this chapter. The choice of 1900 as marking the beginning of British capitalism in the Delta is not by accident. Before 1900, the monetisation of the Delta economy was still incomplete. There was no universally accepted currency so banking operations could not have taken off effectively.<sup>2</sup> Besides, there is no doubt that the British government, through the then powerful Royal Niger Company, indirectly ensured peace in the Delta to promote commerce and trade.<sup>3</sup> All these measures changed by 1900 when the colonial government took over the administration of the Delta area.

The pre-capitalist period of the Delta therefore refers to the pre-colonial era. This is not to assume that traces of capitalist mode of production were not found in the Delta particularly during the end of the 19th century when the area was finally subdued by the Royal Niger Company. Rather, they were rudimentary and so the Delta could not therefore be

described as capitalist.

Although Shell came to the Delta area when British colonialism was still in force, the company's activities were disrupted by World War II and it resumed operation only in the late 1940s. By 1956 it struck oil at Oloibiri and made its first export in 1958 which was just two years away from the country's 'flag independence' in 1960. This in no way, means that Shell never operated in the colonial Delta, rather, its activities increased significantly as from 1960. A discussion on the pre-capitalist Niger Delta is in order at this point.

### **3.11 The Pre-Capitalist Economy of the Niger Delta.**

There is need to understand the pre-capitalist social formation of any society including the Delta for at least two reasons. First, it provides a 'scientific' understanding of the history of the Delta by bringing to the fore the way in which present-day phenomena in the area are results of the distortion, and re-orientation of the non-capitalist prevalent mode of production to cater for foreign capital through the imposition of British colonial rule. Suffice it to say that development as a continuum is disrupted by the introduction of foreign rule and the realities of today can be better understood as the outcome of past history. Second, such an approach focuses on the mode of production. It thus enhances the understanding of how hitherto 'non-exploitative' Niger Delta became re-organised and re-oriented towards capitalist mode of production with the advent of British colonial rule. Non-exploitative as used here does not mean that the Delta society was egalitarian. Rather, it means that exploitation was not engendered by capitalism in addition to the fact its level then was not comparable with the advent of British colonialism.<sup>6</sup> In other words, it brings into clearer relief how colonial capitalism with all its structures of exploitation underdeveloped the area. The next section examines the pre-colonial political structure.

#### **3.11a The Political Structure**

As Dike and others clearly demonstrated in the literature on



the Niger Delta, the Delta had 'small autonomous democracies which were operated like the Roman city-states'<sup>7</sup> before the arrival of European trading companies. These 'city' states' were either monarchies or oligarchies. Among the monarchies were the Kingdoms of Bonny and Itsekiri. Under this system of government, heads of state were normally nominated from the ruling houses. This meant that ascension to the throne was hereditary; examples were the "Amanyabo of Bonny" and the 'Olu of Itsekiri.'<sup>8</sup>

In the oligarchies such as the 'Urhobo and Isoko states', age grade was a determinant of who became the 'head of state'. Thus, elderly men were at the helm of affairs and were mostly chiefs with titles and not kings as obtained in the monarchies. Because members in the oligarchic societies were republican, heads of state were removed without much ado, a situation which was almost impossible in the monarchies where custom and tradition never allowed it.<sup>9</sup>

Be it oligarchy or monarchy, however, the state never maintained a standing army. Rather, it raised its fighting force from the age grades like the 'elotus'<sup>10</sup> in case of the Urhobo or the 'canoe or war house'<sup>11</sup> in the Bonny monarchy. The state used its army ostensibly for the maintenance of political stability and to repel external incursion. But this is no assumption that inter-ethnic wars were not fought particularly over farm land and fishing water. The war between Chief Nana of Itsekiri and the Agbon people in the hinterland of Urhobo country in the 19th century is instructive.<sup>12</sup>

Since age group was a major function of political power in the oligarchies, and hereditary on the monarchies, political power was not used as a means to economic wealth as it turned out to be in the colonial period. In other words, kings, chiefs and elderly men were by virtue of their traditional position in the society in addition to hard work, wealthier than the majority of the people. Although there was inequality in the pre-colonial system, it was not in the same scale during the colonial period and thereafter.

### 3.11b Mode of Production

As stated earlier, an understanding of the mode of production in the Delta area before the imposition of British colonial rule will assist in capturing the nature and process of the underdevelopment of the area with the advent of Shell. In discussing the pre-colonial mode of production in Delta area, an examination of the features of the different modes of production the area had undergone will be treated together noting those that were common to all<sup>13</sup>

Land, labour, capital and entrepreneur are factors of production but the major ones that were largely used in the pre-capitalist period of the Delta were land and labour. Capital in the sense of industrial and monopoly capitals whose major aim is to have control over other factors of production is not implied here. Rather, it meant the use of wealth to generate more wealth. Entrepreneurship was still largely based on family units. Land which was the dominant means of production, was communally-owned<sup>4</sup>. Land was particularly more important in the hinterlands because it provided the farmlands on which agricultural crops were grown.

The common practice throughout the Delta was that during planting season, land which was held in trust by the elders for the community, was dividend among village/family members. Non-members of the family or village could also obtain land for the period of cultivation without being charged a rent. Where rent was charged, it was usually paid as a fraction of the harvest made during the season. Even in the coastal areas, fishing waters were also communally-owned. Members who were outside the family or village fishing waters could also obtain permission to catch fish in such waters. Rent, if charged, was also, usually a fraction of the total catch<sup>15</sup>. It was difficult under this land tenure system for an individual to sell land. Although there were few communities among the Urhobos and the Nkwerre both in the hinterland areas of the Western and Eastern Delta respectively where land was leased, it was the exception rather than the rule.<sup>16</sup>

Much of the production was meant to satisfy the immediate needs of the family although not exclusively. Because production was for use value, the forces of production were not fully developed - at least not comparable with the period after 1900. For instance, agriculture which was the major employer of labour and the mainstay of the Delta economy, had the bulk of its labour force provided by the family unit. Although production was for subsistence it never precluded the existence of surplus for sale to meet other needs. But then, it is instructive to note that such surplus production did not arise from capitalist relations of production<sup>7</sup>.

There was movement of labour within the communities in the Delta area. Such labour movement was not engendered by the complete control of other factors of production by capital<sup>8</sup>. Rather, land was still the dominant means of production with labour only moving seasonably from one community to another to work on it for use value and to return later to its home base. Notable among those who migrated were the agricultural labourers. Others were medicine men and craftsmen like blacksmiths who sold their services and products in return for agricultural produce and other necessities. This category of skilled labour migration was common among the hinterland people of the Eastern Delta particularly in the Igbo-speaking areas.<sup>19</sup>

In the Western Delta, those who migrated were mainly agricultural farmers particularly those from the Urhobo hinterlands.<sup>20</sup> This was because the bulk of the foodstuffs which the coastal people fed on were produced by the Urhobos who were predominantly farmers. Migration was mainly within the hinterland areas where land was also abundant. Slave labour was common.<sup>21</sup> In fact, the cooperation from the slaves helped to make labour more efficient particularly in trade. It was slave labour that actually lubricated the 'trade in human beings' and to an extent, palm oil trade in the Delta. Great merchant/princes of the Delta like King Pepple of Bonny and Chief Nana of Itsekiri relied heavily on their slaves to prosecute even the illegal trade in human beings<sup>22</sup>. The significance of slave labour would be better appreciated if it is located in the context of the geography of the Delta

area itself. Geography for instance, made the Delta communities to be dependent on each other. The hinterlands lacked salt, fish among others, and the nearest source was the coastal areas. The coastal people's main demands were mostly foodstuffs like yam, pepper, palm oil etc., which were produced in the hinterland areas. This made trade by barter among the people inevitable<sup>23</sup>

That was not all. European manufactures which were mostly second hand cotton materials, gin, muskets, gold ornaments/jewels were in the possession of the great merchants/princes because of their early contacts with the Europeans. These social valuables were marks of wealth which the people of the hinterland needed.

Trade and exchange were therefore inevitable and the success of trade in the Delta was achieved by extensive use of slave labour. In fact, it could be said that through slave labour, the different states in the Delta were brought closer<sup>24</sup>. Even after the abolition of slave trade in 1809, that in the Delta continued for many years<sup>25</sup>. Some of the slaves were so hardworking that their masters could not have remained in business if they were freed<sup>26</sup>.

Although through trade and indeed, the use of slave labour, the small 'city states' of the Delta were integrated into a single trading zone, the ownership of the means of production was vested on the slave owners. For instance, Chief Nana of Itsekiri owned the canoes (the implements of labour), those who worked in production (the slaves), the objects of labour and land. Under such circumstance, production was geared to meet the parasitic requirement of the slave masters. Although the slaves were made to believe that they were part of the entire family, they were not free men, thus they were paid either in cash or kind and labour was therefore forced. As a result, the slave, the society's chief productive force, had no stake in raising output of production. The slave owner had nothing but contempt for work believing that it is an occupation unfit for freemen and thus led a parasitic way of life. The use of slave labour began to make less economic sense because the slaves now wanted to use their own

implements to work in their master's farms<sup>27</sup>. This gave rise to the labour-rent system.

Under the labour-rent system, the peasant used his own implements of labour to work a part of the week on the land owner's farm and the rest, for himself on his own farm. Forced labour also had low productivity. The peasant therefore was more interested in raising labour productivity only when he worked on his own farm.<sup>28</sup> And this would not be in the interest of British imperialism because declining productivity meant decreasing supply of raw materials which the metropolitan factories needed. As a result, land and labour began to face stiff opposition from the British merchant capital which was again, gradually losing ground to industrial capital since capitalism reached its monopoly stage. Thus, by the end of the 19th century, land and labour in the pre-capitalist Delta lost their dominance as major factors of production as capitalist relations of production began to take root. Thus by 1900 when the British formally colonized the Delta, colonial capital had socialized the mode of production. Factors of production like land and labour were all overtaken by colonial capital leaving labour to sell its skill in order to survive. The next section now examines the incorporation of the Delta economy into the British capital system.

### **3.iii The Colonial Niger Delta: Modalities of Exploitation.**

This section looks into the process of the incorporation of the Delta area into the British capitalist system and its effects on the economy of the area. Specifically, it is concerned with the examination of the infrastructures that were put in place by the colonial government to ease the capitalist exploitation of the area by the British companies not the least, Shell. But before starting the discussion, it is important to clarify basic issues on the colonial economy of the Niger Delta.

There is no pretence whatsoever in this work that the colonization of the Niger Delta took place at a different period from that of the country - Nigeria. Far from it. But what is important to note is that the geography of the area

to a large extent, dictated the type of infrastructure of exploitation that the colonial government installed. For instance, because the Niger Delta is criss-crossed with rivers, this natural route of transportation was developed to ease the movement of the palm produce which was then one of the major exports of the country. Imports were also shipped along these routes into the hinterlands. This was different from the situation in Kano. In Kano for instance, where the terrain is grassland and groundnut was then the major cash crop, railway lines were constructed to facilitate its movement to the coastal port of Lagos for onward shipment to the United Kingdom. This, in effect means that although the aim of the colonial transportation system was to evacuate exports and imports, its impact on the various parts of the country cannot be generalised. The uniqueness of the Niger Delta as a riverine area did not only make the colonial mode of transport in the area different from that of Kano, its impact on the economy of the area was also different. It is this and other related differences that are highlighted here.

One of the basic aims of the British colonial government in Nigeria was to get raw materials. These raw materials which ranged from cocoa, groundnuts to palm produce (kernel and oil) were produced in different parts of the country. This is because of the different climatic requirements of these crops. The introduction of these crops and their growth in the different vegetational belts of the country will have different impacts on the economy of the area where such crop is produced. It is the unique way that the growth of palm trees and rubber which (were the main export of the area) affected the economy of the Delta area that is important to this study.

What the State means - be it colonial or post-colonial - is already explained in Chapter Two. It must be stated here therefore that the role of the state in the Niger Delta is not different from what obtained in the rest part of the country. Rather, what is important to note is that because the type of economic activities in the Delta area are not



In 1899, the British government withdrew the charter granted the Royal Niger Company. The reason for the revocation of the charter was due to the increasing power of the company which was already annexing the territories of other British companies operating in the Delta area. Much more important however, was the need to have direct control over a territory later to be known as Nigeria as from 1914 particularly after the Berlin Conference of 1884 - 1885 that led to the 'scramble for Africa' as the French and Germans were making more incursion into the area. By 1900, the British government took over the administration of the Northern territory by proclaiming it a Protectorate of Northern Nigeria. In the same year, the Niger Coast Protectorate was replaced with the Southern Protectorate of Nigeria which was merged with the colony of Lagos in 1906 to become the Protectorate of Southern Nigeria. In 1914, the two protectorates were finally merged together to form Nigeria<sup>3</sup> and the task of running it was entrusted to the colonial state under the governorship of Lord Lugard.

The aim of the colonial government in unifying the country was to centralise administration so that it will be much easier for the imperialist exploitation of the country not least the Delta to take place<sup>32</sup>. In the Delta area for instance, the only bond of political unity between the area and the colonial state after 1914, was the person of Sir Frederick Lugard leaving the Delta economy as purely a palm oil producing area in the Southern Protectorate intact<sup>33</sup>. The impact of this on the area was that it enabled Lord Lugard to preside over the economy of the Delta and the financial proceeds from the export of palm produce among other exports from the area.<sup>34</sup>

The colonial state in many respects therefore, continued the roles of the then Royal Niger Company - that of facilitating the capitalist exploitation of the area by the colonial corporate companies. 'Good and orderly' government as earlier used, meant in effect, the creation of a conducive atmosphere for imperialist exploitation of the colony not least the Delta. To this extent, the colonial state was an imperialist creation; however, it did not mean that it existed



to function just as an unautonomous extension of its creators - British colonial capital because it performed other functions. For instance, while the colonial state facilitated the imperialist penetration of the Delta area through its policies, it needed some level of autonomy to be able to re-organise the various groups in the society to cater for one fraction of capital or the other. This autonomy it enjoyed although limited.<sup>35</sup> But this would not have been so if it were just an appendage of its creators.

After the creation of the colonial state, its next task was how to ensure that peace reigned in the Delta for good business. This, it did through the enactment of various colonial policies. For instance, the 1912 Minerals Ordinance vested the mineral rights of the mineral-producing communities hitherto conquered by the Royal Niger Company, in the Crown. Thus, under this Act, the indigenous communities were deprived of any share of fees, rent or profits that were derived from the mining activities on their land. They were also denied prospecting licences or mining leases and even the right to object to such licences was denied them too.<sup>36</sup>

The Mineral Ordinance transferred ownership of all minerals found in the mineral producing communities in Southern Nigeria which included the mineral-bearing areas of the Delta such as the Ughelli sharp white sand and the Okpanam and Ibusa lignite deposits to the colonial state.<sup>37</sup> It was the same 1912 Mineral Act as amended in 1913 and 1914, that remained in force till Shell came to the Delta area in 1937 to prospect for crude oil. A detailed discussion on the Mineral Act and the mineral-producing foreign companies particularly Shell is done in the next chapter.

The policies of the colonial state needed legitimacy so that they could establish their authority over the colonial people. To achieve this, the colonial state therefore continued with the direct rule that the RNC had already put in place in the Delta area though with limited success. Direct rule was then used by the colonial state as a means to gain the support of the local ruling group particularly the chiefs and other title holders in the Delta area. Recalcitrant chiefs

were immediately deposed thrown into jail and replaced with 'warrant chiefs' who were appointed by the colonial state to assist the Residents in the administration of the Delta. Chiefs became important tools of colonial administration and notable among their functions were the settlement of debt, disputes over land, bride price, provision of labour and implementation of other colonial policies. By virtue of their position, most of the chiefs became rich through corrupt practices.<sup>39</sup> That was not all. The chiefs were also torn between their people who opposed colonial rule and the Residents' penal measures. Not all the Delta people were opposed to the colonial state. For those who accepted the colonial policies, positions in the administrative set-up were found for them, although mainly as clerks, interpreters, gardeners and other menial jobs<sup>40</sup>

The colonial state was therefore, able to establish its authority and legitimacy in the Delta through the use of warrant chiefs, traditional title holders and those who acquiesced to colonial policies. It was from this group of stooges of the colonial state that arose the social class notably the petty bourgeoisie and seasoned politicians, who then set in motion, the politics in the Delta. It was they who later contested elections for the Regional Government from 1951 and at the Federal level, after 1964. But then, the beginning of the demise of the colonial state was again championed by this social class that it helped to raise. Herein laid the contradiction of the colonial state which by 1960 was sacked. In the post-colonial period of the Delta, the features of the colonial state are still found. If any thing, post-colonial Delta saw its people stepping into the shoes of the colonial masters and continuing with its exploitation which is discussed in great detail in the succeeding chapters.

### **3.iiib Monetization**

Trading, as earlier explained, was one major feature of the pre-capitalist Delta. Most of the articles of trade like yams, salt, pepper, fish also served as media of exchange - that is money. By the 15th century when the European trading

companies arrived in the Delta for business, some of the European goods such as dinar, gold, manillas were added to the above mentioned commodity-currencies. They were however, replaced by paper money and other modern forms of credit control.

The reasons for the replacement of these commodity-currencies and the European manufacture in the colonial period by the British paper money (£) and other banking facilities were not far-fetched. For instance, the physical character of some of the commodity-currencies whether salt or gold, made them inconvenient to handle. Neither were they convertible. Under such situation, granting of large credit was limited and the Delta can not be said to have been fully monetized. That is not all. The problems of these currencies impaired the integration of its economy into the British financial system. So, the incorporation of the Delta economy into the British capitalist fold made its monetisation sine qua non. Monetisation is therefore understood here to mean the process of the pervasive use of the British Pound (£) and its banking facilities such as cheques as a media of exchange in the economy of the area at large and the development of modern monetary system including the credit system. And the monetization of the Delta economy, was done by the British through the process of annihilating the pre-colonial commodity-currencies and the development of a modern monetary system.<sup>41</sup> For instance, the cowrie, which was widely used in the Delta, was driven out of circulation after the enactment of the Importation of Cowries Proclamation No. 6 of 1904<sup>2</sup>.

The introduction of the British Pound and the coins which were later to be accepted throughout the Delta as legal tender was one process of the monetization of the area. By 1912, the British government created the West African Currency Board (WACB) with its headquarters in London. The Board was to perform many functions notable among them were: the control of currency supply, watching over the currency interests of the colonial territories and making special arrangements for minting coins authorised for circulation in the colonies<sup>43</sup>. All notes and coins were printed by the Bank of England. The functions of the Board were performed by the Bank of British

West Africa (BBWA) whose operation began in the Delta in 1900. The BBWA was the forerunner of Standard Bank and now First Bank of Nigeria Plc

Once the task of monetisation was completed, other processes of capitalist penetration of the Delta became much easier.

### **3.iiic Trade**

Trade was one major aspect of the Delta economy. The pre-capitalist period, though it witnessed large volume of the human trade and much of the palm oil trade as well, the absence of a widely accepted legal tender hindered its expansion. All these changed in the colonial period for reasons already given above. Through trade, the Delta economy was made to complement that of the metropolis or, it promoted interdependence albeit an unequal one, between the two economies<sup>48</sup>.

Take the case of palm products (oil and kernel) which were major exports of the Delta area that the metropolitan factories needed for the production of margarine, pomade, candle among others. No doubt, there was an exchange between them - that is raw materials for manufactured goods. Trade, in this way, therefore introduced some form of division of labour in which the Delta produced raw materials which the metropolitan factories used to manufacture goods that were in turn sold to the people of the colony. The Delta economy became a consumerist one depending virtually on British imported goods. This structural dependence resulting from the imperialism of trade was further reinforced by the influx of British trading companies into the area<sup>49</sup>.

The next section looks at the influx of these big foreign companies and their impacts on the economy of the Delta area.

### **3.iiid The Establishment of Monopolies**

The 'scramble and partition of Africa' was just one of the manifestations of the contradictions of European imperialism in Africa. This rivalry between Great Britain, Belgium, Germany and France made it mandatory to establish effective and forceful control over sources of raw materials and markets

in the colonies. And following the formal colonization of the Niger Delta by the British government in 1900 was the influx of the British companies. Notable among them were the United African Company ( a Unilever affiliate), John Holt, Patterzon Zochonis (PZ), the Union Trading Company (UTC). These big companies became so strong they were virtually in control of the Delta. So strong were their hold on the area that the Lebanese, Syrians and Greeks were not present there until after World War II.<sup>50</sup> The impacts of their operations on the economy of the area can be understood in the light of their activities. For instance, these monopolies were into the general import-export business. One basic reason why these choose to be so was that export produce from the farmers met their needs. So, there was no need to invest in production. All the colonial state did was to enforce the policies of these companies which were aimed at exploiting the Delta area. For instance, they had monopoly over whatever crops were exported and determined also what came in as imports and this was achieved through the assistance of the state.<sup>51</sup> A further illustration in the export sector might be helpful at this point.

For instance, palm products (palm oil and kernel) were in high demand in Europe because they were major raw material inputs for the manufacture of soap, cooking oil, feeds for cows, lubricants among others. These products were equally in high demand in Europe as well as in the colonies. With the invention of the locomotive and motor cars, there was an equally great demand for rubber in Europe because of its use for the production of bushings, waterproofs and tyres. To obtain an adequate supply of these raw materials, the Delta area was compelled to specialise in their production. These agricultural products were to become the main exports of the area. In fact, out of the total national output of 607,000 tons of palm oil and kernel exported with a total value of £34.4 million in 1959, more than 75 per cent were produced in the Delta area. And of the 40,000 tons of rubber exported in the same year with value of £7.02 million, over 65 per cent came from the Delta also.<sup>52</sup>

The establishment of the monopolies came with market imperfections. Prices, rather than fixed by the market forces were determined by those big companies. To enforce the operation of the imperfect markets, the Marketing Boards were set up and charged with the task of buying less than the market price in Europe. The difference between the European price and that of the Marketing Board was the surplus which the big companies exported to Europe.<sup>53</sup>

If the big foreign companies dictated what was produced as exports in the Delta, they did the same for what came into the area as imports. Notable among the imports of the Delta were European manufactures ranging from clothes, beverages, cosmetics to bicycles and iron-beds. To a large extent, most of the imports were products rolled out of factories in Europe the raw materials of which were obtained in the Delta and other parts of the country. The UAC for instance, exported palm produce from the Delta and brought in margarine and cosmetics which were products made by its factories in Europe.<sup>54</sup>

By all indications, the big monopoly companies through their operation, made the Delta both export and import dependent and the consequences of this for the political economy of the area were great. Some of them will now be discussed.

The Delta area was already a trading economy before the advent of British colonialism and the accompanying big trading companies. This, Jones explained, was because of the geography of the area which made it rather difficult for the people to be self-sufficient.<sup>55</sup> Trade was prosecuted particularly by the middlemen most of whom were wealthy chiefs and merchants. This was the social class which expanded and transformed into the indigenous entrepreneurs.

Although the local businessmen's monopoly over trade in the Delta was broken in the mid-19th century when the trade in palm oil effectively took off, the big monopolies totally displaced them in the colonial period. Given the large size of these companies, and the advantages of economy of scale, their vertically integrated mode of production and access to

banks credits, indigenous entrepreneurs could not compete with them. The indigenous entrepreneurs therefore resigned to become distributors to the foreign companies. The inability of the indigenous entrepreneurs to compete with the big companies significantly stunted the growth of local businessmen and the consequences for local capital accumulation was great. But that is not to assume that indigenous entrepreneurs never made attempts to set up small trading companies. What is important to note is that the big monopolies either controlled their activities by withholding supply to them or stifled them with powerful mergers. For instance, the formation of the Association of West African Merchants (AWAM) in 1937 comprising among others, John Holt, UAC, PZ, UTC was aimed at dominating the buying of exports in the Delta and other parts of the country<sup>56</sup>. In fact, in 1947, the colonial state prohibited local entrepreneurs from purchasing and marketing agricultural products<sup>57</sup>. All these measures served to place the economic future of the people of the Delta into the hands of these monopolies

The cottage industries in the Delta was one area where the big companies impacted so negatively. Notable cottage industries in the area were the local salt factories, cloth weaving, craftsmen engaged in black-smithing, building canoes, local gineries and soap factory. For instance, the production of native salt was one of the economic activities among the Ijaws. Salt was produced through very simple processes: (i) The salty water of the mangrove forest was collected and boiled in pots until it dried up leaving the particles left as consumable salt and . (ii) The roots of the mahogany trees of swampy salt water are cut, dried and burnt. The ashes were collected and mixed with water, filtered and the filtrate boiled and the end product is the salt.<sup>58</sup>

But with the imposition of British colonial rule, the production of the native salt was prohibited. European made salt was imported and distributed by John Holt, GBO among others. It (imported salt) eventually replaced the native one. The consumption of the latter was discouraged on flimsy reason that it was unhygienically prepared. There was even no laboratory result to prove that it was unfit for human

consumption. It was in essence, a ploy to avoid competition with the imported ones. Towards this end, the colonial state mobilised its tools of oppression to invade the salt-producing communities, destroyed their local equipments and made it an offence punishable by imprisonment if anybody engaged in its production or sold it<sup>59</sup>

The local ginneries, like the salt industries were located in the coastal areas. This was because the raw inputs notably the raphia palm wine among others was found in these areas. The locally distilled gin called 'ogogoro' was dreaded by the trading monopoly companies because it competed with the imported spirits like Gordon's Dry Gin from Europe. Both its production and sale were prohibited prescribing prison terms ranging from six months to three years. Its consumption was discouraged as well. All these was to guarantee the market for the imported liquors.<sup>60</sup> The local soap industries were ordered by the state to stop production. The sale of locally made soap was also banned. In its place were various types of imported soap like palm olive, sunlight, lux, and others<sup>1</sup>.

The destruction of the cottage industries by the big foreign companies no doubt, subdued the economy of the Delta and finally integrated it into the British capitalist fold. The labour hitherto employed in these cottage industries for instance was not only displaced but forced to migrate to cities to swell the urban proletariats.

It is true that the big foreign companies were mainly interested in the export-import business in the Delta area. But that is by no means an assumption that they did not invest in production. Actually they did but with an aim to increase export products so that they could meet increasing raw materials demand of the metropolitan factories after World War II. In addition, the indigenes of the Delta economy were shifting away from producing raw materials to commerce with the approach of independence after World War II. For the monopolies to remain in business therefore, investment in agriculture and its allied industries became important. For instance, the United African Company (UAC) started plantation agriculture for the growth of rubber and palm trees in Oghara



near Sapele in the present day Delta state<sup>62</sup>. Outputs from these farmers were to complement those from the peasant farmers. The African Timber and Plywood Company - a subsidiary of the UAC - based in Sapele also began to semi-process its raw materials (timber) into sawn plywoods, flush doors among others in order to minimize waste and increase the quantity and quality of exports to Europe<sup>63</sup>.

There is no doubt that the investment by the big companies in agriculture and its allied sectors provided employment opportunities for the people in the Delta among other advantages. But what is of paramount importance to note is the overall consequence of their investments on the economy of the area. For instance, through the policies of the colonial state, pool of urban cheap labourers was created. So, the big foreign companies had no difficulty in recruiting labourer to work in their plantation farms. In the end therefore, it was still local labour that was exploited by these monopolies. Neither was the well-being of the labourer improved because a huge part of his wages was meant to pay income tax nor did the economy of the Delta reduce its dependence on the British companies as the multiplier effects of their investments were reaped by their home factories. The semi-processing of timber by AT&P for instance was not aimed at industrializing the economy of the Delta because ancilliary industries were not set up. Rather, it was to reduce waste and increase both the quantity and quality of exported timber products. The next section discusses taxation

### **3.iii Taxation**

The British government did not show any appreciable interest in the development of infrastructures beyond those for exploitation in the country, neither did it provide the funds to run them. In the Delta area, the situation was the same. Taxation therefore, became the major source of raising money by the colonial state to run the Delta area.

Hopeful of the success of taxation in Northern Nigeria where the feudal system made it possible for emirs to collect taxes for the colonial state, taxation was introduced in the Delta

area in 1927.<sup>64</sup> This was met with stiff opposition for the following reasons. First was the absence of paramount chiefs in the republican areas which are in majority and the people were therefore unaccustomed to the idea of tribute.' The second and perhaps, more important was the rumour that women, local distilled liquor and plantations of rubber were to be taxed. This led to wide spread of anti-tax riots in the Warri areas in 1927 and two years later, at Aba where casualties were recorded.<sup>65</sup>

As to be expected, the warrant chiefs who 'were colonial officials garbed in chiefly regalia' were entrusted with the task of enlisting eligible adults for income tax.<sup>54</sup> The chiefs and indigenes in the service of the colonial state collected the income tax from the people. All forms of resistance by the people were repelled with the speedy intervention of the colonial police. In fact, the anti-tax riots of 1927 in Warri and those of 1929 at Aba were quelled by these colonial apparatuses of oppression<sup>66</sup> Income tax and tariffs on imports however, have come to stay. Both direct tax, usually levied on the people (per head) and indirect tax which came mostly from import duties, accounted for almost 50 per cent of all public revenue in the Delta<sup>7</sup>.

Some illustration at this point might help to bring into the fore how taxation consolidated capitalism in the Delta area. The overthrow of the pre-capitalist mode of production by the British colonial rule in the Delta area brought in its wake, the introduction of wage labourer among others. And since taxation particularly the payment of income tax was a major source of finance for the colonial state, not only did the people produce for sale but also took to wage labour in order to earn enough money to pay tax Mcphee's note is important here:

"At first, Africans had to be press ganged into the (Public Works) Service. Later, they became eager workers when they discovered that instead of labouring at their own charges, they were given silver discs which could fetch them all manners of desirable

commodities at the nearest 'store'...direct taxation, conversely, compelled Africans to accumulate a certain amount of the same silver to avoid the displeasure of the government.'<sup>68</sup>

The relevance of McPhee's claim to the situation in the Delta is that it brought out clearly how the monetization of the economy of the area facilitated the collection of tax by the colonial state. The need 'to avoid the displeasure of the government' meant that the colonial state took taxation very serious with penal measures ranging from forced labour to imprisonment. To avoid the wrath of the state, those who could not farm migrated to Warri, Sapele, Port Harcourt among other cities in the Niger Delta in search of wage labour. Others who could not move to the cities migrated seasonally particularly during the planting season to work on the land, sold their harvest and use the lion share of the proceeds to pay tax. This type of migrants was common in the hinterland areas of the Urhobo who were mostly farmers. Those who refused to migrate but unable to pay tax took to the bush on the sight of the colonial tax collectors. It is pertinent to add here that although the ultimate aim of production was to earn money to pay income tax, surplus funds were used to meet other basic needs.

In all appearances, the majority of the wage earners in the Delta area were pulled from the agricultural sector. Apart from the fact that it limited agricultural output because old men and few hands were not left to farm, a greater consequences of the introduction of wage labour on the economy was that it marked the beginning of the creation of urbanproletariats in the area. By the time Shell began operation in the area, a pool of urban cheap labour was already created from which the company recruited virtually its casual workers. A detailed discussion on the exploitation of labour by Shell is taken up in the next chapter.

### **3.11if Transport**

The Delta area is very unique and one of its unique features

is the network of rivers that criss-cross the area. These rivers provided natural means of transporting goods within the area. Part of the reason why the slave trade was successful in the Delta was because of the rivers which made it easier for the movement of slaves from the hinterlands to the coastal areas. Significant towns like Bonny, Old Calabar, Ebrohimi in the pre-colonial history of the Delta owed their importance to their locations as coastal cities where slaves were bought and sold in the 17th Century<sup>69</sup>.

On the advent of British colonial rule, the natural means of transport were not disrupted. Rather, the colonial companies used them to move their goods around in the Delta. It was not as if they used all the existing rivers instead, few coastal towns were selected and developed into ports for loading of exports and off-loading imports. The choice of which town to develop was guided by their selfish economic reasons. So transport was developed to facilitate capitalist penetration and exploitation of the area. For instance, Port Harcourt with its deep natural harbour was developed to handle export and import business and the famous slave coastal market of Bonny was abandoned. Other important 18th Century coastal towns that were also abandoned in the Eastern Delta included Akasa, Brass and Opobo.<sup>70</sup>

In the areas West of Delta, Warri and Sapele grew up to become major ports with others like Forcados, Koko, next to them in terms of density of sea traffic. Ebrohimi, the commercial nerve centre of Chief Nana located in the Benin river was forgotten.<sup>71</sup>

The implication of the colonial transportation system on the economy of the Delta was mixed. The new port cities that were developed had virtually all the social infrastructures like pipe-borne water, electricity and hospitals which other towns in the hinterlands and those abandoned coastal towns never had. As ports the big monopoly had all their collection centres and depots for both export and import located in these cities. They therefore became the commercial nerve centres of the Delta. There were ample job chances provided by these big companies and their distributors in the cities. The

official quarters of most of the big companies were also located in the port cities. And because these quarters were patterned along British taste, these areas became exclusively reserved for the officials of these companies. Development in terms of social infrastructures therefore place in these areas.<sup>72</sup>

However, the growth of these cities was not without some disadvantages. The birth of the new cities as a result of the colonial transportation system, made them poles of growth and the rest part of the Delta those of stagnation. This is akin to the 'centre-periphery thesis'. Even within the cities, there were urban slums where all the urban proletariats and other members of the down-trodden class sojourned and the reserved areas with all the niceties of life similar to what Osoba called the Government Reserved Area (GRA) meant for the officials of the big companies (mostly whites).<sup>73</sup> The growth of these cities heightened the rural-urban pull and this left the economic activities in the rural areas in the hands of old men. The rural areas of the Delta complemented the new cities in so far as the bulk of the foodstuff as well as the exports were produced here and had nothing in the form of social infrastructure in return.

From all appearances therefore, the colonial transportation system in the Delta led to the growth of towns as port but in such a way that other hinterland towns and abandoned coastal towns hardly benefited from such growth. Thus, to a large extent, colonial transportation (in conjunction with other colonial modalities of exploitation) shaped the economy of the Delta area to cater for the selfish economic interest of the big monopolies and the British government.

As earlier explained, those who accepted the colonial policies to a large extent, helped the colonial state and the big trading companies to penetrate the Delta for capitalist exploitation. Obviously this group of the colonial collaborators could not have been stark illiterate since being so would not have facilitated colonial domination. Education was therefore, an important colonial

tool for spreading the coloniser's ideology. It is the issue that is discussed in the next section.

### 3.111g Education

Education to the colonial state was very important and for obvious reasons. The dearth of skilled personnel in the colony made education an important source of raising manpower in the Delta. This was aimed at reducing the importation of manpower from Europe with all the huge costs moreso when the British government was unwilling to provide funds for such purpose. For instance, the colonial state needed technicians, plumbers, medical auxiliaries, clerks, book-keepers, interpreters among others, to be able to accomplish the task of exploiting the Delta area?<sup>4</sup> To that extent, education became a necessity which the reality of the situation compelled the colonial state to accept.

In the Delta, both the colonial state and Christian Missions established most of the schools. In these schools, virtually everything that was taught were on moral codes, obedience, history of great European explorers and warriors and loyalty to government. Christian teachings in the Mission Schools also preached against dishonesty, theft, protests to constituted authority and emphasised in the main, the fear for God. All these were meant primarily to ensure that their graduates accepted the colonial state and its policies?<sup>5</sup> Notable among the mission schools was the Hope Waddel Training Institute in Calabar, established in 1895 by the Church Missionary Society (CMS). More were established after 1900 such as St. Thomas Teacher Training College, Warri (Catholic Mission), James Welch College, Emevor (Anglican Mission)<sup>6</sup>. The calibre of the graduates of these missionary schools could not meet the manpower needs of the colonial government and the trading companies since they were merely clerks, interpreters among others?<sup>7</sup> As a result, the colonial state saw the need to establish few higher schools. But to avoid the duplication of schools already established, the colonial state was cautious in setting up post-primary institutions. Thus, there was no technical college in the whole of the Delta instead, the Yaba Higher College which was established in

1920 provided the training ground for most of the technical staff needed in the Delta. By 1948 when the University College, Ibadan was established, post-primary schools were still few in the Delta. For instance, in the areas West of the Delta there were only two. One of them was Government Trade Centre, Sapele for raising technical staff in various trade vocations established in 1948. This vocational school served the entire Delta area. Graduates of the college were prepared for technical services in the colonial state<sup>79</sup>.

Admission into this college and other post-secondary institutions in the colonial period was restricted to a particular social group - the chiefs, and traditional title holders among other colonial stooges. This was deliberate because the colonial state wanted education for the offsprings of this social class believing that they would better appreciate the policies of the state and thus be loyal, honest and hardworking. For instance, in areas west of the Delta, sons of notable chiefs and merchants who were stooges of the colonial state became the early set of the Delta people to receive western education at the post-primary level. These were the Priests, the Rewanes, the Don Domingos, the Okotie-Ebohs, the Nanas, the Mowoes, among others<sup>80</sup>. The situation in the Eastern Delta was not significantly different. The family of King Pepple of Bonny was prominent<sup>81</sup>. It is clear, then, that colonial education even facilitated the exploitation of the Delta. But the same colonial education that eased the capitalist exploitation of the Delta area also turned out to be its grave-digger. Most of those who received western education and participated in the colonial administration were to become most of what emerged as the domestic-bourgeoisie in the Delta. It was this social class which it unfortunately created that began the move for the liquidation of the colonial state. The move to sack the colonial state was informed by several important reasons. The domestic bourgeoisies, having understood the ideology of the colonial state began to clamour for self rule. So, the first contradiction arose from the unwillingness of the colonial state to share political power, talk less of transferring it to the domestic bourgeoisie<sup>82</sup>.

The next contradiction was between colonial capital and labour in the Delta. As already explained, colonial capitalism created a pool of urban proletariat. In the urban centres, there were two major extremes - the urban slums where the urban labourers who are in majority lived and the reserved quarters with all basic social amenities where the colonial administrators and staff of the big monopoly companies resided. The urban proletariat conscious of this discrimination, began to show dis-satisfaction with the colonial policies. The need now arose for them to come together in order to collectively provide these social amenities in their rural areas which the colonial state and its agents neglected. The petit-bourgeois class saw this as a good point to reinforce their nationalist struggle.

Another major contradiction of the colonial state was that between colonial capitalists and the indigenous entrepreneurs.<sup>83</sup> As earlier explained, the colonial banks never granted loans to the local businessmen in the Delta for the reason that they had no collaterals. Land, which ought to have been one important collateral security for loan was rejected because of its communal ownership, while ownership of urban land was vested in the Crown. This was source of the discontent of the local businessmen.

The petit-bourgeois class therefore, combined all these contradictions and mobilised enough support for the nationalist struggle for self rule. By the late 1940s, this social class was beginning to show signs for the need for self-rule. By the early 1950s, they began to contest elections into the Western Regional Government. Notable among them were Chief Yamu Nuna, Mr. J. G. Ako, Chief Arthur Prest and Chief Festus Okotie-Eboh. Chief Festus Okotie-Eboh was to become the first Federal Minister of Finance in 1960, the year the colonial state was sacked.

One important point to note is that the petit-bourgeoisies were unanimous in the struggle against colonialism. But that should not be understood to mean the absence of internal contradictions within that class.



This chapter has so far, traced how the pre-capitalist social formations of the Niger Delta were altered and re-oriented towards Western capitalism after the imposition of British colonial rule in 1900. Also, it has discussed the basic contradictions of colonial capitalism which eventually led to its demise. Next is the discussion on Shell in the economy of the Delta in Chapter Four.

CODESRIA-LIBRARY

**Notes**

1. There is no doubt that the British government used the Royal Niger Company to accomplish her economic adventures in the Delta area but the activities of the company cannot be equated with the formal colonisation of the Delta by the British. For details on the activities of the RNC, see J. Flint, Sir George Goldie and the Making of Nigeria, for the operations of the RNC in the Delta area in particular, see Chapters 3, 4 and 5 of Obaro Ikime's Rivalry in the Niger Delta.. op. cit., his The British Conquest of Nigeria.. op. cit. and Chapters 6 and 7 of Dike's Trade and Politics in the Niger Delta.. op. cit.
  
2. The cowries, salt and some other commodity- currencies were still circulated side by side with British gold and silver discs until 1880 when Ordinance No.2 was passed to demonetise certain currencies. The introduction of paper money was still rejected by the people of the Delta after the Ordinance because they had no confidence in the British notes and could not be equated with the worth of their goods. See the Niger Coast Protectorate Blue Book, 1897-8, CO 462/ 2; A. G. Hopkins, 'The Creation of a Colonial Monetary System: The Origins of West African Currency Board,' African Historical Studies, Vol. 3, 1, (1970) and for a more refreshing account of the economic history of Nigeria, see Olufemi Ekundare's Economic History of Nigeria 1860-1960. (London, Methuen and Coy, 1973). The first bank in Nigeria which began operation in 1891 the British Bank of West Africa (an affiliate of the Standard Bank of England) with its main office in Accra, Ghana. Proper banking activities did not however start until the early 20th century when the Delta area had been fully re-integrated into the British financial system and by which time the use of British notes and coins as legal tender for transaction and payment of taxes among others had been firmly rooted. See also, Olufemi Ekundare's Economic History of Nigeria.. ibid.
  
3. If the 'Niger Delta opened the gateway to British Imperialism in Niger,' then it was the Royal Niger Company, entrusted with both political and economic power that made this possible. For one thing, all the heavy military attacks that the Delta faced happened during the RNC. See for details, Ikime's British Conquest of Nigeria op. cit, the first six chapters of Ikime's Rivalry in the Niger Delta op. cit and J. Flint, op cit.

4. Nigeria attained her political independence in October 1960 but the economy of the country is still largely dependent on the West particular Britain USA, France, the World Bank and International Monetary Fund (IMF) to the extent that such independence is at the level of hoisting the national flag alone hence the term flag independence, see Bade Onimode op cit.
5. There is still dearth of written history on the pre-colonial period of the Niger Delta. In fact, the few available materials on the Delta at this period were documented by European adventurers who were not strictly trained ethnographers and anthropologists. Even at the time Kingsley Dike wrote his book titled Trade and Politics in the Niger Delta, he faced the same problem and acknowledged it as well. To that extent, the researcher relied heavily on field work during which he had oral discussion with selected respondents who are mostly elders and returned colonial officers. Perhaps, if there is any gap in this section, it should be seen in this light and pardoned as well.
6. Eme Ekekwa made a clarification of this in his Class and State in Nigeria, (London, Longman 1986).
7. See Dike, Trade and Politics.. op. cit. and the Literature on the Niger Delta in Chapter Two.
8. See Alogoa, The Small Brave City..op cit. Ikime, Niger Delta Rivalry...o. cit. Dike op. cit., Jones, The Trading States of the Oil Rivers ..op. cit. Although colonialism brought artificiality into the traditional political structure of the Delta, the tradition and customs of the people have refused to die particularly the rites for nominating a King.
9. See note 8 above and for more details on the political system of the Urhobos, see Obaro Ikime's Niger Delta Rivalry...op. cit.
10. The 'elotus' was (and is still) the age group that protects the security of the Urhobo community and reserves the right to declare war on any other community. See Obaro Ikime ibid.
11. Unlike in the oligarchies where the societies were segmented according to age group, the monarchies had houses each assigned with a particular role. Thus, there was the 'War House', the 'canoe house' among others. For details, see Jones, The Trading States of the Oil Rivers...op. cit.

12. See in particular, Chapters 2 and 3 of Ikime's Niger Delta. . op. cit.; also based on the discussion with some elderly people in the Urhobo speaking communities of Orogun, Kokori and Ughelli.
13. There is no doubt that the Delta area had metamorphosed from one mode of production to another. for instance, from communal to slavery, until it finally gets to the capitalist mode of production. This Chapter is concerned with the inception of the capitalist mode production. for details, see Chapter 4 of Engels' The Origin of the family, Private Property and the State 1894, Marx's Capital op. cit Lenin's The Development of Capitalism in Russia op cit. See also, Walter Rodney's How Europe Underdeveloped Africa particularly the early chapters of the book
14. For detail on the capitalist mode of production see Marx, op. cit., Claude Ake's Political Economy of Africa . op cit., particularly the chapter on Methodology.
15. Based on the interview and discussion the researcher had with some people in the Delta. See also, G. T. Basden, Among the Ibos of Nigeria 1921 cited in Eme Ekewe's Class and State in Nigeria op cit. 1 Obaro Ikime, op. cit., Joseph Alogoa, op. cit.
16. For details on the land ownership among the Ibo speaking areas of the Eastern Delta, see Basden, ibid; See Ikime, ibid, for the situation in the Urhobo land. See also, Frederick Lugard, Political Memoranda: Revision of Instructions to Political Officers on Subjects Chiefly Political and Administrative cited in A.H.M. Kirk-Greene ed., Crisis and Conflict in Nigeria: a Documentary Source Book 1966 - 1969, (London, Oxford Press, 1971). The absence of a widely accepted currency in the Delta brought into use such commodity currencies like salt, pepper. Payment of rent for land was in either fish in case of fishing or yam, pepper etc for agricultural farmland . See Jones, The Trading States.. op. cit.
17. For details on the Theory of Surplus Value, see Marx op. cit.
18. See the Chapter on Methodology in Ake's Political Economy... op. cit.
19. See Dike, Trade and Politics.. op. cit.
20. Obaro Ikime's Rivalry in the Niger Delta is a good source

although the researcher still had discussion with selected members of the Urhobo-speaking areas.

21. For details on the slave-holding mode of production, See Engels' The Origin of the Family... op. cit... particularly chapter four: Anti-Duhring especially Part III and Lenin's lecture The State.
22. See Obaro Ikime's The Merchant Prince of Niger Delta, (London/Ibadan, Heinemann, 1968).
23. See Chapter four of Dike's Trade and Politics... op. cit
24. Ibid, Chapter Seven in particular. Infact, King Jaja was one of such slaves.
25. See in particular, Part II of G. Jones The Trading State of the Oil Rivers... op cit.
26. See Dike op. cit. Ikime op. cit and Jones ibid.
27. See note 21; part of the reason why the slave trade was abolished was because of the declining labour productivity.
28. See Engels' Origin of the Family... op. cit.
29. The entity that became Nigeria today was the result of the amalgamation of the Northern Protectorate and the Southern Protectorate and the Colony of Lagos by Frederick Lugard in 1914. See Lord Lugard, Political Memoranda, pp. 296 - 318 and A. H.M. Kirk-Green, Lugard and the Amalgamation of Nigeria: A Documentary Record. (London, Frank Cass, 1968) pp. 20 - 26
30. See R. O. Ekundare, An Economic History of Nigeria 1860 - 1960, op. cit. p. 12.
31. See Toyin Falola ed., Britain and Nigeria: Exploitation or Dependence, (London, Zed Press, 1987).
32. ibid, pp. 76 - 78.
33. See for instance, Eme Awa, Federal Government in Nigeria (Berkeley, University of California Press, 1964) p. 46. The analysis of Awa was applicable to the Delta area.
34. See for example Adebayo Adedeji, Nigerian Federal Finance: Its Development, Problems, Prospects (New York, Hutchison 1969) for a broader analysis of the structure of federal finance. Note also that this study

is only interested in the colonial policies as they affected the Delta.

35. See the section of the literature review of the political economy of Nigeria particularly my criticism on the positions of Segun Osoba and Julius Ihonvbere.
36. See CO/520/128 Confidential Enclosure of 29 December, 1913, Lord Lugard to the Secretary of State for the Colonies, 11 December, 1913. The Mineral Ordinance was enacted in 1912 which was amended in 1913. See for details CO520/128 Confidential 14462 of 29 December, 1913.
37. ibid
38. Obaro Ikime treated the role of the Royal Niger Company in his The Fall of Nigeria.. op. cit.
39. See, for instance, Michael Crowder and Obare Ikime eds., West African Chiefs: Their Changing Status Under Colonial Rule and Independence, (Ile-Ife, University of Ife Press 1970). Throughout the Delta area, there were stories told of Chiefs who levied fines ranging from 200 - 400 tubers of yams and court records showed half of them. See Raymond Clough, Oil Rivers Traders: Memoirs of Iboland, (London, C. Hurst, 1972) pp. 38 and 84.
40. See Note 39 above.
41. See Claude Ake, A Political Economy of Africa op. cit. pp. 32 - 34.
42. See Olufemi Ekundare's Economic History of Nigeria.. op. cit. Before 1900, the commodity-currencies in the Delta were already depreciated by the RNC. The iron bar for instance, depreciated steadily throughout the 19th century. For details see, for instance, the Niger Coast Protectorate Blue Book 1897-8, CO462/2.
43. Ekundare, ibid
44. For the history of the BBWA, see Chapter Five of Ekundare's Economic History of Nigeria, ibid.
45. According to Dike, approximately £0.5 million was earned from the export of palm oil in the pre-colonial period of the Delta. As already explained, the unification of the country in 1914 did not affect the economies of the hitherto protectoates. Thus the Delta still led in the

production of palm oil. 87 per cent of total national output of 190,623tons of palm oil export was produced in the then Eastern Region with the Delta hinterlands particularly those of Ibo and Urhobo-speaking areas of the Eastern and Western Delta respectively dominating. See for details, Chapter Three of Dike's Trade and Politics in the Niger Delta... op. cit, also cited in Ekekwe's Class and State in Nigeria op. cit

46. See in particular, Chapter Five in Ekundare's Economic History of Nigeria.. op. cit. See also, Claude Ake's A Political Economy of Africa op. cit.
47. For more details, see Chapter Four of Toyin Falola's Britain and Nigeria..op. cit.
48. The situation in the rest part of the country was not significantly different.
49. This analysis will be better appreciated in the light of the imperialism of trade in the colonial period. See Ake op. cit.
50. See Kilby op. cit; Ake (1978) op. cit and Ekundare, op. cit
51. ibid
52. The Economic Survey of Nigeria, 1959 (Lagos, Government Printers, 1959) p. 27 as cited in Ekundare op. cit.
53. A lot of work has been done on this. See for instance, Walter Rodney's How Europe Underdeveloped Africa...op. cit. Claude Ake's A Political Economy of Africa op. cit. and Peter Kilby's Industrialisation In An Open Economy. op. cit.
54. ibid (Peter Kilby)
55. See G. I. Jones, op. cit
56. See C. Beer The Politics of Peasant Groups in Western Nigeria 1969 cited in ekekwe op. cit
57. ibid.
58. Based on interviews with some of the Ijaw people in Warri in August 1989.
59. ibid. (Although limited, the people still produce and consume native salt in the Delta area).
60. Based on a field trip to the 'ogogoro' producing areas

in the Ughelli North Local government Area of Delta State in June 1990.

61. Based on a field trip in June 1989 to some of the areas in the Delta where local soap is made.
62. Based on interviews with some officials of AT & P Sapele in August 1989. See also note 53 above.
63. ibid
64. See for instance, Obaro Ikime, 'The Anti-Tax Riots in Warri province, 1927-28' Journal of the Historical of Nigeria (JHSN) III, 3, (June 1967).
65. For the Warri Anti-Tax riots, see, ibid; see Harry Gailey's The Road to Aba... (New York, New York University Press, 1970)
66. See A. Afigbu's The Warrant Chiefs, (London, 1972) P.6
67. See notes 64 and 65 op.cit.
68. See McPhee's the Economic Revolution in British West Africa, p.238 as cited in ekekweop. cit
69. For details on the trade in the Delta and the role of water transport particularly during the period of slavery, see for instance, Dike, ibid.
70. See Ikime's Merchant Prince of the Niger Delta..op. cit.
71. See for instance, Akin Mabogunje's Urbanisation in Nigeria, (London, University Press, 1968).
72. ibid.
73. See Chapter Two of this work. In particular the section on the literature review of the political economy of Nigeria.
74. See Babs Fafunwa, History of Education in Nigeria (London, Allen Union, 1974). Lord Lugard, Political Memoranda op. cit p. 27 and Otonti Nduka, Western Education and Nigerian Cultural Background (Ibadan, OUP, 1964).
75. ibid. Also based on interview with some ex-staff of the Schools in the Delta - James Welch College Ewevor, Anglican Girls Grammar School, Ughelli, St. Peter's College, Aghalokpe
76. See note 74 and 75 above.



77. Fafunwa op. cit

78. ibid

79. Interviews with some of the ex-students of the college

80. Interviews with some of the early educationists in the Delta area in 1990.

81. ibid

82. Claude Ake (1978) op. cit.

83. ibid

CODESRIA-LIBRARY

## Chapter 4

### Shell Petroleum Development Company in the Economy of the Niger Delta.

#### 4.1 Introduction

This Chapter looks into Shell's operation in the Niger Delta after the British colonial government had put in place the modalities of capitalist exploitation in the area. But before discussing that, there is need to have a brief incursion into the nature of the world petroleum industry. No doubt such knowledge of the industry which includes its inherent conflicts and contradictions, will bring into the fore why Shell - second largest oil company in the world - shifted the business of oil production to the Delta area of Nigeria among other countries in the Third World. This therefore, constitutes the thrust of the section that follows immediately.

#### 4.ii. The Historical Antecedents of the 'Oil Majors' in the Global Economy

The early origins of the world petroleum industry were traced to the American and Russian Oil companies. By the end of 1950, American private investors had begun the exploration and production of crude oil. A decade later, their Russian counterparts joined the business. The imperial powers of Europe at that time, did not show any interest in the oil industry. This was perhaps, due to the dominant use of coal as an energy source. However, production of crude oil even then, was limited to the satisfaction of local needs.

But by the turn of the 20th century, crude oil became (and is still) the most important source of energy in the world for certain reasons. First, it powered the British war machines during the WWI and thereafter replaced coal as an energy source with no substitute yet. Second, is the demand of the modern industrial age which emphasized the constant need for energy so that capital can reproduce itself profitably. More of the latter reason than the former, individual investors, private and public corporate capital

and governments began to invest in the petroleum industry.<sup>2</sup> By 1910, these investors had incorporated various oil companies in America and Europe. In the United States of America for instance, the Rockefeller Trust which was founded by Rockefeller had complete control over the supply and price of petroleum products, while Marcus Samuel a Briton, incorporated the Shell Trading Company dealing on general merchandise, chemicals, petroleum products and sea transportation. Henri Deterding, a Dutch, floated the Royal Dutch Oil Company whose major business was the sale of petroleum products. These were the early origins of the oil companies that later expanded to become large oil monopolies and dominated the world petroleum industry of today<sup>3</sup>.

By the end of 1910, these oil companies had become so large that their activities spread to most parts of the world. Because of the large size of their operations, they were able to control supply and demand of petroleum products and determined their prices as well. For instance, because of the size and monopoly control of the oil market in the United States of America by the Rockefeller Trust, (indeed, the Standard Oil Trust), it became clear to the American government that it was risky allowing the oil business of the country to remain in the hands of the oil monopolies if the American economy were to survive.<sup>4</sup> By 1911, the American government, after incessant fuel shortages which almost wrecked the US economy, enacted the Anti-Trust Law prohibiting the formation of oil cartels. In that same year (1911), the US Supreme Court ruled that the Standard Oil Trust should be dissolved and that all the subsidiary companies should operate as independent companies<sup>5</sup>.

As a result of the 1911 Anti-Trust Law, the Standard Oil of New York - one of Rockefeller's Trust - merged with the Vacuum Oil Company to be known first, as Socony-Mobil and later, as Mobil. The Standard Oil of California (Socony) was another Rockefeller's Trust companies which also became independent. Exxon (formerly Esso) was another member of the original Rockefeller's Trust. Mobil, the Standard Oil of California and Exxon were all offsprings of the then Rockefeller Trust.

Gulf and Texaco oil companies also had American origins but were formed outside the Rockefeller oil empire. Gulf Oil Corporation (Gulf for short) for instance, was started from money raised by businessmen and bankers in Pittsburg and Pennsylvania to finance an oil venture which led to the discovery of oil at Spindletop in the State of Texas. Texaco which was originally a Texas oil company, developed in its own way.<sup>6</sup> Out of the seven major oil companies that dominate the world petroleum industry and referred to in this work as the 'oil majors', five of them are American. These are Exxon, (the largest in the world), Mobil Oil Corporation, (Chevron) Standard Oil of California, Gulf Oil Corporation and Texaco Incorporated.

Although the 1911 Anti-Trust Law in the USA led in part, to the incorporation of British Petroleum by the British government, it was not the only reason. Rather, other reasons were the outbreak of war in 1914 later known as WWI and the trial use of petroleum fuel to fire the British naval ship and its supremacy over coal? Shell International Trading and Transportation Company and the Royal Dutch Oil Company which had monopoly control over the production and sale of petroleum products in the United Kingdom had their dominant position broken with the incorporation of British Petroleum (BP). With the entry of B.P into the petroleum industry in the U.K. and other parts of Europe, investment capital in the industry was becoming over concentrated. The market monopoly that Shell and Royal Dutch enjoyed in Europe was broken as well. In response to all these, the two companies merged their interests while retaining their separate identities to form the Royal Dutch/Shell Group of Companies in the ratio of 60:40. It was this merger that moved their various oil business to the countries of the Third World<sup>8</sup>. One of the basic advantages of the merger is that it enabled them to pool more resources together so that they could outcompete others and enjoy a higher returns on investment.

By the 1920s, seven major oil companies had therefore dominated (and still dominate) the world petroleum industry: Exxon, Mobil (Chevron) Standard Oil, Gulf, Texaco, Royal Dutch/Shell Group (Shell for short), and British Petroleum.

Together, they operate all over the world (excluding the Soviet Union) with control over 80 percent of all oil productions, 70 percent of the world refinery capacity and 50 percent of the oil tankers.<sup>9</sup>

Outside the 'oil majors' however, there were and are still other independent oil companies (called the independents) that engage in the various stages of the petroleum industry. Because of their limited financial resources and the size of operation, they depend on the 'majors'. Some of them include the French companies of the Total Group and the Italian ENI.<sup>10</sup> But if the anti-trust laws and other government interventions had any impact on the petroleum industry at all, it was in the structures of the oil companies that were re-organised. For one thing, and perhaps most importantly, was the fact that the oil companies were and are still in control of oil production and the determination of the prices of the products. The ownership structure in the companies which in the pre-1911 period was woven around an individual investor however, became corporate bodies after 1911. For instance, the Standard Oil Trust which used to be one of Rockefeller's financial empires had the equity share of Rockefeller himself - the pioneer of the business - reduced to a minority position as more shareholders bought more equity shares in the company. Shell International Trading and Transportation Company merged with the Royal Dutch Oil Company to form the Royal Dutch/Shell Group. Its shareholders as well, ranged from individuals, banks to churches and insurance companies. This reduced the shares of the pioneers (Marcus Samuel and Henri Deterding) to a minimum.<sup>11</sup>

There is no doubt that the re-capitalization of the oil companies as a result of the anti-trust laws placed more finance capitals at their disposal. But the problem that soon emerged was that surplus investment funds began to compete for the limited market outlets and raw materials in Europe and America. This led to over-concentration and centralization of the investment funds of the oil companies necessitating therefore, their incursion into the countries of the Third World. The export of finance capitals by the

'oil majors' to the Third World led to the establishment of spheres of influence sharing of market outlets among themselves and the fixing of prices and searching of general agreement on what should be the policy of the petroleum industry.

The American large oil monopolies notably Texaco, Exxon, Standard Oil and Socony moved to Mexico and Venezuela both in Central and South America respectively. In the Persian Gulf, oil concessions were shared among British and Dutch oil companies with little oil interests left for American companies. The British government through the BP, backed up William D'Arcy by providing financial assistance for the establishment of the Burmah Oil Company in the Persian Gulf. The British government also owned shares in the Anglo-Persian Oil Company. In fact, before the outbreak of the WWI in 1914, the British had united all European oil interests in the Persian Gulf to keep the Germans out of the oil business. As would be expected, the Germans war machines and naval ships ran short of oil and gas in the outbreak of WWI causing in part, their defeat.<sup>12</sup>

In the post-WWI period when the world economic depression of the late 1920s set in, the US experienced yet another acute shortage of crude oil. This was as a result of the mass acceptance of automobiles and the demands of the world. Much more alarming was the report of the US Geological Survey that showed that American Oil reserves were drying up very fast<sup>3</sup>. In response to the alarm sounded by the report, large American oil monopolies notably Standard Oil and Socony, moved to the Persian Gulf where 'the Anglo-Dutch oil companies had all the probable oil fields in their hands, under their management and control or financed by them'<sup>14</sup>.

For the first time after the 1911 Anti-Trust Act, the American government intervened in the world oil industry with a threat to cut off the New Jersey oil supply to Britain if American oil companies were not allowed into the Persian Gulf<sup>5</sup>. As a result of American diplomatic pressure and threat, the French, Anglo-Dutch and American governments signed the Red Line Agreement in 1928. The Red Line was drawn to show the

pre-1914 Ottoman boundaries in the present day Persian Gulf and it was hoped that the Agreement would settle once and for all, the Middle East concession agreements. With the agreement in force, British Petroleum, Royal Dutch/Shell, and the French (CFP) had a total of 71.25 per cent, the American oil companies (Standard Oil and Socony) jointly had 23.75 per cent and the independent Gulberkians 5 per cent. By this ratio, the 'oil majors' still controlled the concessions in the Gulf.<sup>16</sup> Even after the Italian corporatist philosophy towards the oil industry which led to the formation of Azienda Generale Italiani Petroli (AGIP) in 1926 and the Spanish effort culminating in the setting up of the state-controlled Compania Arrendataria del Monopolio de Petroleos (CAMPSA) in 1927, the 'oil majors' dominance in the world oil industry remained.<sup>17</sup>

With the outbreak of the WWII in 1939, the 'oil majors' once again, came under threat. For instance, the Roosevelt administration and the British government agreed to coordinate the oil industry to avoid the experience of the WWI during which the 'oil majors' controlled the production and supply of fuel and gas to the allied forces. But the inter-governmental agreement between the USA and Britain was rejected by the oil majors on the ground that considering the intricate and complex nature of oil production and supply, it would be uneconomic as well as risky to allow soldiers into the business. In the alternative, they suggested that with a better liaison between them and the national bodies set up during the war for that purpose, the flow of oil would not be interrupted. Britain, because of her huge oil interests, supported the position of the 'oil majors' which were subsequently entrusted with the task of supplying oil to the Anglo-American war machines during World War II!<sup>18</sup>

After the end of the WWII in 1945, the Red Line Agreement was revoked. This became necessary as a result of the over-concentration of the oil companies (including the independents) in the Persian Gulf. The need for the oil companies to move particularly to Saudi Arabia, Jordan, Bahrain among other areas outside the Red Line, became overdue. In 1946,

Standard Oil in conjunction with Socony - oil majors - found their way into Saudi Arabia thereby breaking their International Petroleum Company (IPC) membership which theoretically barred them from seeking oil outside the boundary of the 1928 Agreement in the Persian Gulf. Thus, the way to the oil land of the Middle East was opened to more oil companies<sup>19</sup>.

In Africa, particularly in Nigeria, it was after the end of WWII that Shell Petroleum Development Company - a subsidiary of the Royal Dutch/Shell Group - actually began full scale oil exploration and production after an initial visit in 1937.<sup>20</sup> By virtue of the spirit of the 'scramble and partition of Africa', which led in part to the enactment of the 1914 Mineral Act by the colonizing British government, Shell was the only foreign petroleum company permitted to explore and produce crude oil in Nigeria, then a British colony. However, as a result of pressures from American and other European oil companies on the then colonial government, the gate was finally opened to other oil companies in 1960 when Nigeria became politically independent and the Mineral Act was amended. This issue is discussed in detail in the course of the work..

Another post-1945 event in the petroleum industry was the anti-oil companies feelings in the oil-producing Third World countries. The role of oil in the world wars, the increasing demand for oil in the new industrial age and return of oil experts from Europe and America back home to the Third World who mounted the campaign against the petroleum companies exploitation of the producing nations, were among the reasons that fuelled the anti-oil companies attitude. It was increasingly clear to some governments of Third World oil-producing countries that the need to have a say in the petroleum industry was overdue. Some of the Middle East oil-producing countries took up the fight against the monopoly position of the 'oil majors' very serious. This was however to be expected, considering the fact that most of their nationals had trained as oil economists and engineers and worked for American and European oil companies notably Sheik Yamani and Dr. Subroto. It was in the period of the anti-



oil company campaign in the Middle-East, that Mossadeq in 1951, nationalized all foreign companies operating in Iran. Although three years later, his regime was overthrown and replaced with a conservative government that was pro-foreign oil companies, it served only to fuel the campaign against the 'oil majors' by the oil-producing nations in the Third World notably the Arab oil states of Saudi Arabia, Kuwait, Quata, Yemen, Iran among others<sup>23</sup>. In Africa, Algeria and Libya took the lead.

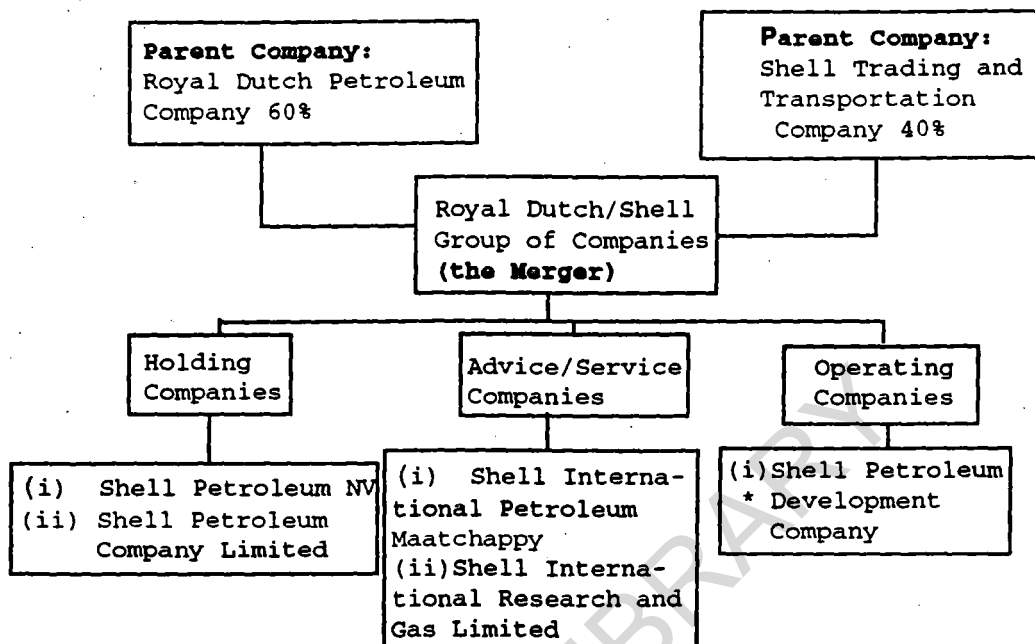
By 1960, the Organisation of Petroleum Exporting Countries (OPEC) came into being. So, what began as an anti-oil company campaign in the early 1950s had culminated in the formation of an oil producers organization in 1960<sup>24</sup>. By 1971, Nigeria joined the Organisation. The formation of OPEC marked a turning point in the history of the petroleum industry for once again, it sought to threaten the monopoly control of the industry by the 'oil majors'. But whether the birth of the Organization led to a significant control of the industry especially oil technology by its members, shall be discussed in the light of the Nigeria experience with Shell.

The foregoing discussion has demonstrated that the world petroleum industry is a capitalist one which is dominated and controlled by the 'oil majors'. The next section examines the structure of the Royal Dutch/Shell Group.

4.iii. The Structural Organization of the Royal Dutch/Shell Group of Companies.

Diagram 4.1.

The Structural Organisation of the Royal Dutch/Shell Group of Companies



Source: Abstracted from The Story of Shell op. cit.

\*This is the subsidiary of the Group that is operating in Nigeria. The Niger Delta is therefore a minefield for the Operating Company.

The Group, as shown in the above diagram consists of Holding, Servicing and Operating Companies. The Holding Companies own shares between themselves and in other associated companies. These are:

- (i) Shell Petroelum NV and
- (ii) Shell Petroleum Company Limited.<sup>25</sup>

The Servicing Companies whose main business is to provide advice and services on the broad areas of oil, gas and chemicals to other associated companies are operating in various parts of the world. These are:-

- (i) Shell Internationale Petroelum Maatchapy BV
- (ii) Shell International Mattscehappy BV (both of

them are based in the Hague) and

- (iii) Shell International Research and Gas Limited, Britain.<sup>26</sup>

It is important to note that these companies in most times, operates through their subsidiaries.

The Operating Companies are those exploring and producing crude oil and natural gas. They also produce chemicals. They are wholly owned by the Group and over 300 of them are operating in the various regions of the world. The Shell Petroleum Development Company in Nigeria is one of the subsidiaries of the operating companies based in Europe.<sup>7</sup>

The Royal Dutch/Shell Group, as diagrammatically shown above is an established monopoly with its activities well integrated. The Group is involved in all the stages of crude oil production with specialized companies providing one kind of service or the other to associated companies within it. It is a close capitalist network of operation that ensures optimum use of both human resources and investment funds within all the companies under the Group. For instance, it is Shell Petroleum Development Company which produces crude oil in Nigeria that negotiated on behalf of one of its sister companies involved in gas production and marketing in Europe with the Federal government through NNPC on the Liquified Natural Gas (LNG). This kind of service among the companies under the Group is common in all parts of the world where they are operating.<sup>28</sup>

Organizationally, the Group has centralized headquarters of all its companies based in Europe. The subsidiaries operating outside Europe therefore receive orders from their home offices. For instance, the Group has two major research laboratories in Europe - one in the Hague and the other in London. Although the subsidiaries have laboratories, they all depend on the final results of research findings within the Group from the two laboratories.<sup>29</sup>

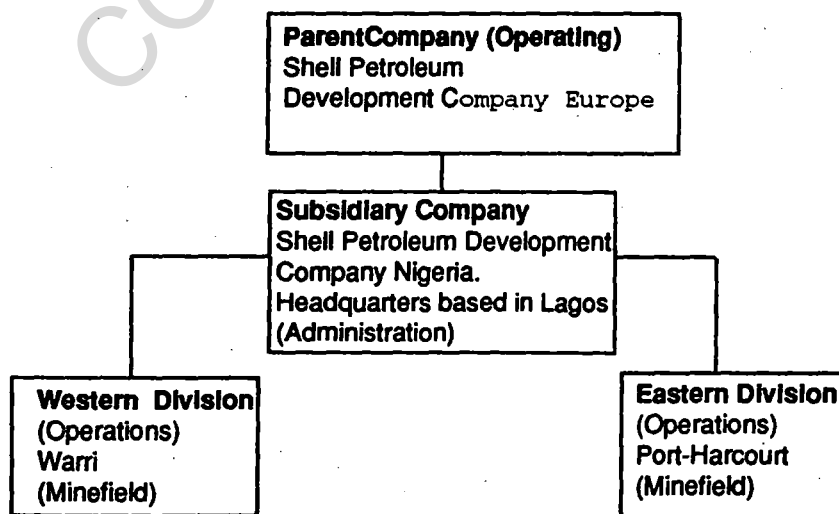
Operationally, a great deal of the transactions that takes place among the members of the Group is to a large extent,

an intra-company reconciliations between the affiliates of the same mother company. Thus, the prices that are charged and paid for by the companies are not the result of distance trade but rather, mere internal book-keeping prices or transfer prices involving various branches of the same corporate body.<sup>30</sup> For instance, the Group has one central refinery which is about the largest in the world, located in Penix - in the Netherlands. The bulk of the crude oil produced by the Group is shipped to the central refinery. The shipment of the crude oil is usually handled by one of the affiliates of the Group. Another one will have to ship the refined petroleum products to its petroleum pump stations located in various parts of the world. So, to a very significant degree, from exploration through production to refining and marketing of crude oil and its by-products, it is an intra-company affair.<sup>31</sup>

So far, the structure of the Group has provided a clearer picture of the capitalist operation of this oil monopoly. It has also brought into the fore, the location of the Shell Petroleum Development Company which is operating in the Niger Delta of Nigeria within the Group. It is pertinent to discuss the structure of Shell in Nigeria in the next section.

#### **4.iv. The Structure of Shell Petroleum Development Company, Nigeria.**

**Diagram 4.2. The Structure of Shell Petroleum Development Company Nigeria**



**Source:** Abstracted from The Story of Shell. *op. cit.*

The structure of Shell Nigeria as shown in the above diagram is a subsidiary of Shell Petroleum Development Company - one of the Operating Companies of the Group based in Europe. Shell Nigeria is wholly owned by the parent company in Europe. This is different from the Joint Venture Agreement in which the federal government has 60% participating shares, and Shell 39%, Agip 5% and Elf 5%.<sup>32</sup> It is the Joint Venture which Shell is the technical operator that produces crude oil in Nigeria. Joint Venture is discussed in great detail in the course of this chapter.

As a subsidiary of the Operating Company of the Group, Shell Nigeria's major business in the country is to explore and produce crude oil. The company's headquarters in Nigeria is located at Marina, Lagos. The Lagos office functions is mainly administration. The Managing Director of the company who is a European and normally posted from its parent body heads the company.<sup>33</sup>

The company has two operational offices and both of them are located in the Niger Delta - the minefield. The basic functions of the two offices is to explore and produce crude oil. All the company's operational activities that are located in the east of the River Niger are under the control of the Eastern Divisional Manager with its base in Port-Harcourt, and those west of the River Niger are under the control of the Western Divisional Manager with its base in Warri, Delta State.<sup>34</sup>

It is clear from the above that the company's structure in Nigeria took cognizance of the fact that it is an operational company in the Group. As a result, the bulk of its activities are centred around the two divisional managers - East and West and they are of paramount importance to Shell. Perhaps, a knowledge of the historical background of the company in Nigeria might throw more light on its structure. This is the issue that the next section now discusses.

#### 4.v. The Historical Background of Shell Petroleum Development Company in the Niger Delta.

It is important to first of all clarify the growing confusion on BP's connection with Shell in Nigeria in order to understand the distinction between them before discussing the historical background of the latter in the Niger Delta. The British government as earlier explained in Section 4.ii of this Chapter, incorporated BP to break the monopoly of the oil transnationals operating in the United Kingdom and to ensure as well, regular supply of crude oil among other reasons. Just as the BP took the British interests in crude oil to the Gulf region so it did in Nigeria when Shell was granted the licence by the Crown Government in Britain to prospect for crude oil in the country - then a colony of Britain <sup>35</sup>. The Mineral Act that it (British government) enacted in 1914 which prohibited non-British companies from operating in its colonies was not more than a measure to guarantee regular supply of minerals including crude oil. The British government therefore, ensured that Shell would not be left to monopolize the petroleum industry in the country. In 1936, BP merged interests with Shell Group and incorporated Shell D'Arcy Oil Company. Shell D'Arcy had already represented BP in the Persian Gulf and it was the same company that operated with Shell in Nigeria<sup>37</sup>. Although it was a joint venture between the two companies, BP's interest was mainly to get its share of the crude oil produced. It was Shell Petroleum Development Company that operated the joint venture and produced the crude oil as well. The Joint Venture was on a ratio of 50:50<sup>38</sup>. After the political independence of the country in 1960 and until 1979 when the Federal government of Nigeria nationalized BP in the country, the company's only interest was to collect its share of crude oil from the joint venture. It is therefore pertinent to point out that although there was Shell - BP in crude oil production, it was actually Shell Petroleum Development Company which is a subsidiary company of the Royal Dutch/Shell Group in Europe that has continued to produce crude oil in the Niger Delta to date<sup>9</sup>. Now on the historical background of the company paper.

The early origins of Shell in the Niger Delta can be traced to the colonial period. The reasons why Shell moved business to the Niger Delta among other parts of the Third World have already been explained in Section 4.ii that they need not be discussed here. The same for the reasons for the colonizing mission of the British government in the Niger Delta which is already explained in Chapter Three.

Shell began oil exploration in the Niger Delta in the late 1930s, although an initial unsuccessful attempt was made by a German company - Nigerian Bitumen Company in 1908 in Araromi in the present day Ogun State. In 1937 when the company got its mining licence from the Crown Government in Britain, it conducted geological and geophysical surveys in that same year in Nigeria to delineate the oil bearing areas in the country. About 103,600 sq. km in the Niger Delta basin was found to be oil-bearing which was then mapped out for intensive exploration. The outbreak of the WWII in 1939 however, disrupted further exploration<sup>40</sup>

In 1946, the company resumed operations and drilled th first dry hole in 1951 at Ihuo - 16 km North-East of its base at Owerri in the present day Imo State. Two years later, the company drilled another well at Akata - 1 but no commercial quantity of crude oil was struck. By 1956, the company struck large quantity of crude oil at Oloibiri. It was this major find at Oloibiri that confirmed the presence of crude oil in the area and all the uncertainty they entertained in their exploratory mission was gone. As a result, Shell D'Arcy Exploration Company was changed to Shell - BP Petroleum Development Company. Perhaps, the position of an official of Shell will be more instructive on this:

It was more than a change of name. Shell worldwide is not associated with failure and it was because of the uncertainty of hte oil business that made the company not to risk its name - Shell- at the initial stage.<sup>41</sup>

Although the company's official might be right that Shell did

not want to risk its name which is 'synonymous with excellence' in terms of oil production, it is nothing short of the manifestation of the general argument by dependency scholars that the transnational corporations use different names in different countries to carry out the same business in order to exploit the host-countries. The sudden change in name made it more difficult to know the actual identity of the company.<sup>42</sup> It was with the new name that it then carried out its further operations in the Niger Delta till 1979 when BP's interest was nationalized.

By 1957, Shell drilled its first successful well in the Western Niger Delta at Erumukowharie - 4 kilometres from Ughelli - in the present-day Delta State. Major oil wells that were drilled within a radius of 30 km around Ughelli are those in Afiesere, Umolo, Olomu, Uzere, Oleh, Aviara, Olomoro, Kokori, Orogun and other off-shore wells around Bomadi, Burutu and Forcados.<sup>43</sup> By 1958, the company's production output per day was 4000 barrels and since this figure met the company's policy to begin export of crude oil, its first shipment of crude oil to Europe was made in that year.<sup>44</sup>

In October, 1960, the country gained her political independence and that broke the monopoly of Shell in the Delta area. For one thing, the 1914 Mineral Act which empowered only Shell to explore and exploit crude oil in the country indeed the Niger Delta, was amended. With the revoke of the Act, American, French, Italian and Japanese oil companies, among others, bent on breaking the monopoly position of Shell entered the Nigerian petroleum industry for the first time.<sup>45</sup> By 1961, subsidiaries of the American oil majors; notably Mobil (Chevron) Gulf, Texaco and independents like Agip, were already granted concessions and began oil exploration and production in the one-time Shell exclusive zone in the Delta area.<sup>46</sup>

The post-colonial state however merely inherited the powers of the Mineral Ordinance of 1914 as amended in 1959, with most of the clauses unaltered. In effect, the 1914 Mineral Act remained in force and that made the post-colonial state



the sole collector of rents, taxes and royalties from the oil companies. It also reserved the power to grant and withdraw mining licences and leases to oil companies<sup>47</sup>. Investing in the oil sector by the state was considered too risky due in part to the huge capital outlay, sophisticated technology and highly skilled manpower required. As a result, the oil sector was for many years after independence, monopolized by foreign oil companies.

Although the reasons advanced by the state for not investing in the oil industry in the early years of independence might be genuine initially considering the problems already explained which the new state could not cope with, the same reasons cannot explain why the state has remained to a large extent, a rent collector to date. Rather, the state has chosen to remain so not unmindful of the consequences of its actions. Thus, the situation has been that the 'managers of state' have been more interested in maintaining the 'status quo' and at best, have remained mere regulators of the oil industry passing policies most of which seek accommodation with its oil companies.

One notable feature of the post-colonial economy of Nigeria among other African countries, was the dominant and perhaps, monopoly position of the established large foreign companies operating in all sectors of their economy. As a result, the federal government of Nigeria made spirited efforts to indigenize its economies by reducing foreign participation and control. As it was done in Kenya and Tanzania, the Nigerian government promulgated the 1972 Nigerian Enterprises Promotion Decree<sup>48</sup>. By the provisions of this Decree as amended in 1973 and 1974, the oil producing companies were not significantly affected since exploration and production a high technology area and still remained under their control. All that the state used these decrees to achieve, was to apply the OPEC conditions aimed as usual, at increasing its revenue from the oil sector.

In April 1973, Nigeria, signed, for the first time, a participation agreement or joint venture with Shell in which it acquired 35 per cent. One year later, it was increased

to 55 percent. The state in 1979, increased its participation interest to 60 percent leaving Shell with 40 percent. By August 1979, BP's interests in the joint venture were nationalized because of the company's business links with apartheid South Africa. With the nationalization, the state's interest increased to 80 percent, leaving Shell with 20 percent. But by 1989, the Nigerian government in response to the demands of the International Monetary Fund and the World Bank, divested itself 20 percent of its interest in the joint venture with Shell. This was offered for sale to Shell. Shell acquired half which brought its interest in the joint venture to 30 percent and the rest was offered to Agip and Elf on equal basis. The new structure of the joint venture is thus - NNPC 60%, Shell 30%, Agip 5% and Elf 5%. (See table 4a. for details). Shell, however, still remains the technical operator of the joint venture.

**Table 4a. Government Participation Interests In The Oil Companies**

Company	Participation %	Date Acquired	No. of Omls/Opls	Production (Barrel/Day)
Elf	35	1-4-71	4	40,000
	55	1-4-74	4	85,000
	60	1-7-79	4	78,000
Agip/Phillips	33 $\frac{1}{3}$	1-4-71	4	30,000
	55	1-4-74	4	125,000
	60	1-7-79	4	230,000
Shell-BP	35	1-4-73	58	1,240,000
	55	1-4-74	58	1,380,000
	60	1-7-79	58	1,360,000
Shell	80	1-8-79	58	1,360,000
	60	1989*	58	na
Gulf	35	1-4-73	10	368,000
	55	1-4-74	16	390,000
	60	1-7-97	16	380,000
Mobil	35	1-4-73	4	210,000
	55	1-4-74	4	245,000
	60	1-7-79	4	380,000
Texaco	55	1-5-75	6	10,282
	60	1-7-79	6	56,000
Pan Ocean	55	1-1-78	1	10,000
	60	1-1-79	1	10,000
Ashland	production sharing	June 1973	2	13,000
Agip Africa	Service Contract	Sept. 1979	6	n.a
Elf Aquitaine	Service Contract	Sept. 1979	3	n.a.

**Source:** NNPC Joint Venture Dept.

n.a. not available

\*As a result of IMF and World Bank directives in 1989, Federal Government divested 20%.

The next section now examines Shell's mode of operation in the Niger Delta.

#### **4.vi Shell's Mode of Operation in the Delta Area and Some Aspects of Its Political Economy**

As earlier explained in Chapter One, this study is limited to the upstream activities of Shell (in the Delta) which involve the exploration, discovery and production of oil and gas, their treatment, transportation and delivery to its designated export terminals at Bonny and Forcados. It was also pointed out in Chapter Three that to be able to understand how Shell, in collaboration with the state, underdeveloped the Niger Delta area, there is need to examine the operations of the company. The task of this section therefore, is to look into the mode of operation of the company with respect to its upstream activities.

Before starting the discussion on Shell's mode of production proper and the contradictions that arise therefrom, it is pertinent to point out that three social forces are directly involved in crude oil production notably; the state, the foreign oil company (Shell in this case) and the labourers (workers). A little elaboration on this might be helpful. The state for instance, formulates the policies and creates the political environment conducive to the operation of the company. Shell, on the other hand, provides the technology for crude oil production. The workers supply the needed labour for the successful production of crude oil. In order to bring into focus shell's capitalist mode of production and how the inherent contradictions involved in turn underdeveloped the Delta area, each of these social forces has to be treated separately.

#### **4.via The State Policies**

To a very significant degree, the nature of the colonial and post-colonial Nigerian state as earlier explained in Chapter Three, remains structurally the same<sup>49</sup> The broad policies of the Nigerian state on the oil companies therefore, are extension of the 1914 Mineral Act which vested all powers over

mineral resources (solid and liquid) on the state. If anything changed in the Act at all, it is the replacement of the clause 'Crown Government' with 'Nigerian Government' in addition to the amendment which now permits other European and American companies to do business in the country. Furthermore, by the provisions of the Mineral Act as amended, the post-colonial state like its predecessor, has the exclusive right to issue mineral prospecting and mining licences. The Act also empowered the state to be the sole collector of royalties, rents and fees from the oil companies.<sup>50</sup>

However, the state formulated other policies that are drawn from existing international laws but without putting in place the necessary instruments for their enforcement. For instance, because of the peculiar nature of crude oil production and transportation, the colonial state introduced the Oil Pipeline Act in 1956. By this Act, oil companies are to obtain licence that permits them to lay oil pipelines to link up their various oil wells to their export terminals. In 1965, it was amended, but nothing significantly changed in the provisions.<sup>51</sup> Apart from the revenue that the state expects to get from the licences issued to the oil companies, the Act as it implies in American and European oil producing countries, is supposed to ensure that the oil companies, do not encroach on the land. In addition, it is to protect the environment against destruction from oil production activities. But as it turned to be in the Niger Delta, the state apart from being weak, is more interested in how much revenue it can generate from the Act than safeguarding the environment. Worsened by lack of instrument to enforce the Act, Shell now operates in the Niger Delta with utmost disregard to the environment of the area<sup>52</sup> More legislations that the state promulgated on how to control the activities of the oil companies not the least Shell, have remained so far, on the drawing board. For instance, the Mineral Oil (Safety) Regulations of 1963, which compelled the oil-companies (including Shell) to abide by 'good oilfield practice' which prohibits the discharge of noxious gases into the environment or face penalties for any violation was never

enforced.<sup>53</sup> Cases histories of Shell's blatant violation of this act as discussed in the next chapter corroborates Eboe Hutchful's submission that because the Nigerian state relies largely on the oil companies for its revenue, it hardly implements its policies on the oil companies.<sup>54</sup> It is even worse because the state has not the instruments to enforce its laws. Inability to enforce its laws also made useless the Oil in Navigable Waters Act of 1968 which the state adopted from the Sea by Oil Act of 1954 as amended in 1962 (Geneva) The Law prohibited the oil companies from discharging oil or any mixture containing oil into the territorial navigable waters from land.<sup>55</sup> Infact, this Act is never adhered to by Shell for several reasons. The state's inspectorate agency that checks the activities of the oil companies (The Petroleum Resources Department of the NNPC) does not have the equipment for monitoring the activities of Shell among other oil companies. For instance, the Department relies on Shell to obtain the volume of oil spilled in case of any blow out or equipment failures.<sup>56</sup> Even if it had all the equipment which it never had anyway, to monitor the oil companies, the penalty for such an offence is nothing to scare them. That is worsened by the long bureaucracy of the state. For instance, any culprit of this Act will be first of all, subjected to the bureaucracy of Section 12 (i) (c) of the Interpretation Act of 1964 and if found guilty will be fined one hundred naira only (=N=100.00) or imprisonment of six months or both.<sup>57</sup> So far, there has been no case the state brought against Shell on this inspite of violation of the company's this Act.<sup>58</sup>

More than any previous legislation, the Petroleum Decree of 1969 was the most comprehensive. The Decree vested the full ownership and control of petroleum in, under or upon any land and all land in the country under its territorial waters or under its continental shelf in the Federal Government. By the provisions of the Decree, the Minister of Petroleum Resources was only empowered to issue a licence or grant a lease to an operator over an expanse of land to prospect for, drill and extract oil. The Decree also provides that it is mandatory for the licensee or oil leasee to pay adequate compensation for its use of private land or any damage done

to it. Very important is the section on petroleum drilling and production of the Decree, which addresses the 'green issues' in the host-communities where crude oil exploration, exploitation and transportation usually take place. But the state has been unable to control the oil companies in spite of powerful decrees like that of 1969<sup>59</sup>. It is not as if the state is unaware of its weakness but has only chosen to be what it is. Thus, powerful as the 1969 Petroleum Act might look, it is not very different from the 1914 Mineral Act since its over-riding interest is how much fund could be raised from the operations of the petroleum companies rather than the well-being of the people in the oil-producing areas. This corroborates the rentier thesis on the Nigerian state by most scholars of the political economy of Nigeria.

One other area where state policies on the oil companies not the least Shell, have created conducive atmosphere for business is land. Shell needs land for most of its operations. For instance, right from exploration through production to transportation of crude oil by pipelines is land-based. That is not all. Large hectarage of land is also needed for the construction of oil terminals and tank-farms for storage. Land is required for petroleum depots, flow stations, flare sites, offices and staff quarters. These facilities will only be efficiently operated with good access roads which again, require land. Land is also needed for the construction of airstrips to ease the transportation of staff and other drilling equipments to off-shore oil locations<sup>60</sup>.

But the state policies on land acquisition as they affect the oil companies, are either for revenue generation or to protect them from land litigations. Perhaps the provisions of the Oil Pipeline Act of 1956 might be instructive at this point. The 1956 Act empowered the state to issue licences to oil companies for an oil-pipeline right-of-way for 20 years over the surface of a stretch of land under which pipes conveying crude oil products or gas to depots and terminals were laid<sup>1</sup>. What is important to the state was the revenue it could generate from the issuance of the licences. Land that fell under the right-of-way was not compensated for and several

case histories of this in Shell's areas of operation are treated in the next Chapter.

The post-colonial state even amended the Act in 1965 by empowering Shell among the oil companies, to lay its pipes on, over or under the ground. The law also empowered the company to exercise control over the surface of the specified length and breadth of the right-of-way to enable it carry out surveillance, patrol and maintain underground works and pipelines.<sup>62</sup> This is to the utmost disregard that the effect of such right-of-way will have on the available farmland.

But the oil Right-of-Way Act did not confer the right or certificate of occupancy on Shell. This means that the land on which it operates still belongs to the community. Under the communal ownership structure, members of the communities therefore reserve the right to deny Shell among other oil companies, access to such land. To circumvent the impasse, the state in 1978 then enacted the Land Use Decree<sup>63</sup>. This is by no means an assumption that the Land Decree was enacted purposely to protect the petroleum companies, but to a large extent, it reduced the friction that Shell has had with members of the host-communities in the Delta. By the provisions of the Decree, for instance, the oil Right-of-Way granted to Shell was increased from 20 years to 99 years. It did not matter to the state whether the operation of the company encroached on the farmlands of the people. Rather, how the company operates without hitches so that it can earn its rents is its concern. Furthermore, it empowers the company to request for land for the construction of depots gas flare sites, airstrips by applying to the state. This is because the Decree vested all land in the Federal Government with the state governments only holding it in trust. And under the Land Decree, the State Government is empowered to revoke the right of occupancy of any person for the overriding 'interest of the public'. It (state) also, has power under S.47 (b) of the same Decree to grant statutory right of occupancy to Shell as the case may be.<sup>64</sup>

Nothing has ever eroded the right of the members of the oil-communities over their farmland not least those in areas where

Shell operates in the Delta more than the Land Use Decree of 1978. Thus, the state has through this policy not only sought accommodation with Shell among other oil companies, but has also denied the people part of their farmland thereby causing the shortage of land. A detailed discussion on this is done in the next Chapter. The next section examines Shell's mode of producing crude oil.

#### **4.vib Shell's Mode of Producing Crude Oil<sup>65</sup>**

##### **The Oil Servicing Companies (OSC)**

One of the after-effects of the 1911 Anti-Trust Law by the United States of American government is the emergence of independent and small capital-based but very specialized oil-servicing companies (OSCs) which hitherto, operated as branches of the larger oil monopolies. Equally necessitating the need for the OSCs to specialize in at least one stage in the production of crude oil is the need to minimize risk moreso as alternative sources for raw materials are now sought in the countries of the Third World. Thus, by the time Shell came to the Delta area, crude oil production has become so specialized and competitive to the extent that to cement an oil well - (that is ready for production) -, no less than ten (10) specialized oil servicing companies are involved. The company therefore engages the services of the OSCs in its operations in the Delta area. A little elaboration on this might throw more light on the issue.

Shell starts oil production by first of all obtaining the relevant licences for exploration, production storage, right-of-way among others from the state. At the exploration stage which includes among others, geological/geo-chemical surveys, geophysical and seismic operations, Shell contracts out the jobs to the OSCs. One of the major contractors for Shell at this stage is Seismograph Services of Nigeria Limited with America and British origins.<sup>66</sup> At this stage (of the seismic operation), the contractor company does all the job with its own engineers and causal workers with few Shell's staff merely supervising to ensure that the standards of operation are met. The problem of environmental pollution



actually begins at this stage. For instance, a lot of the chemicals and explosives used by the OSCs which they in turn deposit on the environment untreated, are harmful to aquatic organisms, the vegetation and even human beings. See Chapter Five for details. Infact, the OSCs operate with utmost disregards to the environment of the oil communities since they are just contractors to Shell which the state and the people recognize only as the major oil operator<sup>67</sup>.

Next to the seismic operations is drilling and at least, 3 oil servicing companies are involved. These are the drillers, the marketers of the drilling chemicals/equipment and those that service the equipment/rigs and provide other engineering functions. Forex, Anadrill and Key Drill are among the OSCs that drill for Shell. Bariod and Dressing Nigeria Limited supply drilling equipments and provide engineering services respectively. Schlumberger, Flopetrol among other OSCs, service the company's oil rigs.<sup>68</sup> The environmental damage that emanates from drilling operations in the Delta are discussed in the next Chapter.

When the oil well is finally prepared for production, Shell still needs the services of other OSCs for the supply and laying of oil pipelines. Otis is one of the OSCs that does this job for Shell. Solus Schall provides diving services and Niger Cat for the construction of access roads. Infact Shell contracts virtually all its job except the production and export of its crude oil. One of the basic reasons why Shell operates through contractors is to get the best services from the best company and this no doubt, will bring economies of scale among other benefits to the company<sup>69</sup>.

The implications of Shell's mode of production of crude oil on the economy of the Delta area in particular and Nigeria generally are numerous and with negative consequences. First, when Shell contracts out any job to an oil servicing company it pays directly to the company. How the company does its jobs, recruits labour and under what terms among other issues, do not concern Shell any longer. The OSC on its part brings its highly skilled staff, most of its equipment and even vehicles from their home countries. All

that it requires here is a pool of casual workers whose recruitment is even contracted out to local middlemen. This mode of operation by both Shell and the OSCs particularly with respect to labour has heightened unemployment crisis in the Delta. How can Shell and its contractor companies introduce contract labour in an area where secondary school leavers and graduates of universities and polytechnics with relevant disciplines for the oil companies for that matter are still roaming the streets? Answering this question brings into the fore the fact that the state has no effective policy on labour recruitment for the oil companies among others. In Libya which is an Africa oil-producing country, the OSCs are under the state's law, compelled to raise the bulk of their technicians and tool pushers not only from within the country but also on permanent and pensionable basis. Not only that, the OSCs will have to seek the approval of the state before firing an indigene in their payroll<sup>70</sup>. The situation in the Delta is therefore what the state wanted it to be and by that, it is underdeveloping its own area by aiding Shell and its OSC to exploit local labour.

Second and final is the influx of foreign OSCs into the Delta to the detriment of the growth of local businessmen in the area. Beginning from exploration through production to the transportation of the crude oil to the terminals from where it is exported, it is all dominated by foreign oil companies. Although the high-level skill required in these jobs explains why the OSCs recruit most of their highly skilled manpower from their home countries, the inability of the state to come up with a stringent policy on the operations of the companies is more responsible. The various governments in both Algeria and Libya, which are all African oil-producing countries have through proper training - both local and overseas - and the development of the necessary infrastructures for local technological take off, been able to raise the local staff that now man most parts of their petroleum industries. Others who are not in the state employment but have earlier benefited from the state's manpower development programmes now compete favourably with the OSCs<sup>71</sup>. But in the Niger Delta, the only jobs reserved for the local businessmen are catering,

gardening and other menial jobs. Part of the reasons why it is so in the Delta, is due to the state's half-hearted approach to the growth of local entrepreneurs. For instance, the indigenization decrees placed the oil industry under high-technology and left it for the preserve of the oil companies<sup>3</sup>. Not only is the state unwilling to intervene in oil production moreso when some of the managers of the state, are board members in the OSCs and even frontmen for them, the local businessmen are not prepared to invest their capital in risky venture of oil production. So, the influx of the OSCs into the Delta and their dominance in the oil sector in the area are a combination of both the state policies and the unwillingness of the local businessmen to invest in the production of crude oil. While the state has in the process discouraged the emergence of a strong local business class, this class on its own, is even more comfortable with petty contracts which have deepened its dependence on the OSCs. More details on this issue are treated in Chapter Five.

It is important at this point to now examine another aspect of Shell's mode of production.

#### **The NNPC/Shell Joint Venture**

Many are often misled by the ratio of the Federal Government in its joint venture with Shell to believe that the company is no longer a transnational corporation since over three-quarters of the shares are owned by the Nigerian government. This is absolutely wrong.<sup>4</sup> As earlier explained in sections 4.iii and 4.iv. of this chapter, Shell Petroleum Development Company is wholly owned by the Shell Group based in Europe. The joint venture is an agreement signed by both the state and Shell on how to produce crude oil in the country. It is the joint venture, which is distinct from Shell as a company, that produces crude for the partners. Shell is only an operator of the joint venture. The ratio in the joint venture shows how much each partner will have to contribute to produce crude oil and its returns as well. In 1973, it was NNPC/Shell 35:45; in 1974, 60:40; in July 1979, 80:20; in August 1979 and by 1989 60:30:5 for Agip and Elf 5. The current ratio is NNPC/Shell/Agip/Elf :60 : 30 : 5 : 575

Although both partners (NNPC/Shell for this study) by the provisions of the agreement are to contribute funds for carrying out petroleum operations in proportion to their ratios, the state has never been forthcoming<sup>76</sup>. The situation in most cases is such that Shell contributes both capital and equipment for the production of crude oil by the Joint Venture. Not only that, Shell also provides the necessary technical manpower and technology to operate the agreement. All the cost incurred by Shell as the operator of the joint venture right from exploration to production will first of all, be calculated in crude oil and then subtracted from the total quantity of the crude oil produced. What is left is then shared by the partners in their ratios in the agreement. Shell exports its share of the crude oil to Europe.

One of the consequences of the joint venture is that oil technology will for a long time to come, remain with the oil companies. The Nigeria state will just be looking up to them for oil production not because it is unaware of its weakness but prefers to provide cover for them so that it earns its revenue.

A comparison of the Nigerian situation with the Algerian experience might be helpful. In 1956, oil was discovered in Algerian and about the same, Nigeria also became an oil-producing country. Like Nigeria, Algeria introduced the joint venture agreement which it signed with the foreign oil companies. In 1963 the Algerian government set up a state-owned oil corporation - Sonatrach - to manage the country's petroleum industry. Nigeria did the same by setting up the Nigeria National Oil Corporation (NNOC) 1971 which it dissolved in 1977 for inefficiency and in that same year, established Nigerian National Petroleum Corporation (NNPC) to carry out similar functions of overseeing the country's petroleum industry. By 1966, Sonatrach had signed joint venture agreements with the foreign oil-companies in the country. In 1973, its counterpart in Nigeria (first by NNOC and as from 1977, by NNPC) signed one form of joint venture agreement or the other with foreign-oil companies in the country.<sup>78</sup>

But today the situation in Algeria is totally different from what obtains in Nigeria. By 1974, that is eight years after Sonatrach had signed joint venture with the oil it had indigenized oil technology as well as acquired the capacity to refine. And with the country's iron and steel company on stream, it was easy to produce most of their local inputs such as drilling pipes, bolts, oil pipelines. By 1976, the oil companies found themselves almost redundant as Sonatrach took control of the Algerian petroleum sector. In the mid-1980, the Algerian situation would have been ideal but not by the turn of 1990's when the country began to face serious political, economic and social problems. But all the same, Nigeria lags behind Algeria in the petroleum industry.

The Nigerian experience is such that NNPC contrary to indigenizing oil technology with the joint venture in place, turns to be more dependent on the oil companies to operate the joint venture. As an official of NNPC aptly puts it:

The NNPC is what the government wants it to look like - an instrument for capital accumulation by those who manage the state.<sup>80</sup>

The next section discusses the use of contract labour by Shell.

#### **4.vic. Contract Labour**<sup>81</sup>

As earlier explained in Chapter Three, colonial capitalism created a pool of urban proletariat after it had monetized the economy of the Delta and also successfully introducing capitalist mode of production in the area. The post-colonial period of the area is not different since the state is first and foremost, interested in creating conducive atmosphere for the tncs to operate rather than formulating labour policies that will make it difficult for the oil companies to hire and fire local labour as obtains in Libya. The absence of such labour policy made it all the more possible for Shell and its contractor companies (OSCs) to hire labour on contract basis not the least because they always want to minimize labour

unrest, and cut overhead costs.<sup>82</sup> Under contract labour, Shell and its OSCs do not deal directly with the casual workers but through foremen. The foremen get the contract from Shell to hire the casual workers for the company's operation. Shell pays foremen who in turn hire and pay the casual workers on daily basis. As casual workers, they are not pensionable, no medical allowance, no salary increase and no union action.<sup>83</sup> Through contract labour therefore, Shell is able to domesticate labour and exploit it as well in the Delta area. The unemployment effect of contract labour on the economy of the area is discussed in great detail in the next Chapter. So far, Shell's mode of operation has given an insight into how the state even aid the company in its exploitation of the Delta. Chapter Five which follows, discusses the consequences of all these on the economy of the area.

CODESRIA-LIBRARY

## Notes

1. Anthony Sampson's work was based on his field experience as an energy journalist in the late 1950s. His orientation as a journalist coloured his work and to that extent, he failed to analyse the oil companies as corporate finance capitals. In the process he missed the root causes of the crisis of the petroleum sector. For details, see Anthony Sampson, The Seven Sisters: The Great Oil Companies and The World They Made (London Hodder & Stoughton, 1975). See also. Louis Turner, Oil Companies in the International System, (London: George Allen & Uniwin, 1976). For further details see for instance, Peter Norre and Terisa Turner ed. Oil and Class Struggle (London: Zed, 1980) and particularly Chapter Two of the work 'Why Does Capital Need Energy' by Renfrew Christie; Julius Ihonvbere, 'Labour State and Capital in Nigeria's Oil Industry' (forthcoming book); Susanne Cronje, The World and Nigeria: The Diplomatic History of the Biafran Civil War 1967 - 1970 (London: Sidwick and Jackson, 1972) and various works done by Terisa Turner on the Nigerian petroleum sector. See also Michael Tanzer's The Political Economy of International Oil Companies and the Underdeveloped Countries (London: Temple-Smith, 1969).
2. See note 1 above and in particular, Louis Turner ibid. Norre and Turner ibid., and Tanzer ibid. Among the individual entrepreneurs who pioneered the oil business were Rockefeller - an American, Marcus Samuel - a Briton both of them once worked in the oil companies; Henri Deterding - Dutch merchant and Willian Knox D'Acay - a British merchant.
3. For the early history of the origins of the oil companies, see for details, Sampson, op. cit. and Turner ibid. For further details, see also, M.O. Feyide, 'Oil in World Politics', paper presented at The J.I.C. Taylor Memorial Lecture for 1986, University of Lagos. 13th - 14th March, 1986.
4. See Sampson and Turner ibid.
5. Cited in Sampson, ibid.
6. M.O. Feyide, 'Oil in World Politics' op. cit. pp. 23-24.

7. See in particular, Chapter Two of Louis Turner, Oil Companies in the International System.. op. cit.
8. See Story of Shell, op. cit.
9. M.D. Feyide, op. cit. -.23; See also, Lenin's Imperialism, The Highest State of Capitalismop. cit.
10. Turner op. cit, Fiyede ibid.
11. It was difficult getting the actual percentage point of the total shares the pioneering investors of the oil companies had after the 1911 Anti-Trust Law. This is because the officials of some of the offsrping companies of the Rockefeller Trust particularly Mobil which operates in Nigeria did not even know.  
As for Shell, the rule of the game is secrecy. But for some officials (who wanted to be unnamed) disclosed that neither Marcus Samuel nor Henri Deterding the founders of Shell Transport and Trading Company and the Royal Dutch Oil Company respectively had no shares in the present structure by the companies. In the light of the above problems, it was difficult having an accurate number of equity shares held by the shareholders.
12. See Louis Turner's Oil Companies ...op. cit.  
pp. 22-37
13. ibid, also, see Sampson The Seven Sisters ...op. cit.
14. ibid (Turner)
15. ibid.
16. ibid.
17. ibid.
18. I drew heavily on Turner's work in this section. See his Oil Companies... ibid, pp. 38-67.
19. ibid.
20. ibid. but see also, The Story of Shell op. cit.
21. So much work have been done since the continent of Africa was partitioned in the late 19th century. See for instance, the various works of Claude Ake particularly his A Political Economy of Africaop. cit... Earnest Brett, Colonialism and Underdevelopment in East Africa...op. cit., Walter Rodney's How Europe Under developed African... op. cit. Carl Widstrand et al edited, Multinational Firms in Africaop. cit., Muller et al ed Africa Undermined.. op. cit among others.



22. See Turner, op. cit. and Sampson op. cit.
23. ibid (Turner).
24. ibid.
25. The Story of Shell op. cit., also, see Shell Information Handbook op. cit., pp. 7-13.
26. ibid.
27. ibid.
28. Interviews with some of the officials of the Joint Venture Department of NNPC in Lagos in August 1990.
29. Interviews with some of the officials of Shell in Lagos in January 1991.
30. ibid, for details on the operation of the transnational corporation, see Biplad Dasgupta's 'The Changing Role of the Major International Oil Firms' in Carl Widstrand et. al. ed. Multinational Firms in Africa.. op. cit. pp 275- 302.
31. See note 29 above.
32. This is the current position of the Joint Venture between NNPC, Shell, Agip and Elf. Based on an interview with officials in the Joint Venture Department of NNPC in September 1990.
33. See not 29 above.
34. ibid.
35. Based on interviews with officials of Shell (top management) in Lagos in June 1989. For more information, see The Story of Shell op. cit and Shell Information Handbook op. cit.
36. ibid.
37. ibid.
38. ibid.
39. ibid.
40. See note 35 above. It was John Simon Bergheim that formed the Nigeria Bitumen Company in 1906. For further details, see Chapter 7 of John Carland's The Colonial Office and Nigeria 1898 - 1914 (London, Sandford University Press).
41. Interviews with some top management of Shell in Lagos in June 1989.
42. Changing identities of the tncs is one of the attacks leveled against the tncs in the world economy is all about. See for instance, O. Nnoli ed. The Path to

Nigeria's Development op. cit, Carl Widstrand et al.  
Multinationals Firms in Africa op. cit.

43. See note 35 above.
44. ibid.
45. ibid.
46. ibid.
47. The 1969 Petroleum Decree which became an Act for instance, contained initially all the clauses of the 1914, 1959 and 1963 Minerals Act. See the Petroleum Decree o. 51 of 1969 (Lagos Federal Ministry of Information, 1969).
48. See The Nigerian Enterprises Promotion Decree of 1972 as contained in the Federal Military Government of Nigeria Supplement to Official Gazette Extra Ordinary Vol. 58 February 28, 1972.
49. For more details on the character of the Nigerian state, see Chapter Two - The Political Economy of Nigeria of this work.
50. The 1914 Mineral Act as amended in 1959 and 1963 was finally incorporated into the 1969 Petroleum Decree (Act) op. cit.
51. Cited in V.O. Jonah' 'Machinery For Implementing Environmental Pollution Laws in Oil and Gas Operations' in The Petroleum Industry and the Nigerian Environment op. cit., 1985. More details of the 1958 Act as amended in 1965 are all contained in the article and the sections on Law in the 1981 and 1983 issues of the Conference proceedings.
52. ibid., more information was obtained from the various interviews with some officials of Shell who are indigenes of the oil-producing areas in the Niger Delta. They gave the instance of Texas state in USA where the country's law environmental protection are strictly adhered to by Shell and other oil companies.
53. See note 51 above.
54. See Eboe Hutchful's chapter in Calude Ake's ed Political Economy of Nigeria op. cit.
55. See note 51 above.
56. Based on Interviews with some of the officials of the

- Inspectorate Division of NNPC, Lagos, 1990.
57. See note 51 above, see also the Interpretation Act of 1964.
  58. ibid., Interviews with some officials of Shell's Legal Department and NNPC Legal Department, Lagos.
  59. See the Petroleum Act of 1969 op.cit.
  60. Based on field trip to some of Shell's areas of operation in the Niger Delta in 1989, 1990 and 1991.
  61. See the 1956 Oil Pipeline Act as cited in V.O. Jonah The Petroleum Industry.... op. cit.
  62. ibid.
  63. See the Land Use Decree of 1968.
  64. ibid.
  65. This Section is based mainly on the researcher's several interviews with the oil workers in the Delta area. Of particular reference were those involved in the upstream activities of the petroleum industry. Others in the oil servicing companies as well as those of Shell are interviewed. Some of the exploration and production staff of NNPC are also interviewed.
  66. Shell is always looking for the best of the OSC's and to achieve this, it calls for tenders from these companies - both within and outside Nigeria. This has made it difficult to have a list of permanent contractor oil companies to Shell. However, names of some of the OSCs are obtained during the researcher's field trips to the Delta area.
  67. Based on interviews with some of the drillers at Warri, 1990.
  68. See note 66 above.
  69. ibid.
  70. Based on interviews with an official of one of the OSC's operating in Libya, Lagos, 1989.
  71. ibid. See Terisa Turner et al ed. op. cit.
  72. Based on several field trips to the Delta area.
  73. See section on Political Economy of Nigeria in Chapter Two.
  74. In most of the interviews that the researcher had with some members of the academic even particularly those in related disciplines like Political Science, Interna

tional Relations, Economics, there is a total misconception of what Joint Venture means. One of the members of the academic even challenged me that Shell is owned by the Federal Government. I had to educate most of my respondents on the meaning of the joint venture and how it works.

75. The current figure of the ratio was announced by the Federal Government in 1989 and it divested according to IMF and World Bank instructions. The researcher confirmed the ratio from officials of Shell and those of the Joint Venture Department of the NNPC.
76. Based on interviews with officials of Shell and those of the joint venture unit of NNPC in Lagos, 1989. For more details, see J.O. Orife, 'The Role of Joint Ventures as the Coordinator of Oil Industry Activity', paper presented at NNPC Public Relations Seminar, Lagos, 1987 and Government Joint Venture Participation Interests in the Oil Industry (mimeo) (Lagos, NNPC, 1986).
77. See Peter Norre and Terisa Turner ed., Oil and Class Struggle op. cit.
78. See Chapter Five of Norre and Turner ed., Oil and Class Struggle op. cit.
79. ibid.
80. Based on interview with officials of the joint venture unit of NNPC. Infact this view is also held by many Nigerians working in Shell.
81. For more details, see Marx's Theory of Surplus Value as explained in Dan Nabudere's The Political Economy of Imperialism op. cit.
82. Officials of NUPENG have blamed the use of contract labour by the oil companies on the weakness of the federal government. The researcher also interviewed an official of one of the OSCs in Libya on the issue of contract labour. The respondent said 'no oil company does that in Libya.'
83. Based on interviews with some of the foremen in the Delta in 1990.

Environmental and Socio-Economic Consequences of  
Oil Production in Shell's Areas of Operation  
in the Niger Delta.

**5.i. Introduction**

Shell's mode of operation has been explained in the previous Chapter. The task of this Chapter therefore, is to examine the consequences of the company's operation on the environment and the Socio-economic activities of the areas where it operates in the Delta. In order to discuss these and other related issues effectively, this Chapter first discusses the environmental effects of the company's operation in the Delta area from the point of view of discharge of effluents, oil spillages and gas flare. Next, it examines, the Socio-economic consequences of the company's operation in the Delta and finally is the concluding remark. Before beginning the discussion proper, it is worthy of note to point out that although the Delta area, had some environmental problems before Shell came to the area, they were not on the scale that resulted from oil production. For instance, no mineral was mined in the area before Shell began to prospect for crude oil and as such, the area has never been exposed to oil spillage or related kinds of mining hazards on the environment.

However, there were cases of indiscriminate bush-burning which destroyed farmland, crops and even foodstuffs. Incidents of bush-fire have minimized in the non-oil producing communities. But in those areas producing crude oil, most of the recent incidents of bush-fire have been traced to the self-ignition of the spilled oil and excessive heat from the gas flare with the attendant scale of destruction to crops, farmland, foodstuff at a magnitude that was never experienced in the area before. The discussion proper now begins with the environmental effect.

### 5.ii The Degradation of the Environment

Environmental issues are to a large extent, political because the protection of the environment against any form of wear depends to a considerable degree, on the policies of the state. To the extent there fore that the Nigerian state has no clear-cut policies on the maintenance of its environment at least in the oil-producing areas, it is to that extent that Shell continues to undermine the consequences of its activities on the environment of the Delta. For instance, the colonial State facilitated the exploitation of tin in the Jos, Kano and Bauchi areas and coal around Enugu by the foreign corporate mining companies without any concrete legislation on the protection of the environment of these areas. All the mining companies did then, was to extract the minerals without consideration for the environment of the mining areas. Thus, in the area around the Jos metropolis where most of the tin mining took place in the colonial period, all that the people still have to show long after the departure of the foreign mining companies, are large and deep mining lakes posing not only danger to the life of the people but also, accelerated the scarcity of land for economic activity.<sup>1</sup> Long after the departure of the mining companies also, the post colonial state has not even done anything to improve the situation. Other mining activities in these areas carried out done without any regard to the environment. Even the state (through the Nigerian Mining Corporation) extracts mineral in these areas with outmost disregard to the environment.<sup>2</sup>

Thus, when Shell began exploration for crude oil in the Delta area it was not surprising that there was no colonial legislation on the protection of the environment. Rather the 1914 Mineral Act as earlier explained in Chapter Three was the only colonial legislation on mining. But then, it did not address environmental issues<sup>3</sup>. So, from 1937 when Shell started crude oil exploration to 1956 when the first commercial quantity of the mineral was struck at Oloibiri, the company operated without recourse to the consequences of its activities on the environment of the Delta area.

By 1958 when the first crude oil export to Europe took place, the colonial state, as usual, was more interested in how much revenue that would accrue to it. The next colonial legislation on crude oil apart from the 1914 Mineral Act was the 1956 Oil pipeline Act which again, was more revenue biased because it emphasised revenue that would accrue from licenses issued than the protection of the environment.

In the post-colonial period, the state first and foremost, amended the 1914 Mineral Act to ensure that power over mineral hitherto enjoyed by the Crown Government inherited. The reasons for this have already been made clear in Chapter Three. Although since 1960 the post-colonial Nigerian state has enacted laws and decrees on the petroleum industry, none of them has adequately addressed the issue of environmental degradation of the oil producing areas. The best that has ever happened is the adoption of the existing provisions of international laws on environmental protection which the state is unable to enforce because of their technicalities and lack of necessary equipment among other constraints. It is important at this point to now look into ways in which Shell, through its operation and with the support of the state, degrade the environment of the area its host communities in the Delta.

#### **5.11.a Discharge of Effluents on the Environment**

As earlier explained in Chapter Four, the production of crude oil involves three basic stages: exploration, exploitation and transportation. At each stage, a lot of waste usually called in drilling parlance, as effluents, are disposed off. The effluents contain harmful chemicals which are dangerous not only to plants and animals but also to human beings. Because the state as explained in Chapter Four cannot enforce its statutory legislations on environment, in most cases, colludes with Shell. As a result, the company does not pre-treat its effluents before dumping them on the environment. This, the company cannot do in Europe and USA because of the sanctions of the state.<sup>5</sup>

As shown in table 5-~~a~~ most of the chemicals used by Shell

during exploration and exploitation of crude oil are water-based. Notable among them are barytes, bentonite eposand and soda-ash. And the sources of most of the effluents as shown in table 5-b, are well cutting, drill, muds oil cushion among other routine operational methods. Table 5-a for instance shows, that the effluents are dangerous to plants, animals and human beings. Montomorillonite - the effluent from bentonite - which is usually spilled into the environment by the company, is injurious to the lungs. Because the inhabitants in the oil producing areas do not know the health hazard of such gas, they have been inhaling it and through that, their lungs are gradually getting damaged. It is even worse for the oil workers who are directly exposed to such gas because they are not protected by the oil companies. The ordeal of one of Shell's casual worker is important at this point:

As a casual worker, Shell does not care for my health. Even the contractor company that hired me pays me on daily basis with no medical allowance. Now, I have been ill for the past one week - server cough and short breath. The doctor has diagonized my sickness as lung infection which he said was the cummulative effect of all the dangerous gases I have inhaled at the oil location.<sup>6</sup>



Table 5a

**Chemical Components of most of the Water- based Muds used  
by Shell and their Hazardous EffectsTable 5b**

Components	Description	Hazardous Effects on the Environment
Bentonite	Montomorillonite	Spilled on the environment. Inhalation of the gas produced from the reaction causes accumulation of in the lung and coughing.
CMC	Sodium Carboxymethyl	Causes shortness of breath
Spersene/Drilliad	Perroctnome/ lignosulfonate	Causes shortness of breath
Soda Ash breath	Sodium Carbonate	Causes shortness of breath and corrosive
EP-20	Chrome Lignite	Causes instant death if taken internally; dust causes shortness of breath
Pipe lax	Organic Surfactant	Combustible, causes abdominal pain, and skin irritation

**Source:** Abstracted from interviews with exploraton and exploitation staff of Shell, 1989, and also The Petroleum Industry and the Nigerian Environment op.cit.,

**Table 5b**

**Sources of Operational Discharges from Shell's  
Drilling Rigs**

Sources	Routine Operational Discharges
Drilling  Activities	Well cuttings  Drill Muds  Oil Cushions  Fluids from formation  Cement Slurry Residue  Acid Stimulation Wastes

**Source:** Abstracted from discussions with the Exploration and Exploitation workers of Shell. (field trip).

Shell's oil wells as part of the total oil wells drilled by the oil companies  
in the various ecological zones of the Niger Delta - 1960 - 1985

Years	Total Off-Shore	Shell	Total Land	Shell	Total Swamp	Shell
1960	-	-	25	23	7	7
1961	-	-	20	20	4	4
1962	1	-	30	7	7	
1963	1	-	39	37	9	9
1964	28	-	52	48	14	12
1965	48	6	79	69	36	13
1966	54	5	118	84	43	24
1967	63	7	76	45	26	20
1968	61	11	71	38	10	18
1969	83	23	63	54	6	6
1970	28	29	53	48	24	22
1971	84	30	88	71	51	41
1972	74	16	115	74	61	54
1973	91	11	112	62	34	33
1974	92	7	114	62	44	33
1975	63	3	95	50	37	26
1976	41	5	59	33	48	37
1977	41	12	41	28	40	28
1978	33	6	48	36	33	21
1979	42	6	48	31	41	27
1980	34	3	46	33	44	26
1981	49	6	66	42	36	23
1982	41	13	47	25	28	18
1983	40	6	24	5	18	15
1984	35	2	29	6	14	12
1985	19	3	23	9	25	15
Total =	1,196	210	1,581	1,063	748	551

Source: Abstracted from The Petroleum Industry and the Nigerian Environment, op. cit. pp. 64 - 65 1991 - 1985.

A more detailed discussion on the health hazard of the effluents and other related issues are taken up in the section on socio-economic consequences of oil production of this Chapter.

The extent of damage by the effluents can be better appreciated by the fact that Shell dominates the on-shore oil locations in the Delta. And since these locations are usually in swampy areas the effluents (which are water-based) easily pollute the surrounding water bodies. For instance, the discharge of drilling mud into the stream at Erhoike under the Ughelli North Local Government of Delta State by Shell in 1975 covered a radius of 25km of the swamps in the village. Since the streams are the major sources of water, the villagers drank the polluted water and cases of diarrhoea and other water-born diseases were reported. Although no casualty was recorded, the people for over 6 months, were deprived of their natural source of water. Their fishing ground was also affected?

The spread of the effluents and the scale of damage to the environment of the Delta will be better understood in the light of the company's number of oil wells in the various ecological zones in the area. As shown in table 5-c for instance, between 1960 and 1985, Shell accounted for 551 oil well out of the total of 748 oil well drilled by all the oil companies operating in the Delta. Since more effluents are in most cases, discharged by the oil companies as they drill more oil wells, by implication, Shell has more than any other oil company operating in the Delta, discharged more effluents on the environment and therefore caused more harm to the people as well. The state on its part, also discharges untreated water and other and other chemicals from the refineries on the ecology and in the process worsens, the environment of its own people. In effect, not only is the state unable to regulate the activities of Shell it also pollutes the Delta area through its operations. The next section now examines the degradation of the environment of the Delta and its attendant effects from the perspective of oil spillage.

Table 5d

Causes of Crude Oil Spills in the Niger Delta 1976 - 1980

Causes	1976		1977		1978		1979		1980	
	No. Spill	Net* Volume	No. Spill	Net Volume	No. Spill	Net Volume	No. Spill	Net Volume	No. Spill	Net Volume
1. Unknown	10	257	3	184	13	7795	20	989	10	207
2. Blowout	3	124	1	-	3	80	5	16	4	400,021
3. Equipment Failure	63	17465	61	30627	76	83472	83	609468	114	130917
4. Operator/Maintenance Error (Human)	21	679	20	293	20	2604	16	848	29	3699
5. Engineering Error	-	-	-	-	1	1570	2	504	-	-
6. Natural Causes	1	3	-	-	-	-	-	-	-	-
7. Third Party	-	-	-	-	-	-	3	16990	6	35
8. Sabotage	30	1495	19	42	38	1721	25	1374	67	23025
9. Sand Cut	-	-	-	-	3	8	3	215	5	100
10. Accident	-	-	-	-	-	-	-	-	6	48
Total	128	20023	104	31144	154	97250	157	630405	241	558053

\* - Net Volume spilled in barrels.

Source: Abstracted from The Petroleum Industry and Environment ...op. cit., p. 59

Table 5e.

Crude Oil Spill Sizes in the Niger  
Delta: 1976 - 1980

Spill Size (barrels)	Number of incidents	%	Quantity Spilled on the environ- ment (barrels)	%
0-50	593	75.6	6,436	0.4
51-100	47	6.0	3,751	0.4
101-500	80	10.2	22,808	1.2
501-2000	37	4.7	35,126	1.9
2,001-9,000	14	1.8	62,665	3.4
9,001-10,000	2	0.3	20,000	1.1
10,001-600,000	11	1.4	1,692,261	91.8
<b>Total</b>	<b>784</b>	<b>100</b>	<b>1,843,047</b>	<b>100</b>

**Source:** The Petroleum Industry and Nigerian Environment  
... op. cit., 1981, p. 58

## 5. iib Oil Spillage and the Environment

Nothing brings into greater limelight the recklessness of the operations of Shell and the sheer weakness and connivance of the state in the destruction of the environment of the Niger Delta more than the frequent incidents of oil spillage in the area. For instance, as shown in Table 5d between 1976 and 1980, 784 incidents of oil spills occurred in the country (infact in the Niger Delta) and over 1.8 million barrels were spilled on the environment. Out of the 784 incidents, Shell accounted for 598 which represented approximately 74 percent of the oil spill recorded in that period which resulted in net volume loss of 900,899 barrels of crude oil and all spilled into the environment. Over 50 percent of the company's incidents were caused by equipment failure. The implication of this, is that Shell does not properly maintain its equipments and it is all the more so because the state is unable to supervise its operations in addition to the fact that it pollutes as well.

In order to hide its own defects and protect Shell as well, the state has categorized the severity spillages according to the volume of oil lost. For instance, unless the quantity of crude oil spilled is 250 barrels, it is considered as minor and of no consequence. (See table 5e). This is inspite of the fact that any spill no matter the volume, has one form of negative effect or the other on the environment. If any thing differs, it is the scale of damage<sup>8</sup>. In 1970 therefore, when Shell's trunk line at Ejamah-Bormu situated in the farmland of the Ejaama-Ebubu Community and a large but unknown quantity of crude oil spilled into the farmland and swamp water from it was not surprising that no form of clearing took place. Nor was there any compensation paid either by Shell or the state to the people. This was inspite of the initial loss of crops estimated at over N500,000.00 and the improvement of farming and fishing activities of the people. It was 14 years after, that L.C. Amajor researched into the effect of the spill on the environment and found that they are is still severe.<sup>9</sup>

According to Amajor, the affected area was about 500x750m

but the extensive remnants of the spill spread to six locations: Ebara -Ejamah-Ejoor, Oken-Ejoor, Okulu-Eto-Essa, Ekpo-Epuronu, Oken-Ejamah-Ejoor and Nguafo-Kwaamah . The first location (Ebara-Ejamah-Ejoor) according to him, was a farmland and others are situated within the fresh water swamps along the seasonal distributaries of River Bonny<sup>10</sup>

The Ebara-EjamahEjoor farmland, accroding to Amajor, was completely devoid of vegetation cover. The 37.5cm thick layerof the pollutant extended down slope for up to 150m with a width of 80m. The charred tarry nature of the area suggested that the spilled crude caught fire and possibly burnt for some days. In the Oken-Ejoor swamps and the rest, most of the tree trunks were coated with dark zone suggesting that the crude had been there for sometime and may be permanent as nothing could be done to it. Some of the trees were already showing signs of deterioration which was an indication that the uptake of nutrients by the trees had been affected.<sup>11</sup> The Ejamah-Ebubu oil spill had permanently polluted the surface water and contaminated the soil up to a depth exceeding 2.5m. During the rains, further contamination of both surface and ground water continued and thus, bringing fishing activities to a halt. Water sample obtained from a 5m deep hand dug well contained 1.8gg/l of oil and grease with high hydrocarbon numbers.<sup>12</sup>

In general, Amajor concluded that the environment (both soil and water) surrounding the Ejamah-Ebubu oil spill was heavily polluted. For a long time to come, the soil will remain unfit for cultivation, both surface and sub-surfaced water were importable, fishing activities ceased, fermentation of cassava impossible and streams no more for recreations. The implications of all these for the area are immense .

With the servere damage done by the spill, it is expected that both Shell and the state ought to have carried out research on possible ways to restore the affected area for normal socio-economic activities. This was not done and by 1989 there was no reponse from either the company or the state. The pollution of the six locations deprived the people the use of the hitherto fertile farmland in this area and this has



a corresponding reduction effect on the production of foodstuff in the area as less land is now available for cultivation. For instance, bulk of the plantain produced in the community came from the effected area. Not only that, garri - one of the by-products from cassava - is mostly produced in the area as well. Since 1970, the prices of these staple foodstuff have kept rising. An average size of a bundle of plantain that was sold between N1.00 and N2.00 in 1970 rose to N6.00 by 1975. The increase was due to the shortage of the foodstuff which the spillage has caused. By 1984, plantain was so scarce that a bundle was sold at N45.00 and five years later, the price rose to over N60.00. Infact, it is still a tragic experience for the people of this area. Tragic in the sense that not only are they unable to grow most of their crops but their means of earning income such as fishing have been impaired almost on a permanent basis. Thus, they cannot earn enough money to buy other basic needs and even when they have the means, the price of fooditems is so high that not much can be purchased. The acute shortage of cultivable land in the community since the spill in 1970 has compelled most of the farmers whose land is affected to migrate to the neighbouring communitis. Beside the pressure the migrants now put on land in the host communities, landlords now collect rents on land ranging from N150.00 to N300.00 for one farming season from the tenants (farmers). This was unknown in the area.<sup>14</sup>

In 1973, the Igolu village in Isoko Local Government Area of Delta State, recorded serious oil spillage in which aproximately 10,000 barrels of crude oil was spilled into the environment. The incidence occurred at locations 13 and 18 of Shell in the area and was caused by equipment failure. The spillage was so severe that over 2000 people which represented over three-quarter of the population of the village were displaced because their farmland, fishsing grounds, crops, foodstuffs, and hand-dug wells were all affected.<sup>15</sup> In fact, almost all the economic activities in the village came to an abrupt end. Over N600,000 worth of yams, cassava, plantain was estimated to have been lost<sup>6</sup> For a people whose major source of income is the production of

these staple food for sale, the loss brought very hard times to the extent that affected parents were unable to pay school fees of their children. The monetary value of dead fish that were found floating in the ponds and swampy water was put at over N500,000.00. Apart from the severe economic hardship that such loss caused, one major source of proteinous food - fish - was destroyed. Over half of the farmland of the people estimated at 6500 hectares were immediately rendered unfit for agricultural activities!<sup>17</sup> This heightened the shortage of land. Not only were farmers compelled to migrate and squat with their kins in the neighbouring villages on both land and their homes, land for the first time in the area, attracted rent - both in cash and crops. Migrant farmers paid N100.00 for 50 hectares of land for one planting season.<sup>18</sup> That was not all. The victims of the spillage were not re-settled by either the company or the state. Not even a research was commissioned by them to ascertain the extent of damage done to the environment of the people with a view to restoring agricultural and other economic activities of the people in the area. The cleaning-up exercise of the Igoli spill by the company embarked upon began two weeks after the incident - an indication that not even the state was interested in protecting its own people. To worsen, the local labour recruited from the area was not only exploited but exposed to severe health hazards. For instance, each labourer was paid N3.00 daily to clear the remnants and about 100 were employed to do the job. The cleaning up took one week meaning that Shell spent N3000 for damages estimated at over N10million and even of a more permanent nature to the environment of the area. No protection against infection in the form of handgloves, overall, boots were provided to the workers. As a result, all those who did the risky job, suffered from various kinds of infection particularly skin rashes, bronchal problems and cholera. Over 300 people were also infected by the outbreak of the epidemic!<sup>19</sup> Although no casualty was recorded due largely to the assistance from the community development union, the spillage in Igbolu has brought into the fore the level of destruction of the environment that Shell has caused in its area of operation in the Delta. Infact, it shows more of the weakness of and

Table 5f

**Conditions of Water Resources Before and After  
Oil Spillage In Uzere in 1983**

Water Resources	Drinkable Units		% of oil pollution in the sample
	Before (1)	After (2)	
Rivers	7	7	100.00
Streams	19	17	99.5
Lake	12	10	83.3
Springs	14	14	100.00
Wells	2	13	44.8
Pipe-borne	0	0	0.0

**Source:** Eniola Adeniyi *et. al.* in The Petroleum Industry the Nigerian Environment op.cit p. 242.

the complicity of the state with the company to even deprive the people of their means to earn a living. The situation of Ibolu in 1989 when the researcher visited the area was still pathetic. Pathetic in the sense that normal socio-economic activities of the people were yet to be restored.

In May 1980, another major oil spillage occurred at Uzere under the Isoko Local Government Area of Delta. It was caused by leakages from Shell's flow pipelines. This shows again that the company does not adequately maintain its oil pipelines. Although the accurate quantity of crude oil spilled could not be ascertained because a large volume of it had already sunk into the soil, about 5000 barrels of crude oil was recorded. Again, more than three-quarters of this either sunk or was burnt. The rest was collected through local labour and deposited in a pit untreated<sup>20</sup>. This was obviously not in the interest of the people of the area. Apart from the fact that the socio-economic activities area were severely disrupted just like the Ibolu case, the dumping of the oil sloaks in a pit did further damage. For instance, both the surface and sub-surface water in the affected area was heavily contaminated. And for an area with no pipe-borne water and whose major source of water was from hand-dug wells and streams, drinkable water became scarce. In fact, the research carried out by Eniola Adeniyi *et al* on the area showed the extent of damage done to the drinkable water of Uzere people. As shown in table 5f, there was 100 percent contamination of both rivers and springs which are the natural sources of water. The level of contamination of the streams was 99.5 percent. Wells, which were hand dug, showed that 13 out of the 20 that samples were taken from for test, were contaminated.<sup>21</sup> In spite of the proven case of severe contamination of both surface and underground water, the company did not pay any compensation. Neither did it provide pipe-borne water for the people. The state on its part, did nothing to help the victims. So, not only did Shell (with the support of the state) destroyed the economic activities of the people, it has also deprived the people of some basic needs like water.

Between January 1980 and May 1981, over 12 cases of major oil spillages resulting from equipment failure, blowout due to human error among others, were recorded in the Delta area. Out of the 12 incidents, 6 were caused by Shell. And of the total incidents in which over 1.5 million barrels crude oil was spilled on to the environment, Shells as usual, accounted for more than half.<sup>22</sup> The 6 incidents Shell were all traced to equipment failure and human error.<sup>23</sup> The affected areas: Elelenwa, a village under the Port Harcourt Local Government Area; Elebele-Ogbia in Balga Local Government Area and Okuku in Bonny Local Government Area and Bodo West all in Rivers State; the Burutu and the Isoko Local Government Area of Delta State.<sup>24</sup>

A lot of damages were done from the spillages on both the soil and water of these areas. But to document the extent of damage in each of these areas might be too repetitive since the cases of Bomu, Igolù and Uzere as previously explained, clearly show the level of destruction that crude oil spill can cause to the environment. What is significant to note in the case histories of Shell therefore, is the large scale of environmental destruction and the attendant underdevelopment of the company's areas of operation in the Delta. Infact, there is hardly any year that Shell did not pollute the environment from either oil spillages or dumping of wastes since 1956 when the company struck crude oil at Oloibiri. All the same, a few case histories are still treated here to end the discussion on oil spillage.

In April 1984, there was a sudden but very high sound at well 16 of Shell's oil field located in Otughievwen - community headquarter under the Ughelli South Local Government Area of Delta State . The sound was caused by a burst of one of the oil pipelines. The tremor from the burst pipe damaged the buildings that were close to the well. Over 10,000 barrels of crude oil were spilled into the environment with less than 2000 barrels cleared by some of the inhabitants that Shell hired. Infact, 60 men were employed to do the hazardous job at N10.00 per day for five days. Shell therefore spent N3000.00 to clear the oil mess. This amount was a far cry

from the done to crops, pollution of fish ponds and sudden stoppage of economic activities valued conservatively at over N3 million. All the 60 men who did the cleaning suffered from skin rashes and prolonged cough.<sup>25</sup> They were not provided any medical treatment by the company during and after the exercise. The mopped-up crude oil was deposited in the swamps. And because of the coastal nature ;of the area, the spread of the sleak was so fast that unaffected areas eventually became polluted. The streams that wash into River Forcados were polluted and dead fish and other acquatic organism were found floating.<sup>26</sup>.

The level of pollution of the hand-dug wells in the affected area was so high that drinkable water became scarce. The then chairman of the community's Social Welfare Committee, Mr. Peter Emuaria, arranged for tankers to bring water from Ughelli to the area. But he was able to do this for just 3 days because of financial problem. Neither Shell nor the State provided water for the people. Uptill 1989 when the researcher visited the area, there was no study commissioned by either Shell or the state to ascertain the extent of damage done to the soil and water of the area<sup>27</sup> Five years after the incident, the local fishes were still unfit for breeding fish. The combined effects of all these on the area ranged from acute shortage of foodstuffs and fish to scarcity of land resulting in land speculation and general deprivation of the people of their means of living.

Apart from equipment failure and human error, Shell's oil tanks/reservoirs and barges have been sources of spillages and pollution. In April 1984 for instance, one of Shell's barges with a load of 250 barrels of crude oil was sunk near the junction of the Upper Bonny Estuary and Tombia Creek and the entire cargo was spilled into the environment. No quantity was recovered.<sup>28</sup> I.K.E. Ekweozor and R.J. Snowden (both biological scientists) who carried out an independent research to ascertain the extent of damage done, found out that there was significant reduction in macrofaunal density and species, mortality of oysters, partial defoliation of mangroves and death of some juvenile plants in the area

**Table 5g**

**Reported Cases of The Observed Effects of Crude Oil Spill  
on Mangrove Community and Other Aquatic  
Organism in the Niger Delta.**

<b>Causes</b>	<b>Mangrove Community</b>	<b>Other Aquatic Organisms</b>
Crude Oil spillages resulting blowouts, sabotage, engineering errors, human error and others.	Tree mortality, Defoliation, Root mortality, bark fissuring, seedling mortality, leaf deformities/chlorosis, propayule stunting/bending, leaf stunting, reduction in leaf number, epiphytic mortality changes in faunal community	Mortality of planktons, molusses fishes etc.

**Sources:** Fieldwork 1989.

Abstracted from The Petroleum Industry... op. cit. 1981, 1982, 1985

immediately adjacent to the sunken barge. Their investigation also revealed that there was near total elimination of invertebrates especially polychetes, loss of sessile animals and increased mortality of prop root (mangrove trees) communities. These destructions, the investigation further showed, was due to the blocking of lenticels of the roots thereby inhibiting the respiratory pathways of the plants which eventually caused the death of root cells and loss of mechanical grip.<sup>29</sup> (See table 5g for details) Although it is difficult to quantify the extent of damage in monetary value, the pollution of the mangrove community is very dangerous. Dangerous in the sense that it is a total destruction of all aquatic organism (plants, animals and fish) - with no hope for replenishment. Though scientists are yet to carryout more researches on the impact of oil spillage on the mangrove community, the declining fishing activities in the areas hosting off-shore locations of Shell is a pointer to the fact that fish - a major source of protein for the people - is now scare expensive due in part to the spillages. Shell is therefore, destroying the Delta from the sea to the land.

Since Shell began the export of crude oil in 1958 large quantities of crude oil have always been lost at its terminals at Bonny and Forcados. The causes have been due to the overflow of the large tanks, hoose burst and excess loading of most of the oil tankers that berth off the coasts of Bonny and Forcados. In all the incidents, no specified quantity was recorded by the Petroleum Resources Department of NNPC, the reason being their reliance on Shell for figure and equipment. And according to an official of Shell, these were inevitable spills. Even if they are inevitable, the rate of the spillage can be minimised. The stateon its part, is not making any effort to check Shell at the terminals. Thus, in 1985 when one of Shell's oil tanks at, the Forcados terminal spilled, 0.6million of crude oil was host to the environment<sup>30</sup>. The damage to the communitites around the terminal was not significantly different from the Tombia Creek case. The next section examines the impact of gas flare on the environment in the Delta.



### 5.1ic Gas Flaring and Environment

Shell has always claimed that the flaring of gas is inevitable in the production of crude oil. This claim is premised on the fact that since a lot of 'gang materials' such as water and other associated gasses usually accompany the crude oil in situ, they have to be separated during production to get the pure crude. One way to do this, is through the flaring of gas. Although the flaring of gas is an inevitable process in the production of crude oil which most of the engineering staff of Shell and those of the exploration and exploitation division of NNPC even confirmed, they however, argued that it must not be a continuous process as Shell claims. Rather, as soon as the oil well starts to produce, gases need not be flared. Some can be reinjected into the earth crust for perservation or utilized for other purposes<sup>1</sup>. But the history of Shell in the Delta is replete with continuous flaring of gas. Why that has been the situation is to a large extent, due to the collaboration of the Nigerian state with Shell. As earlier explained in the previous Chapters for instance, the colonial Nigerian state was an imperialist creation and functioned to a considerable degree, to satisfy the interests of its mentors. In that context, when Shell struck crude oil in 1956 at Oloibiri, and two years later, exported it to Europe, all the state was interested in was the collection of taxes, rents and royalties from the company. Whatever damage that was done to the environment either through oil spillage, gas flare among others, was irrelevant. Such was the latitude of freedom Shell had in the colonial period. In the post-colonial period, the state is as usual, more interested in how much it can get in form of revenue from Shell than whatever happens to the environment of the Delta area. That is not all for the introduction of the joint venture - which is a partnership agreement between the state and Shell brought into greater focus the weakness of the state. By the provisions of the joint venture as earlier explained in Chapter Four, Shell is only an operator of the partnership and it does that on behalf of the state and itself. If state insists that gas must not be flared, it

will have to hire another company that specializes in gas production and management. Thus, the state is not willing to do because neither has it the technology nor the necessary infrastructure to reduce its dependence. Infact it is the state that is even doing more harm through gas flaring to the environment of Delta than Shell if the joint nature is any guide. The weakness of the post-colonial state therefore, is not just because it is satisfied with the receipt of oil rents, but also, technically inept to intervene in the petroleum industry. For instance, between 1956 when Shell struck crude oil at Oloibiri to 1971 when NNOC was established, Shell flared virtually all the natural gas that was produced. Within this period also, less than 3 million cubic meters out of the over 100 million cubic meters of the gas produced was utilized.<sup>31</sup> Even out of the 3 million cubic meters utilized, over half were piped to Shell's estates at For-Harcourt and Warri and the rest supplied to NEPA's thermal stations at Ughelli and Afam.<sup>32</sup> It is important at this juncture to look into how the flaring of gas degrades the environment in order to appreciate the colossal damage that both the state and Shell have done to the ecology of the Delta area. First a note on how the flare is ignited.

The contact of oxygen with sulphur and nitrogen among other flammable gases which are emitted in the exploitation of crude oil, produce the flame called the gas flare. The flame in turn, generates heat and produces black soot among other wastes as well which are all dangerous to plants, animals and human beings. Not only does the environment get polluted in the process the socio-economic activities of the people are hindered also.<sup>33</sup> Perhaps, to bring into proper focus the extent of damage done to environment due to gas flare in Shell's areas of operation, a recourse to the works of Isichie and Sanford,<sup>34</sup> Lawanson and Imevboré<sup>5</sup> and Oluwatimilehin<sup>36</sup> is important here.

Isichie and Sanford who were among the early scientists to demonstrate the effect of gas flare on plant growth in Nigeria, found out that plant growth was generally suppressed and that the flowering of E. odoratum in particular, was

suppressed . Although Lawanson and Imevbore in their study found out that agricultural productivity did not necessarily diminish with flare as in the case of Isichie et al. its (gas flares) impact on plant was negative, . According to them cassava tubers decreased in length and weight the closer their distance from the flares. Such decreases were also correlated with decreases in the content of starch and ascorbic acid (vitamin C) which is usually present in small but significant amounts in the tubers and also a vital carbohydrate source to the people. Soil temperature was found to increase as the distance from the flare decreased. They concluded that gas-flares reduce the quantity of cassava and most probably through their effect on the temperature of the soil around the flares.<sup>37</sup> Oluwatimilehin who observed Okra plants and palm trees around the flares found out that they grew well but did not flower and therefore, did not bear fruit. He also discovered that the distribution and movement of game animals were directly affected by the flares in that they were scared away by the fires.<sup>38</sup> The above scientific findings on the impact of gas flare on the environment in Delta area have made it clearer that Shell through continuous gas flare since 1956, must have done severe damage not only to crops but also to land. Infact, the extent of destruction in its areas of operation can be appreciated from the point of view that it has the greatest number of oil wells and gas flare stations than all the oil-producing transnational operating in the Delta. The situation is becoming even worse since reports from the Exploitation and Exploitation Division of NNPC have confirmed that the country hydrocarbon deposits have more gas than oil. This means that a lot more, gas will have to be flared more so when the state cannot enforce its Gas Re-Injection decree of 1979<sup>39</sup>

As shown in table 5h, out of the total of 17.2 billion cubic meters of gas produced by the ten oil-producing oil companies in the Niger Delta, Shell accounted for 8.5 billion cubic meter representing approximately 50 percent. And out of the 8.5 billion cubic meter that the company produced, it flared 5.5 billion cubic meter which represented approximately 65 per cent . What the above situation implies is that the

Table 5h  
Natural Gas Production And Disposals By Oil Producing Companies January  
December 1987 (Cubic Metres)

Company	Production	Gas Used As Fuel	Gas Sold	Gas Re-Injected	Gas Flared	Gas Lifted	Gas Delivered to NNPC	Fuel for	NGL
Shell	8,490,937,646	186,016,744	2,157,439,299	—	5,452,758,411	—	694,723,192	-	-
Gulf	2,045,411,000	142,063,000	—	—	1,903,348,000	—	—	-	-
Agip	2,930,302,300	138,275,590	—	910,043,100	1,881,983,610	—	—	—	—
Mobil	1,629,359,000	88,680,000	—	379,968,000	1,120,964,000	12,933,000	—	—	26,814,000
Texaco	508,112,500	3,807,000	—	—	504,305,500	—	—	-	—
Elf	503,331,970	22,341,000	—	—	430,657,770	50,333,200	—	—	—
Ashland	847,628,453	28,957,522	—	128,687,542	689,983,389	—	—	-	-
Pan-Ocean	189,983,478	4,617,276	—	—	185,366,202	—	—	-	-
Tenneco	10,052,140	—	—	—	10,052,140	—	—	-	-
Phillips	—	—	—	—	—	—	—	-	—
(DUBRI)	14,110,000	449,767,767	—	—	14,460,233	—	—	-	—
Total	17,170,028,487	615,207,899	2,157,439,299	1,418,698,642	12,193,879,255	63,266,200	694,723,192	—	26,814,000
% of Total	100.00	3.58	12.57	8.26	71.02	0.37	4.05	—	0.15

Source: Abstracted from Oil Producing Companies Monthly Returns on Gas  
Production and Disposals, January - December, 1987, NNPC Joint Venture Department.

Associated Gas - Reinjection Decree of 1979 is yet to be enforced if Shell by 1987 still flared about 65 percent of the gas it produced. The consequences of the non-compliance of Shell with the Decree are many.

First on the economy on the Delta . The communities around the gas flare stations have most of their socio-economic activities disrupted. For instance, at Shell's flare sites in Erhorlhe and Erhobaro all under the Kokori/Orogun oil field in Delta state, gas flaring began in 1965. The one at Erhoike is located less than 100 meter to the houses, of the people of the area. All the farmland within the flare station has been rendered unfit for the cultivation of crops . The vegetal cover has long been burnt due to the intense heat from the flare and the hot soil. The neighbouring swamp that use to serve as fishing ground dried up within three months and by 1989 when the reseacher visited the area, a one-time swampy area has turned into a dry land with no vegetation. At Erhobaro, 5 families sharing about 500 hectares of land for farming have been displaced by the 3 gas flare stations in the area. Because of the continous flaring of gas, the vegetation of the area - a typical rainforest is automatically transformed into a savannah. Crops can hardly be grown within 2km radius from the flare sites. Palm trees and rubber trees around the flare sites first of all had their leaves turned yellow, later shed and finally, dried up. All these are not just confirmations of Isichie, Imevbore , Sanford, Lawanson and Oluwatimilehin reports but also demonstrate that their effects on the economic activities of the people are negative and numerous.

Rubber as earlier explained, is a major economic tree in the area. And since most of the flare sites are located either close to rubber plantations or right in their center, the trees have dried up thereby depriving the people of this major source of income.<sup>41</sup> A more detailed discussion on this is taken up in the next action. Palm trees are not only growing too tall and bearing no fruit, they are dying off as well . The implication of this is that vegetable oil and palm kernel pomade-both produced from palm fruits - have become very

scarc and thus expensive. A litre of palm oil in 1972 was sold at 50 kobo. But by 1976 when most of the palm trees had dried up due to excessive heat from the flare, not only was it scarce but sold at N5.00. By 1989 when the researcher visited the area it went up to N45.00. With the sources of income of the people almost totally damaged, it has become even more difficult for them to buy palm oil.<sup>42</sup> Land scarcity has also hightened because a lot of farmland is continuously lost to both Shell and the state. Over 10 farmers now share 50 hectares of land for the cultivation of crops. Not only has land scarcity reduced agricultural output and thereby causing increase in the price of foodstuffs, farmers for the first , pay rents on plots of farms for one planting season<sup>43</sup>. Next section examines this issue in greater detail.

The experience of other communities where Shell's gas flare sites are located in both the Western and Eastern Delta is not different from the situation at Erhioke and Erhobarvo as expalined above. If any thing at all, it is the scale of distruction that varies because the more flare sites that are located in an area, the greater the degree of damage done to the environment.

One other major consequence of gas flaring is the loss in revenue to the state. For instance, Algeria which became an oil-producing country about the same year with Nigeria, exports its natural gas. As at last June 1992, the export price of Algeria's natural liquified gas to Europe was US\$1.18 mm Btu.<sup>44</sup> If Nigeria were to export its natural gas even at the Algerian price, approximately 12.2 billion cubic meters as shown in table 5h which represents the total gas flared by the oil companies in 1987 would have earned the state approximately US\$14.4 million. In particular, about US\$6.5 million ought to have been earned from the 5.5 billion cubic meters of gas flared by Shell - see table 5h. Ineffect, not only is Shell destroying the environment of the Delta, it is also depriving the state the much needed revenue from the export of gas and by that process, even underdeveloping the country generally.

Even the volume of natural gas utilized locally is

insignificant (as shown in table 5h) compared to the total gas produced. Not only that, the state even depends on the foreign oil companies - Shell inclusive - for the technology of piping the gas to its few consumers - NEPA for its thermal station at Ogorode-Sapele, Afam, Delta I, II, III & IV Ughelli, Egbin, Delta Steel Company Aladja -Warri and Ajaokuta Steel Project.<sup>45</sup> And even if the provisions of the joint venture were anything to go by, then it is the state that is actually destroying its own area and denying itself of the revenue as well. This is because Shell is only operating the joint venture on behalf of itself and the state and since the latter has 60 percent, it indirectly bears more of the cost. Thus, the 50 kobo/cubic meter paid by Shell as fine for gas flared is indirectly borne by the state. The fine is a pittance and that perhaps, explains why Shell willingly flouts the Gas Re-Injection Decree.

Although the revenue that is lost by the state through gas flare is much, it cannot be compared with the near permanent damage done not only to the environment of the people but also to their socio-economic activities and health. These are the issues that the next section now examines.

#### **5.iii. The Socio-Economic Effects of Shell's Operation in the Delta Area**

One significant issue to be noted in order to appreciate the extent of the underdevelopment of the Delta area with the advent of crude oil is the nature of its economy. And as earlier explained in Chapter Three, the pre-capitalist social and economic formation of the area were disrupted by British colonialism and re-oriented to cater for the interest of British companies. This section therefore brings into greater limelight how the activities of Shell and the policies of Nigerian state have further made it increasingly difficult for the majority of the people in the Delta area not only to meet their basic human needs but also have deprived them of such means.

### 5.111a Land Scarcity

A great part of the activities of Shell in the Delta area is land-based. From exploration stage through production to the transportation of the crude oil, land is needed. For instance, most of Shell's oil pipelines are laid on land; the company needs land to construct its access roads to link up its various oil locations; land for the construction of gas flare sites and stations, export terminals, storage tanks, air strips among other. In more specific terms, the standard hectarage of land for the company's oil well is 6.3; 1.2 for Shell camp; 6.3 for each flow stations and 1.4 for helicopter landing space. This is the minimum and can be increased depending on the size of the structure. Going by these figures, Shell, for instance, have acquired over 7,560 hectares of land for its 1,200 flow stations in the Delta area; the same hectarage of land for its oil wells numbering about 1200; over 600 hectares of land for its camps and about 600 hectares for its helicopter landing space located in virtually all its oil fields and approximately 1200 hectares of land for its major airstrips at Warri and Port-Harcourt<sup>6</sup>

The state through the NNPC has also acquired land for its operation alongside Shell.<sup>47</sup> No fixed hectarage of land for the state's operations since it owns the land and moreso when the export of crude oil is the major source of the country's foreign exchange. The establishmnt of the refineries and petrochemicals have also made land acquisition by the state mandatory. More land is therefore lost to Shell and the state as more oil wells are discoverd in the Delta area.

For the Delta area where the bulk of the economic activities of the people is based on land, the implication is great and negative as well. Agriculture for instance, constitutes the major employer of the people as well as a major source of food. The agricultural activities take place on land the greater proportion of which is now lost to Shell and the state. What is left for cultivation has even been exposed to one form of pollution or the other. So, there is land scarcity. The situation is worsened by the fact that land is commuallly owned which has made its impacts generally felt by virtually all



farmers in the oil producing communities. Perhaps, a little elaboration on the land situation in Shell's areas of operation at this point might bring out most clearly the extent of its scarcity and the resultant displacement of the people from their economic activities.

The Isoko Local Government Area under the Western Delta is one of the areas where Shell struck crude oil way back in 1957. Shell has remained the dominant oil company operating in the area with over 100 oil wells located at Olomoro, Uzere, Oweh, Oroni and Ogini.<sup>48</sup> Since the first crude oil export in 1958 more oil wells have been discovered in the area by Shell. Accordingly, both Shell and the state have acquired more land for their operation. By 1960, Uzere had lost over 300 hectares of land to Shell for its oil wells, camps and helicopter landing space.<sup>49</sup> Between 1961 and 1967 (before the outbreak of Nigerian civil war) more oil wells were discovered at Olomoro, Oweh, Ogini, Ozoro, Oleh and Oroni. At Olomoro for instance, Shell occupied over 250 hectares of farmland plots by 1966. At Oroni, an aggregate of 200 hectares of farmland was acquired by Shell within the same period. The total hectares of farmland acquired by Shell at Oweh and Ogini within the same period was 150 and 100 respectively. In all, over 400 farmers were displaced in the process. By 1989, over 2000 farmers were affected. The situation is becoming very grim.<sup>50</sup>

Still on land scarcity. After the commercial struck of crude oil in 1956 at Oloibiri, it became necessary to move the crude oil to a terminal from where it is exported to Europe. Shell decided to build two storage tanks in Port-Harcourt where harbour and port facilities already exist. The storage tanks were connected by a 96 kilometer - oil pipeline of 10 inch diameter to Oloibiri and Afam. It was from this temporary export station at Port-Harcourt that Shell made the first export to Holland in 1958. Over 500 hectares of land was acquired for that purpose (terminal and pipelines). The inhabitants of the acquired land were all displaced.<sup>51</sup> But following the discovery of more oil wells in the Western Delta, it became necessary to have a larger terminal more

so when Port-Harcourt is about 65 kilometers from the Bonny river (which is closer to the Atlantic Ocean) making more advantageous to have the terminal of Bonny. The temporary one was abandoned By 1961, the Bonny terminal with 4 storage tanks and a nominal capacity of 380,693 barrels was completed. All crude oil pipelines led to Bonny terminal. The land on which the Bonny terminal built is 1,354 hectares<sup>52</sup>. The scarcity of land in Bonny will be better appreciated against the background that it is an island with a small landspace and almost half of which is now acquired by Shell and the state. With the increase of oil wells, it has become necessary to lay more oil pipelines for the transportation of the crude to the company's export terminals. As a result, the state enacted decrees to ensure that Shell enjoyed the right of way. The Oil Pipeline Act of 1956 as amended in 1963, the Oil Terminal Dues Decree of 1969 were among the decrees that sought for the provision of land for Shell<sup>53</sup>. The 1969 Petroleum Decree for instance, ensured that all parcels of land situated along the right-of-way of Shell pipeline belong to the state.<sup>54</sup> In the Ughelli/Forcados Oil Terminal for instance, all the land along the company's right-of-way was also acquired by the state. Under this trunkline, are the parcels of land at Avuredja/Edosin and Eshurode, near Effurun Otor and Eruemukohwarien villages which covered approximately 62 hectares of land, are all lost to the state and the company.<sup>55</sup> With Shell's 1,700 kilometers of oil pipeline network scattered all over the Delta, no less than 30,000 hectares of land is lost to the company alone<sup>56</sup>. About, 1,200 hectares of land is also lost to the Forcados terminal when it came on stream in 1971. This is against the background that Forcados, as an island, has small portion of land. So, with the terminal, land scarcity is now acute<sup>57</sup>. Even the Land Use Decree of 1978 which is one of the state's ploys to make more land available for oil production has heightened land crisis. Part I, Section I of the Decree states:

'All land comprised in the territory of each state in the Federation are hereby vested in the military governor of the state and such land shall be held in trust for the Federal Government...'

The implication of this decree is that should oil be found, agricultural production has to give way to oil production. Land as well, automatically belongs to the state. With the discovery of more oilwells, land scarcity has heightened in the Delta particularly with the NNPC's gas stations in most areas where Shell operates. In the Isoko Local Government Area for instance, the NNPC, between 1979 and 1986, acquired over 100 hectares of farming land at Uzere for the gas transmission plants and about 180 hectares at Oroni. An aggregate of over 120 hectares of land is acquired in each of Shell areas of operation in the local government area<sup>59</sup>. The Utorogu gas plant located in Shell's operational area in the Ughelli South Local Government Area of Delta State is built on over 1000 hectares of land.<sup>60</sup>

The general consequences of all these are that the agricultural activities of the people are limited and land speculation is now common. For instance, the people needed abundant land to be able to practice their traditional farming methods such as shifting cultivation. Under this traditional farming method, enough land is needed so that part of it could be allowed to grow fallow and in the process regained its lost nutrients.<sup>61</sup> This has to change since Shell began operation in the area. What has become common place is a situation where farmers have less than 2 hectares of land to cultivate their crop.<sup>62</sup> Farming, has almost been abandoned due to inadequate land combined with poor yield which have led to the migration of most of the able-bodied men to the cities in search of white collar jobs that are hardly there.<sup>63</sup>

The situation in the riverine areas is even worse because land is already scarce. It is in fact, a pathetic one. For instance, in Bonny, the only fertile land in the island has been occupied by Shell and the state since 1961. The agricultural activity of the people has almost come to a halt. And with no hope of employment from Shell, the youths are migrating to Port-Harcourt among other cities.

It is the same story at Oloibiri, where the first commercial oil well was struck by Shell. The available cultivable land

has been on the decrease since Shell began operation there in 1956. Even the land evacuated by the company still remains polluted and therefore cannot be cultivated. The general pollution of the area has made it difficult for the people to practice any serious agricultural activity on a scale that will make them self-sufficient in food. Perhaps, a look at farming might bring out a clearer picture of the consequences of land scarcity in the Delta area..

#### **5iib. Farming.**

Before 1900, farming in the Delta area was for subsistence. This is by no means an assumption that nothing was exchanged. No doubt, exchange took place but not in the capitalist sense of gearing production towards exchange. In the colonial Delta, therefore although people still farm to meet their subsistent needs, the bulk of what was produced was essentially for sale and the proceeds of which were then used to first of all, pay for income tax and the rest to meet other basic needs.<sup>66</sup> See table 5i for some sense of the crops grown in the area. Furthermore, the colonial government introduced rubber tree into the Delta and forced the people to grow it. This was one of the colonial policies meant to guarantee a steady supply of rubber whose demand in Europe was high because of its inputs into the production of automobile tyres, armoured cables, bushings, boots etc.<sup>67</sup> Unlike the staple foodstuffs, rubber was grown and tapped essentially for export. The palm trees in the Delta were wild ones and they were the sources of the bulk of what was produced in the form of kernels and oil which were also exported. This should not mean that the colonial government did not introduce certain high breed specie. It did but they were all used to develop the few foreign-owned palm plantations to augment the supply of raw materials. The bulk of the palm produce export however came from the peasant farmers.<sup>68</sup> All these changed with the advent of crude oil.

By 1958 Shell's activities were still limited to Oloibiri, Port Harcourt, Afam, Bomu in the present day Rivers State and a pocket of exploration works in Uzere and Ughelli in the present day Delta State. However, that should not mean that

**Table 5i.****List of Most of the Staple Food Crops Cultivated in the Delta Area**

Nature of Crops	Type of Crops
Root Crops (bearing tubers)	Yams, Cassava, Cocoyams, Groundnuts, Sweet potatoes.
Fruit bearing Crops	Orange, Plantain, Okro, Guava, Pineapple, Pea, Coconut, Pepper, Kola-nut, Maize, Paw-paw.
Vegetable	Spinach, Bitter leaf, Water leaf, Pump-kin, Tomatoes, Garden eggs.

**Source:** Field Work, 1989.

CODESRIA-LIBRARY

the company did not deepen the existing capitalist relations in those areas. It did, but not to the extent that farming was severely endangered after 1960. At least, in 1956, 1957 and 1958, the Delta area still accounted for almost half of the total palm products exported to Europe - see table .5j

As can be seen from table 5j, palm products export accounted for the highest tonnage and value of exports for the 1956 - 1958 period. But by 1960, when Shell had drilled over 350 successful oil wells<sup>69</sup> and, coupled with the company's clandestine financial assistance to the Federal Military Government during the Nigerian-Biafran war, the Federal Government emerged from the war with not just great reliance on crude oil but also shielded Shell<sup>70</sup>. In fact, this was the beginning of the neglect of agriculture and a greater reliance on oil. Shell also cashed in on its privileged position in the country's post-colonial economy in addition to the already weak state, to operate with very high disregard for the environment to the extent that frequent oil pollution has crippled farming activities in the Delta Area. The Bomu case is instructive here but this time on the consequences of the spill on farming.

In 1970, Shell had a very serious oil spillage at Bomu in the present day Rivers state. Though no accurate figure of the volume of oil spilled was recorded, over 3.5 million barrels of crude oil was said to have been lost in the disaster. The broken Bomu major trunkline spilled for six days before Shell was able to bring it under control. There was no form of cleaning-up exercise by either Shell or the state.<sup>71</sup> So, most of the spilled oil sunk into the soil, some burnt, and others washed in the swampy area of the community where the spillage occurred. It was 14 years after the spillage that L.C. Amajor<sup>72</sup> carried out an independent research to ascertain whether its impacts still affect the economic activities of the people.

According to Amajor, the Ebubu Ejamah-Ejoor farmland which was the nucleus of the spillage had no vegetation. Farming which was a major occupation of the people, came to an abrupt end. The soil still shows traces of crude oil in addition to

Table 5j.

**Nigeria's Main Domestic Agricultural Exports By Tonnage  
and Value Over 3 Years (1956 , 1957 and 1958)**

Commodity	Tonnage	Value £
Palm Kernels	433,000	19,616,000
Palm Oil	174,000	13,777,000
Groundnuts (including oil and cake)	507,000	30,267,000
Cocoa	113,000	25,605,000
Cotton lint	29,000	7,098,000
Cotton Seed	42,000	925,000
Rubber	40,000	7,024,000
Bananas	78,000	2,822,000

**Source:** Economic Survey of Nigeria 1959 cited in Claude Ake, op. cit., 1981, p. 51

the 2.5 meters depth of contamination. In effect, no crop can be grown in the area.<sup>73</sup> The villages around the Oken-Ejoor Swamp which are over 2 kilometers away from the spot of the spillage still have their swampy farmland rendered unfit for agricultural activities. For instance, the flood plains of the Okulu Eto-Essa, Nmu-Lale-Chujoh, Ekpo-Epuronu and Nguafu Kulamah locations still have all the soils contaminated. The inhabitants of these areas can no longer grow water yams, plantains, cocoyams and other staple food crops because of the severe damage of the spillage and its impacts on the soil the soil.<sup>74</sup>

The Bomu case shows that even 14 years after the spillage, its impact on the soil is still danderous. It also shows the weakness of the state and the reckless abandon with which Shell does its business in the area. The impacts of all these on the area are numerous. Inhabitants of the area with primary education had no other choice than to migrate to the cities to swell the pool of the urban job seekers. For others who have no formal education, they migrated to the neighbouring communities to farm with the hope of returning home when the soil would have regained its nutrients. But if after 14 years, the soil is still unfit for agricultural activities and nothing is being done by both the state and Shell to restore it, then the migrants farmers will have to forget returning home to till the land. Ineffect, Shell has permanently damaged the soil of the area.

In Isoko Local Government Area where, Shell, by 1987, had six gas flare sites located at Olomoro, Oweh, Uzere West and East, Ogini and Oroni,<sup>75</sup> farming activities have been severely damaged. Gas flare as explained in the previous section of this Chapter, affects land by increasing the soil temperature both horizontally and vertically. This results in hardening soil which has hindered farming in the area. Crops are forced to develop long roots in order to carry out their functions. Crops in farm land around the company's locations have shed their leaves within three days because of the excessive heat. Trees were also affected.<sup>76</sup> There was a consensus of opinion among the 18 randomly sampled farmers interviewed in



6 villages in the area on the impact of Shell's gas flaring on farming. According to them, 'farming in the area has been progressively abandoned. Since the mid-1970s, farm crops have continued to retard in growth. Cassava, the most widely cultivated crop in the area, has had their tubers continuously decreasing both in length and weight every year. Other crops like yam, cocoyam have their tubers not only decreasing in length but also losing weight. Maize, is extra-ordinarily tall and refused to flower and therefore, cannot bear fruits. This is the situation in all farms that are located in not less than 500 meters from the flare sites<sup>77</sup>. Crops like garden eggs, pepper, okro and vegetables like tomatoes, pumpkin among others, are hardly grown due not only to gas flare but the general soil pollution in the area<sup>78</sup>. In area within the Local Government where there were no gas flare stations, oil pipeline have criss-crossed most of the cultivatable land which have also hindered farming.

The gradual but permanent displacement of the people from their means of livelihood since the mid-1970s, has led to increases in the prices of most of their staple foodstuffs like garri, yam, plantain among others. For instance, kilogram basket of garri which was sold at N1.50 in 1978 has increased to N40.00 in 1989<sup>78</sup>. Such increases in the prices of foodstuffs is taking place against the background of declining income of the farmers. This makes the situation very pathetic. Most of their able bodied men have now migrated to Warri, Sapele, Ughelli and other cities in search of jobs. Those who can not migrate resorted to other social vices like armed robbery.<sup>79</sup>

For Shell's areas of operation in the Ughelli Local Government Area, farming activity has been gradually crippled. At the Afiesere/Eriemu oil fields half of the farmland in the area has been polluted. At Kokori and Orogun oil fields, gas flare sites are all on farmlands. At Effurun-Otor and Eruomokuharie axis, Shell flare sites and general oil spillage have crippled agriculture. The Ughelli - Olomu - Utorogu axis where Shell struck the largest gas deposit in the whole Delta, it is all damages to agriculture<sup>80</sup>

At the Kokori/Orogun oil fields and flare sites for instance, not only has the rainforest in the areas around the flare disappeared, palm trees became too tall and do not bear fruit. Rubber trees also grew too tall that they no longer produced resulting in their being felled and used as fuel. At Erhobaro village where virtually all its farmland is either used as flare site or dotted with oil wells, farming is almost abandoned. Crops can no longer be cultivated in all the farmlands surrounding Shell's gas flares and oil wells in the area. The villagers, since 1978, began to rent land for farming activity in the neighbouring areas where Shell is yet to discover oil.<sup>81</sup>

At Otughievwen, located within the Ughelli-Olomu-Otorogu axis, farming, like in the Kokori/Orogun area, is approaching extinction. Infact, the vegetal cover in the area since Shell began operation, has given way to a derived savannah. Although no study has been carried out on the origin of a specie of shrub that dominated the vegetation of the area since 1957, it was assumed that Shell introduced it. Perhaps, it was meant to replenish the fast disappearing rainforest of the area. But it turned out to be more disastrous since soil fertility is neither restored nor enhanced. 'Shell plant', as it is called by the people has spread all through the Delta area.<sup>82</sup>

All these have resulted in rural-urban migration Ughelli town, - a one time colonial district headquarters and now a Local Government headquarter is faced with housing problem, price increases of food-stuffs, increased social vices like armed robbery, and high rates of unemployment.<sup>83</sup> It is important at this point, to now look into how Shell destroyed the fishing activity of the Delta people since it began operation in the area for over 50 years ago.

### **5iiiic Fishing**

Fishing is one of the major economic activities of the Delta people not the least because it is a riverine area. And it is in the riverine areas (swamps to be precise) that most of Shell's operations in the Delta are concentrated. For

instance, Shell through its exploration and exploitation of crude oil in these areas destroy the fishing activity of the people by discharging dangerous chemicals into the water which the flora and fauna. The company also channelizes creeks and make them too deep and fast flowing thereby inhibiting the casting of nets and the use of hand-made boats; Through oil spillages resulting from oil pipeline burst, sabotage, blowout of well heads among others, the company pollutes the creeks.

To appreciate how fishing is destroyed in the Delta, it is important to have an idea of some scientific studies carried out on the impacts of crude oil on aquatic organisms. On the surface water for instance, C.T.I. Odu found out that crude oil limited oxygen exchange, entangles and kills surface organisms and coat the gills of fishes. Furthermore, the use of kerosene and aromatic hydrocarbon based dispersant used in the cleaning-up exercise also damage the flora and fauna of the area. Odu's investigations were based on the Finiwa Blowout of 1980.<sup>64</sup>

Other studies carried out on the impact of oil on the mangrove community by Jennifer Baker among others, revealed that a lot of damage is done to the stilt roots, lower trunks and mud surface which provide nurseries and feeding grounds for most of the species of fish and other invertebrate communities. C.B. Powell, S.A. Whyte, B. Baranowska-Dutkiewicz, D.D. Ibebele and others from their researches, found out that crude oil kills plankton and other invertebrates found in the mangrove community such as snails, dragon flies aquatic bugs and shrimps. Their findings also showed embryonic mortality as well as eggs laid by the members of the fauna family. These studies were also based on the Bomu Disaster and the historic Finiwa blow-out. The significance of the above studies is they give credibility to some of the observations made in this study not the least because it is a social science research.

The effect of the 1970 spillage at Ebubu is therefore instructive at this point. According to Amajor who carried out a study to ascertain the extent of damage done to the

environment generally and fishing in particular, the surface water was polluted. His findings also showed an over three meter depth contamination of the swampy soil of the area. He concluded that fishing activity in the area was paralyzed<sup>7</sup>.

Although there was no official record of the quantity and money value of the fishes that were killed in the oil disaster, one of the indigenes of the area whom I interviewed at the University of Port-Harcourt in June 1989, said that 'a lot of aquatic organisms like mud fish, cat fish, tilapia, crabs were seen floating in the water two days after the incident.' 'Nineteen years after the spillage', he continued, 'fishing activity was yet to return to the area'<sup>8</sup>. Infact, this shows that five years after Amajor's research, fishing activity still remained paralyzed. The people who were (and are still) naturally fishermen by virtue of their geographical location, have been forcefully displaced by Shell from their means of livelihood leaving a large number of them in an endless search for other fishing grounds in the neighbouring communities<sup>9</sup>.

In 1978, three incidents of oil spillage occurred at Erhoike and Erhobaro oil wells all located within the Kokori/Orogun oil fields of Shell. The spillages were caused by oil pipelines rupture. The first occurred in January followed by another in June and the last in November all in 1978. The estimated volume of oil spilled was 56,000 barrels and all lost to the swampy area - where most of the fish ponds were located and the people's fishing activities took place as well. Over 5000 kilogram of various kinds of fishes estimated at N65,000.00 were lost in the incidents.

Infact, one Mr. Oniroro summed up the declining fishing activities in the are as follows:

The fish ponds and the swampy areas in this area have all been polluted by Shell through spillages and discharge of effluents. To worsen, NNPC has prohibited fishing activity in its right-of-way for oil and gas pipelines in the swampy areas. So, not only are our fishing grounds damaged we are even deprived

of one of our major economic activities. We have suffered .<sup>91</sup>

The situation in Bonny since Shell struck crude oil in the area in the late 1950s is not different from the above. Bonny, as earlier explained, has had fishing as the main occupation of its people before Shell came. Since 1961 when Shell completed and commissioned its first terminal in Bonny, fishing activity in the area has been paralyzed. Over half of the land space in Bonny is occupied by Shell's storage tanks. The neighbouring water bodies are all criss-crossed with Shell's major trunk oil pipelines. The large oil tankers berth off Bonny coast. The large semi-submersible hoes for loading crude oil into the ships are always floating almost around Bonny. In addition, Shell's rigs are located around the town. Bonny water therefore, is constantly polluted from these hose rupture, pipeline burst and blowouts. Infact, Shell lost a whole rig including the staff off Bonny in 1985 with all the attendant damage to fishing<sup>92</sup>. The various forms of pollution have forced the people to abandon their major occupation - fishing. This is moreso when planktons and other members of the fauna family necessary for the growth of fish have all been destroyed. The damage done to fishing activities in Bonny area will for long time to come, affect generations yet unborn.

In 1983, Uzere - one of the greatest fishing areas under the Isoko Local Government Area - had a major oil spillage at the peak of the rainy season. Over 50,000 barrels of crude oil were estimated to have spilled into the swampy area where most of the people's fish ponds were located. The affected area also served as the major fishing grounds of the people. Over 1,200 fish ponds were polluted and as much as N400,000.00 was estimated as losses from the destruction of these ponds and fishes. Three years after the spillage, fishing activity in the area was yet to return to normal and this has caused severe fish scarcity and reduced protein intake <sup>93</sup>

At Aleibiri community under the Sagbama Local Government Area of Rivers State, Shell has also damaged the fishing activities of the people. To enable the company to move its

equipment and other facilities to its work sites in the Sagbama area, the West end of Aleibiri town was dredged close to the Ayaoba canal. The canal which took its source from the Bomadi main creek, was extended to Opuokodo creek with a length of two kilometers. The Opuokodo creek was extended to Amanators creek where Shell's Beneseide/Forcados' major trunkline is situated. In the process, important fish ponds and lakes like the Borudonou, Opuodonou, Agalaba and Lalpou were all destroyed. That was not all, the canal became too deep after the dredging that small fishing boats were (and are still) not used. The natural course of the migration of fish was altered; natural fishing grounds destroyed and above all, the creek falls under Shell's right-of-way which prohibited all fishing activities in the area. As to be expected, some of the people have migrated to other fishing communities in the area.<sup>94</sup> So much on fishing, now on one of the major cash crops of the Delta area- rubber.

#### **5.iiid Ruber Tapping**

Rubber was one of the major cash crops that was compulsorily grown in the Niger Delta with the advent of British colonial rule. It was meant to guarantee the raw material needs of the metropolitan factories.<sup>95</sup> By the time when Shell came to the Delta area, rubber was already grown extensively. But its growth was more on the upland areas than the swamps because of the geographical requirement of the crop.<sup>96</sup> In the Western Delta for instance, all the Urbobo and Isoko speaking areas had large expanse of their land grown with rubber trees. The riverine areas of Bomadi, Burutu, Forcados and Koko were too waterlogged for its growth.<sup>97</sup> The same for the Eastern Delta area covered for the study.<sup>98</sup> In other words, rubber tapping was almost restricted to the Urhobo/Isoko speaking areas of the Niger Delta. The 1963/64 Rural Economic Surveys of Nigeria brought this out very clearly. According to the report, the proportional amount of cultivated land devoted to rubber production in the then Bendel State varies from 7.2 per cent in part of Benin division to 27.4 per cent in the Urhobo/Isoko divisions.<sup>99</sup> This implies that more land was

used for the cultivation of rubber in the southern part of the state. These areas are in the current Delta State. The total hectares of land devoted to rubber cultivation in Urbobo and Isoko division for instance, was 61,916 in 1965. By 1976, this was increased to 122,894 hectares<sup>100</sup> One thing is clear from the above and that is, rubber tapping is one major occupation of the people. For instance, between 1956, and 1959, 40,000 tons of rubber was exported to Europe and £7,024,000.00 came in as export earnings.<sup>101</sup> In effect, tapping of rubber also was one major source of income of the people.

By 1957 when Shell actually began exploration and exploitation of crude oil in these areas, rubber tapping, was still a main occupation as well as a major source of income of the people. But as the production of crude oil progresses in the area, most of the rubber plantations owned by the people are destroyed for the purposes of the construction of flare sites, flow stations, access roads, laying of oil and gas pipelines, burrow pits among others. Infact, Agboola's work showed that small holders owned 95 percent of the total rubber plantations in the area with the remaining five percent shared between estate farm plantations and others<sup>102</sup>. This, in effect means that the operations of Shell have disrupted the means of livelihood and a major economic activity of the plantation owners. The situation in the Isoko area which has the largest oil wells might bring into sharper focus, the general trend and extent of Shell's destruction of this economic activity. Isoko Local Government Area has 17 clans Emevor, Iyede, Okpe, Owhe, Igbide, Olomoro, Aviara, Oleh, Eruwe, Umeh, Erhowa, Ellu, Irri, Ofagbe, Ozoro, Uzere and Emede. Altogether, the area occupied 1,047.6 km<sup>2</sup>.<sup>103</sup> with a population of 226,139 according to the 1963 census<sup>104</sup> Out of this land area, about 400 km<sup>2</sup> was grown with rubber.<sup>105</sup> Shell destroyed over 200km<sup>2</sup> of the rubber plantations<sup>106</sup> NNPC on its parts. destroyed 50 km<sup>2</sup> <sup>107</sup> of the land grown with rubber. So, both the state (NNPC) and Shell are all involved in the destruction of rubber plantation. Gas flare in particular, has done more damage to rubber than any other pollutant. Apart from the land scarcity caused by the

construction of gas flare sites, the heat generated by the flare also affect the rubber trees. In most cases, the flare sites were located in the middle of the rubber plantations<sup>98</sup> resulting in the death of the rubber trees .

The implication of all these on the people include some of the following. First, the people have been deprived of one major economic activity without providing an alternative. Second, as a major employer of labour, most of the rubber tappers have become redundant . Infact, out of a slelect group of 50 men the researcher interviewed in the area in 1989, 40 had their rubber plantation destroyed. Not only were they bitter with Shell and the state about their negative activities, they also complained of a monthly loss of revenue ranging between N900.00 and N1,200.00 which hitherto accrued from the proceeds of the sale of rubber sheets and lumps. This worsened their economic hardship. Third, and final, most of the rubber tappers who have been forced to migrate to Warri, Ughelli, Sapele and other cities in search of job, have depopulated the areas of the youths who usually partake in the rural community works.<sup>109</sup> The next section examined transportation.

#### **5.iii e Transportation**

The Niger Delta as earlier explained in Chapter Three is criss-crossed by rivers. Water transpotation is therefore one dominant mode of moving both foodstuffs and people from one place to another. Transportation by water ineffect, is an important economic activity particularly for the coastal areas. It employs about 40 percent of the people in the riverine areas and accounts as well as one of the sources of income.<sup>110</sup>

With the advent of Shell in the area, water transportation has gradually come to a halt. For instance, the company has either dredged the existing water routes or constructed new channels or even dredged the rivers to accomodate the jetties/ships of contractor companies to Shell. The dredged



rivers usually too deep and fast-flowing that hand-made boats cannot safely sail on them. To worsen, the high density of traffic by Shell's jetties and ships on the rivers have made it unsafe for small boats to use. Water transportation as an economic activity in Shell's areas of operation has virtually been wiped out. Apart from the loss of jobs it has caused, the people have also been deprived of a source of income.<sup>111</sup> Some illustration at this point might be helpful.

The Aleibiri community under Sagbama Local Government of Rivers State is one area in the Delta where Shell began operation since 1960. As a riverine area, water transportation is a major economic activity of the people. Infact, over 30 percent of the total population of the village are engaged in the business of using canoes and boats to move people and their wares to the neighbouring coastal towns like Bomadi, Burutu and Patani.<sup>112</sup> With the increased operations of Shell in the area, drilling equipment will have to be moved to its various locations. In 1973, Westminister Dredging Company, one of the servcing companies to Shell constructed a canal to link up the West end of Aleibiri. The dredged end of the town led to the blocking of Ayaoba creek which took source from the Bomadi River. The Opuokodo canal also expanded to link the oil well at Aleibiri. All the cannals were extended to the Amanatom creek where the Breneseide/ Forcados pipline manifold is situated.<sup>113</sup>

One major implication of this on the water transportation of the area is summed up by one of the indigenes of Aleibiri who has been forced to hang his boats the activities of shell and its contractor companies. According to him,

the new cannals, are too deep (at times 200 metre) that no small boat can safely sail on it without risking a capsid. Furthermore, the cannals are even too deep that paddles are no longer useful as navigators. The engine - propelled boats are too expenssive to buy. Worse still, the big ships that constantly ply the

routes occupy more than half of the 40 meter width creeks that no local transporter dares sailing. It has come to a situation where traders in particular use their own small boats to ferry their goods through other routes in the creeks to the neighbouring markets. Transportation as an occupation is no longer any serious business with virtually all the people engaged in it out of operation. Most of them are now in the urban centres to swell the pool of the proletariat.<sup>114</sup>

Income that hitherto accrued to the transporters have declined considerably. For instance, a transporter with 5 boats plying Aleibiri- Burutu and Bomadi route earned about N400.00 daily in 1975. Since Shell through dredging, destroyed their natural water routes of transportation, most of those still in the business have not only constructed their own routes the daily returns have declined to about N50.00.<sup>115</sup> The newly constructed routes are not only farther but have many mangrove trees that impair sailing. The Aleibiri experience is the same for most of the coastal villages in Shell's areas of operation. The next issue is on the health effects of oil production.

#### **5.iiif Health Effects**

Health hazards associated with the operations of Shell in the Delta can be classified as physical in which case accidents are involved, and chemical, where it is mainly the pollution of the environment with the attendant effects on the human beings, animals and plants. This section is limited to the latter because it constitutes of the larger environment including the inhabitants of the areas where Shell operates in the Delta. This is by no means an assumption that Shell workers never suffered from chemical pollution and health hazards. They did, but then, this study is not focused on Shell workers rather, on the impact of its operation on the health of the people in its areas of operation.

Before the July 1970 Bomu disaster, no attention was really paid to the health hazards the people in Shell's area of operation have been suffering over the years.<sup>116</sup> This was due largely, to the ignorance of the people. But then, both Shell and the state could not have been ignorant. Rather, it is more of neglect on the part of Shell and glaring and connivance of the state. All combined gave Shell the leverage to operate in the area with utter disregard for the health of the people. It is a situation in which the people never knew that they are gradually being killed by Shell on one hand, and on the other hand, the state which ought to have protected the people is itself collaborating with the company to ensure its income is regular. Thus, there is hardly any area where Shell operates in the Delta that it has not flared gas and dumped drilling wastes either on land or into the water.<sup>117</sup> Gas flare, in particular, which was initially exciting to the people because it illuminated their areas at night and serves as a regular source of energy for drying their clothes, fish, tapioca, garri, woods among others, was later realized by the people as a health hazard. In the whole Delta Shell still flares gas uninterruptedly within towns and villages such as Ogonu-Warri, Afiesere, Eriemu, Umolo, Otughievwen, Uzere, Oleh, Olomoro, Oweh and Emevor in the western Delta. In the Eastern Delta, are Port Harcourt (around Rumuola, Obigbo and Choba) Afam, Bonny and Umuechem among others.<sup>118</sup> As earlier stated, it was after the 1970 Bomu disaster that researchers began to investigate the health implication of oil spillage, gas flare among others. One of such scientific investigations revealed that sulphur, nitrogen among the numerous gases, associated with the crude oil, usually escaped into the air during the process of its production. They, on contact with oxygen form oxides of sulphur and nitrogen which then crystalize and fall back as 'sulphuric and nitric acid rain'. The oxide of sulphur for instance, cause irritation of the pharynx which consequently leads to cough. The higher concentration of this pollution causes conjunctivitis of the eyes and bronchitis of the lungs. The oxides of nitrogen also causes irritation of the eyes and throat. All combined, can cause the cancer of the respiratory system, bladder, lips, mouth and oesophagus.<sup>119</sup> Gas flare

Before the July 1970 Bomu disaster, no attention was really paid to the health hazards the people in Shell's area of operation have been suffering over the years.<sup>116</sup> This was due largely, to the ignorance of the people. But then, both Shell and the state could not have been ignorant. Rather, it is more of neglect on the part of Shell and glaring and connivance of the state. All combined gave Shell the leverage to operate in the area with utter disregard for the health of the people. It is a situation in which the people never knew that they are gradually being killed by Shell on one hand, and on the other hand, the state which ought to have protected the people is itself collaborating with the company to ensure its income is regular. Thus, there is hardly any area where Shell operates in the Delta that it has not flared gas and dumped drilling wastes either on land or into the water.<sup>117</sup> Gas flare, in particular, which was initially exciting to the people because it illuminated their areas at night and serves as a regular source of energy for drying their clothes, fish, tapioca, garri, woods among others, was later realized by the people as a health hazard. In the whole Delta Shell still flares gas uninterruptedly within towns and villages such as Ogonu-Warri, Afiesere, Eriemu, Umolo, Otughiewwen, Uzere, Oleh, Olomoro, Oweh and Emevor in the western Delta. In the Eastern Delta, are Port Harcourt (around Rumuola, Obigbo and Choba) Afam, Bonny and Umuechem among others.<sup>118</sup> As earlier stated, it was after the 1970 Bomu disaster that researchers began to investigate the health implication of oil spillage, gas flare among others. One of such scientific investigations revealed that sulphur, nitrogen among the numerous gases, associated with the crude oil, usually escaped into the air during the process of its production. They, on contact with oxygen form oxides of sulphur and nitrogen which then crystalize and fall back as 'sulphuric and nitric acid rain'. The oxide of sulphur for instance, cause irritation of the pharynx which consequently leads to cough. The higher concentration of this pollution causes conjunctivitis of the eyes and bronchitis of the lungs. The oxides of nitrogen also causes irritation of the eyes and throat. All combined, can cause the cancer of the respiratory system, bladder, lips, mouth and oesophagus.<sup>119</sup> Gas flare

has also been found to generate too much heat that is capable of spoiling the glands and hormones in women living close to flare sites. And cases of miscarriages and infertility in some of these areas were attributed to it<sup>20</sup>. Oil polluted water (both surface and sub-surface) has been known to cause diarrhea, cholera, and other kinds of water borne diseases.<sup>121</sup> Inhabitants of the oil-producing areas and other oil workers have been alerted of blood poisoning resulting from high concentration of lead in most of the wastes dumped.<sup>122</sup>

As the latency period of most of these diseases according to research reports, vary from ten to twenty-five years, the people hardly know the implication of Shell's activities on their health.<sup>123</sup> At least, by 1970, there was little or no symptoms of most of the diseases among the people in the oil-producing areas of the Delta.<sup>124</sup> Even after some scientific researches as explained have proved that the health of the people can and have been endangered by Shell's operations, there continues to be a communication gap between the researchers and the people on one hand, and between the state and the people on the other. So, most of the people in the oil producing area long after 1970, still remain ignorant. The state on its part has not genuinely done anything to check Shell's activities. This is all the more so since it began refining crude oil and polluting the environment in the process.<sup>125</sup> Some elaboration is in order here.

In July 1983, Shell recorded an oil spillage at Uzere. Eniola Adeniyi et al's report on the extent of water pollution in the area showed that except pipe-borne water, all other sources of drinking water were heavily polluted.<sup>126</sup> This, in fact, meant that the people drank polluted water since there was no pipe-borne water in the area and the surrounding villages before the spillage. According to a respondent who the researcher interviewed, over 300 cases of cholera and diarrhea were reported out of which 10 people died. The sources from the Community Health Department of the Isoko Local Government Area even confirmed the epidemic

and the deaths. The timely intervention of the community's development union save the situation. There was also widespread cases of skin rashes since the polluted streams were used as swimming and fishing grounds<sup>127</sup>.

In April 1984, well number 16 of Shell at Otughievwen blew out and spilled a large volume of crude oil on both land and into the swampy areas and creeks. There was no pipe-borne water in the area at the time and the people drank water from the hand-dug wells as well as the streams which were polluted. Infact, an old woman returning from farm was reported to have cleared the oil sleaks on the water with her hands and drank from the stream. She developed cholera and died two days later. Information obtained from the records at the General Hospital Ughelli confirmed the death. Other private clinics contacted at Ughelli confirmed the widespread cases of skin diseases, genital and vaginal inflammation among men and women who swam in the streams. It was the community's effort that the situation under control<sup>128</sup>. The scientific study that brought was also carried out on the health implications of the polluted water in the area revealed the abundance of toxic metals and chemicals. Among metals found in the water were mercury, lead, zinc and maganese. Mercury was found to be dangerous to the liver and kidney and also destroyed the foetal brains of embryos in pregnant women<sup>29</sup>.

Four years after the spillage. Cases of still births which were relatively strange in the area, became common. In 1985, there were 35 still births which were connected with the severe pollution of the area by Shell. In most of the private clinics at Ughelli were women had still births, some of the doctors that interviewed by the author said that although they have not done any serious research into the incidents, they attribute most of the casualties to the various forms of pollution that the women were either exposed to or suffered in the area during pregnancy<sup>130</sup>.

About 40 cases of miscarriage among women in the area were also recorded in the first quarter of 1985 and both the indigenes and some doctors at the General Hospital Ughelli attributed the incidents to the excessive warming of the area

from the heat generated by the flaring of gas<sup>131</sup>

The above cases have corroborated the findings of Olusi among other scientists, on the health hazards of oil production in the Delta area. That is not all. Since women do most of the farming and other domestic chores, their productivity both in terms of the provision of foodstuff and income declined considerably. For instance, over N500,000.00 was estimated to have been lost from the sale of garri - one major staple food in the area whose production was exclusively done by women. The burden of family upkeep fell squarely on the husbands of the women who were victims of the pollution and it brought untold hardship to the entire family in particular and the area generally. One Mr. Akpode whose wife had a still birth and was hospitalised for over six weeks due to after-birth complications, was reported to have resorted to producing garri for sale in order to feed his 10 children and pay the hospital bill of N1,700.00<sup>132</sup>. The Otughievwen experience is more of the general situation in the Delta than the exception. If Shell, through its activities, continues to endanger the health of the people in its areas of operation, and good health is required to enable the people meet their basic needs, the company is in addition to depriving them their means of living to also hampering their capabilities to fend for themselves. So much on health, now on unemployment effects.

#### **5.11ig Unemployment Effects**

The operations of colonial capitalism as earlier explained in Chapter Three, created a pool of urban proletariat who had no particular skill but equipped with only labour power which they sold in order to survive. By the time Shell began operation in the Delta area therefore, there was abundant and cheap unskilled pool of urban labourers from which it recruited most of its stool pushers among other casual workers. In 1951 when Shell drilled a dry hole at Ihuo, its exploration team of about 200 men had only 12 European engineers. These engineers were those who really did the seismic shots,

analysis and drilling. But the task of clearing path ways carrying tools, security guards among other menial jobs fell on the rest.<sup>133</sup> Five years later when the company struck at Oliobiri, about the same number of European engineers was still maintained with over 250 Nigerians added to the pool of casual workers.<sup>134</sup> With the discovery of more oil wells, Shell invited both British and American oil servicing companies. Notable among them were McDemott - for the supply of oil pipelines, movement of heavy equipments to both on-and-offshore locations; Nigercat for the construction of access roads, Otis for the laying of oil pipelines; Flopetrol and Dowell Schlmbueger for oil well services. All that Shell did then which it still does to date, is to secure the necessary licences and concessional blocks from the state, supervised the production of the crude oil and finally its export to Europe. At every stage of oil production therefore, Shell contracted out the job to these foreign (oil servicing) companies. The reasons for the introduction of contract labour by the company has already been explained in Chapter Four. What is important at this point however, is to discuss how the operations of the company and its contractor companies not only exploited labour but heightened unemployment crisis in the Delta.

The impact of the operations of the contractor companies on labour in the Delta is a mixed blessing. Mixed in the sense that at the initial stage, most of the urban proletariats are employed though on a temporary basis. But, as soon as their jobs are completed, over 90 percent of them are retrenched. That is not all. Shell, realising the salient forms of protest among its few casual workers particularly after the sudden sack of most of them in the early 1960s, saw the need to contract most of its jobs, labour inclusive, to the specialised companies for fear of sabotage. By so doing, it hopes to reduce the chances of labour to rebel against its exploitation.<sup>136</sup>

The situation in Warri in the late 1950s might bring into proper focus the unemployment effects of Shell's operations in the Western Delta. Warri before Shell, and until 1967 was the



headquarter of the Delta province and had about 1000 urban unemployed mostly as a result of colonial capitalism.<sup>137</sup> When Shell struck oil in areas like Ogonu, Ekpan which are in the outskirts of Warri, it recruited casual workers from the existing pool of the unemployed in Warri. As to be expected, oil servicing companies which moved to Warri with the discovery of more oilwells caused a pull of able-bodied men (mostly with first school leaving certificates) from the rural areas to the city. By 1960, Warri had over 30,000 unskilled youths milling in and out of the major contractor companies to Shell. This number increased to about 78,000 by 1965 and before the outbreak of the Nigerian civil war in 1967, it rose to over 100,000.<sup>138</sup> McDemott in particular, employed over 50,000 of them because it was the largest contractor company to Shell in Warri at the time.<sup>139</sup>

By 1967 when Shell had most of its on-shore oil wells linked by access roads and the oil pipelines laid in and around Warri, McDemott had little or no job to do. In that year therefore, McDemott laid off over 47,000 of its casual workers and a year later closed down its office in Warri. Niger Cat and Mother Cat - all road constructions contractor companies to Shell - laid off over 15,000 out of its 16,000 casual workers.<sup>140</sup> All combined, led to an unprecedented increase of urban unemployed in the city with over 70,000 youths roaming the streets of Warri without jobs.<sup>141</sup> In 1968 when the Nigerian Army recruitment officers came to Warri for the enlistment of young able-bodied men into the army, about one-twentieth of them joined the force. With no skills and education, they cashed in on the opportunity provided by the army as a way out of their distress.<sup>142</sup> Less than 5,000 went back to their villages and even out of this, more than half came back to Warri because of their inability to adapt to rural life particularly farming. Majority of the sacked casual workers remained in Warri. By the mid-1970s groups of these young men equipped with cutlasses, shovels, axes among other crude implements roamed the streets and ready to sell their labour power at whatever wages!<sup>144</sup> Being without jobs, and having sold virtually all that they acquired in order to survive but the proceeds of which was unable hold them for more than a

month, most of them resorted to cinema houses, motor parks, and other make-shift accommodations as their places of abode.<sup>145</sup> Social vices like armed robbery became rampant. By the 1980s, Warri, though an oil city, witnessed high unemployment rate and other social vices. The situation is worse in the 1990s.

Ughelli is another important town in the Western Delta where Shell had (and still have) large concentration of its activities. Before the company's terminal at Forcados came on stream in 1971, all crude oil produced by the company was piped to the Ughelli Quality Control and Pumping Station from where it was processed and pumped straight to Bonny terminal for export. Ughelli, from a pre-Shell period with less than 100 unemployed youths, had over 5,000 sacked casual workers roaming the street by 1975!<sup>146</sup> In the 1980s, the Ughelli situation worsened to the extent that groups of young urban unemployed (usually in clusters of 30s) were found standing in strategic places with the hope of getting a daily paid job. The maximum daily wage was N3.00 in 1985. The trend continues into the 1990s.

In other rural oil-producing areas, unemployment among secondary school leavers is high. The increase is as a result of no job chances in the cities. Farming which ought to have been the last resort for the youths is declining because of the damage caused by oil spillage and other forms of pollution to land. As if that is not enough, Shell and its contractor companies hardly recruit the young school leavers as casual workers since the foremen already got their labourers from the cities. In cases where the company has to recruit the indigenes of the oil-producing areas at all, they are mostly night guards and gardeners whose jobs are terminated as soon as exploration work is over in the area. Some illustration is important here.

At Uzere, Olomoro, Owhe in the Isoko local government area of Delta State for instance, each of the villages had over 200 secondary school leavers with about 15 in each of them proceeding for further studies in 1985. Out of the rest who did not migrate to the cities none was employed by Shell in

that year inspite of the fact that it began new exploration works in the area. Two years later when Shell began new exploration at Ilueologbo, Ozoro, Emevor it was the same experience. Infact, the continous swelling of the ranks of the unemployed while more oilwells are discovered in the area that compelled the youth to prevent Shell from work until they (youths) were employed at least in clearing paths ways, carrying tools among other menial jobs. The details of this and other protests in the area will be treated in the next chapter.

The situation in the Eastern Delta is not different. At Oloibiri, where Shell's No 1 oil well was drilled in 1956, unemployment poblem is very acute among secondary school leavers. None of the indigenes of the area was employed by the contractor companies.<sup>149</sup> Like Warri, Port Harcourt also has most of the operational head offices of the contractor companies to Shell in the East of the Delta. The city of Port Harcourt therefore has its boom and doom periods. Boom period between 1956 and 1961 and even extending to 1964 during which time Shell discovered more oil wells in the Eastern Delta. For instance, Niger Cat during this period had the largest number of the causal workers - 20,000 in 1960 which later rose to 35,000 by 1964.<sup>150</sup> The oil servicing companies within the same period, had about 20,000 casual workers.<sup>151</sup> Otis in particular, (pipeline supplier and engineer) had about half of this number working for the company.<sup>152</sup> By 1966 when Shell's on-shore oil locations were connected by both access roads and oil pipelines, skeletal services were maintained with its major contractor companies. That marked the beginning of the doom for the casual workers as the companies no longer needed their services. By February 1966, Otis temporarily closed its sites in the Eastern Delta and all the casual workers were laid off. By June of the same year, Niger cat moved virtually all its earthmoving vehicles back to its operational base in Port Harcourt as it laid off more than three-quarter of its casual workers. Other oil-serving companies retrenched virtually all their casual workers in the same period In all, about 50,000 casual workers were laid off.<sup>153</sup>

Between 1967 and 1970 when the Nigerian civil war was fought, about 2,500 of them enlisted in the army rather than roaming the streets of Port Harcourt.<sup>154</sup> The post-civil war period Port-Harcourt witnessed a dramatic increase in the number of urban unemployed youths which numbered over 30,000. This was in anticipation of the repairs that Shell had to do on its oil pipelines, oilwells and terminals damaged during the war. But this was not to be as the repairs were very specialized. By the mid-1970s, the streets of Port Harcourt were already filled with unemployed youths in clusters of 30 men located in all parts of the city and most of them were retrenched casual workers of Shell and its contractor companies.<sup>155</sup> The trend continue into the 1990s with the situation becoming very grim. So much on the unemployment effects, now on the cultural aspects of the people.

#### **5.11ih Cultural Effects**

The socio-cultural life of the Delta people is one area that British colonialism almost destroyed totally. In the monarchies of the Niger Delta such as the Bonny Kingdom for instance, kings were regarded as the embodiment of both the living and the dead. They were therefore, sacred. For instance, the Amayanabo of Bonny, in the cultural tradition of the Bonny people, was never deposed. Instead, he was forced to commit suicide whenever his regime became unpopular. It was also against the custom of the land for the king to move out of his palace to discuss with strangers on a board a ship. Python - a snake - was regarded as the god of the sea and was held sacred.<sup>156</sup> All these changed with the advent of British colonialism. King Dapper Pepple, one of the then kings of Bonny, was replaced by the British and even forced into exile for resisting the penetration of his domain by the colonial companies.<sup>207</sup>

Despite the British efforts to destroy the culture of the people in the process of opening up the area for capitalist exploitation, some parts of their tradition are still upheld. Notable among them, are sacred land used as shrines,

worshipping of deities, seasonal festivals, virginity rites for women, and rituals for gods. These are the cultural aspects of the people that came under another destruction when Shell began operation in the Delta area. How did Shell destroy the culture of the people? Answering this question might bring into greater limelight the detrimental effects of the operations of the company on the growth and development of the ways of life of the Delta people.

To begin with, the arrival of Shell in the Niger Delta brought in its wake, the conglomeration of people of different nationalities with various social and ethnic backgrounds. For instance, among the early officials of Shell in Nigeria there were expatriate staff who were British, American, French, Dutch, German and Italian. Among the local staff as well, were people from all parts of the country with their diverse cultural backgrounds. These are the people who explored and produced crude oil in the Delta area. Coming from various cultural backgrounds, they violated with impunity the strong superstitious belief of the people. Some illustrations at this point might be helpful.

At Oloibiri, the people have deities and shrines which they worshipped. It is their belief that the duties bring good health and prosperity. The python for instance, is a totemic animal in the area which no indigene is allowed to kill. The snake is regarded as the god of the sea and being riverine people, killing it will spell doom for the whole community. Because of the sacredness of the animal, it is usually accorded full burial rites if found dead.<sup>158</sup> But when Shell began operation in the area, the cultural value of people came under destruction. For instance, python is a delicacy to some of Shell's workers and they did not hesitate to kill any one they found as they explored for crude oil in the swampy areas. In fact by 1989 when the researcher visited the area, about 50 cases of severe conflicts between Shell's workers and indigenes of the area over the killing of pythons were recorded. That is not all. The present location of No. 1 oil well in the country today used to be a sacred land harbouring most of the shrines of the people of Oloibiri. Shrines, by their custom, are not forced out of their location for doing

so will annoy the gods of the land and the consequence is poor harvests among others!<sup>159</sup> The views of two priests of the shrines the author interviewed at Oloibiri are put as follows:

All our gods are annoyed because of the abominable acts committed by Shell workers in the area. Our crops no longer do well, strange diseases break out most often, and fishing activities have almost been abandoned because of poor catch. All these are signs that our gods need to be appeased.<sup>160</sup>

The python in Bonny area is a sea goddess and it is usually found around homes. To the Bonny people, whenever the python is on land it means blessing. Infact the annual festival of Bonny is indeed the worship of this animal because the priests carry them around the town before they are finally released into the sea. Killing a python in Bonny therefore as the researcher was told by some of the indigenes, is an abomination. But Shell workers killed pythons with impunity in the area. The poor catch from fishing in the area has partly been attributed to the punishment for killing the sea goddess.<sup>161</sup>

In the Isoko and Urhobo-speaking areas of the Western Delta, making love to a women in the bush is an abomination. To the people, such act annoys the god of the land. Men who did it in the past got sick, confessed and died. It was the belief of the people that the gods killed them. But is in these areas that most of Shell's on-shore locations in the Western Delta are found. So, cases of the company's workers not only making love to but raping in the bush are rampant in Uzere, Olomoro, Afiesere among other communities that the researcher visited. The prolonged dry season, poor harvest among other disasters that are experienced in these areas since Shell came, are believed to have been part of the punishments that the gods of the land have meted out on the people because of the abominable acts of the company's workers!<sup>16</sup> Although the culture of a people is not static, it is not possible under the circumstances explained above for it to grow. So, Shell

has brought retrogression to the culture of the people in its areas of operation and to that extent, has underdeveloped its inhabitants.

### 5.iii(i) Social Security Implications

The security implication of the operations of Shell in the Delta area can be looked at from at least two angles. From the perspective of the growing wave of crime in the areas where the company operates. As more casual workers are employed by the contractor to Shell for instances, there is usually an unprecedented increase in the population of most of the rural areas. This, no doubt, will affect the face-to-face relationship among the people. The movement of people in and out of the villages is no more restricted to the indigenes. Though they (casual workers) do not stay more than one month (except where oil is struck) in most of the rural areas, there is a consensus of opinion among the people the author interviewed on security issue, that cases of burglary, stealing of food stuffs and clothes are usually more frequent anytime these oil workers are around.<sup>163</sup>

At another angle is the insecurity of the oil producing area on the event of war - be it civil war or an invasion of the country from outside. In the areas where Shell operates, most of the vegetal cover have been destroyed due largely to gas flaring. Furthermore, most of the company's on-share oil locations are located in and around villages. Above all, the gas flare sites make the areas vulnerable to attack at both day and night. The experience of the oil producing areas during the Nigerian civil war brought this to bear.

Bonny fell easy prey to the Biafran troops particularly because of Shell's flare sites. The terminal and storage tanks were all bombed easily because the light from the flare sites provided bearing to the fighter planes. The same air attack happened at Erhoike and Eruermukouharie flare stations in 1968. With the light from the flare aiding the location of target, the Biafran jet bombers attacked these locations of Shell. Houses were destroyed, but no life was lost.<sup>165</sup> These attacks in addition to the killing of 7 of Shell's expatriate

staff forced the company to stop operation during the war period. After the war, indigenes of the Delta area now dread flare sites and they are now beginning to resist the company on the issue

Most of the foreign staff of the contractor companies to Shell don't declare their true identities not the least because the state's immigration department is weak. Some of them are spies and with all maps of the oil producing areas in their possession, they can successfully aid foreign aggression. Mr. Brown, a Field Manager with one of the oil servicing companies in the Delta summed it up this way:

Shell negotiates for the entry of most of the oil-servicing companies into the Delta first and later, the whole country. In most cases, Shell never cares about the identities of the staff of the contractor companies. All that matters is the competence of the company. The laxity of the Immigration Department of the Federal Government made this possible. No doubt, some spies have infiltrated into the country.<sup>166</sup>

#### **5.iv Concluding Remark**

It is clear from the above discussion that Shell is in the Niger Delta to do produce crude oil and nothing more. Beginning from the colonial period when the company began operation in the area to date, it has done severe damages to virtually all facets of the life of the people through the indiscriminate dumping of effluents, poor maintenance of oil pipelines resulting in oil spillages and continuous flaring of gas, among others. The state on its part, through its policies has remained ever weak and concerned more than ever before, with how much revenue it earns from Shell. The state is wittingly or otherwise, even supervising the underdevelopment of its own area, this time, Shell's areas of operation in the Niger Delta. Since the state even began the refining of crude oil albeit total dependence on foreign companies, Delta



has suffered from the disposal of untreated wastes on its environment. Ineffect, the state is underdeveloping the Delta .

However, as the conflicts and contradictions attendant to the operations of Shell and the state have fully unfolded, the inhabitants of the oil-producing area have now realized that it is hight time they protested the pillage of their area. Not only are they now concerned with how to survive in the face of the continuous destruction of their economy but also worried about the future of youths ask both Shell and the state are making it increasing difficult for them to fend for themselves. It is no longer secret that the wealth from the oil-producing area is now used to develop other parts of the country leaving them in abject poverty. Infact, since the late 1970s, there is hardly any year that Shell's operation in the Delta is not disrupted by the people. Most of the disruptions take the form of protests which range from barricading roads, holding Shell workers hostage, to deliberate vandalization of the comany's oil piplines and equipment. The response of Shell has been cosmetic not the least because the state is always using the apparatus of force to silent the people. The people have more than ever, remained undeterred and this no doubt, has some implications for both Shell and the state. These, among other issues are discussed in greater details in Chapter Six.

**Notes**

1. See for instance, Peter Kilby, Industrialisation in an Open Economy: Nigeria 1945-60, (London: Cambridge University Press) 1969 and B. Prayling, 'Effect of Mining on the Economy of the Plateau Province' Farm and Forest, (Ibadan), IV, 1934; for the political economy of foreign mining companies in Africa, see for instance, Lanning et al. Africa Undermined... op. cit. For further works, See Bill Falola ed., Britain and Nigeria .. op. cit and Bill Freund, Capital and Labour in the Nigerian Tin Mines (New Jersey, Humanities Press), 1981. For general works on Third World Mineral, see Chibuzo Nwoke Third World Mineral and Global Pricing; (London, Zed) 1987.
2. ibid, (Kilby, Lanning).
3. See in particular, section 6(1) of the Mineral Ordinance of 1914.
4. It was the 1956 Oil Pipeline Act that was amended in 1958 and 1965. For more details, see the sections on Legal Aspects and Enforcement of The Petroleum Industry and the Nigerian Environment 1981, 1983 and 1985 op.cit.
6. Based on interview with Mr. Ekoko John, a casual worker with Shell at Ughelli in 1990. The medical doctor at the private clinic where he was treated told the researcher that cases of long infection are common with oil workers and this is just one of them.
7. Based on interview with some of the people of the area during my several field trips to the Kokori/Orogon oil locations in 1989 and 1990.
8. All the scientists that the author interviewed on the environmental implication of oil spillage confirm that crude oil damages the soil nutrients, kills fish and other aquatic organisms and hinders the process of making food in plants. The damage is done irrespective of the volume of the crude spilled. Among the scientists interviewed are Anthony Imevbore and Isiechie in Botany Department, OAU, Ile-Ife.
9. This was conservative estimate of the monetary value of the damages done to crops by some of the indigenous of the area that the researcher interviewed

10. See L.C. Amajor ' The Ejamah-Ebubu Oil Spill of 1970: A Case History of a 14 year old Spill' in The Petroleum Industry ...op. cit. 1985. pp. 202 - 213.
11. ibid
12. ibid
13. Based on interview with some of the indigenes of the area at Wharf Market in Port Harcourt in 1989 and 1990.
14. ibid. Officials of Shell and NNPC at Warri agreed that there has a spill but declined to authenticate the volume of barrels lost.
15. Based on interviews with some of the officials of community union of the area and victims of the spillage in 1989 and 1990. Some officials of Shell who hail from the area who spoke to the researcher were very bitter with the manner both the state company handled spillage problems in the Delta as a whole.
16. Based on interviews with some of the officials of the community development union.
17. ibid.
18. ibid
19. ibid
20. Both Shell and the State (NNPC) are always reluctant to give accurate figures on spillage. The victims are likely to inflate figures to drive home their case. The researcher is therefore always taking the average of the two figure when such controversy arises . This is the case with the Uzere spill.
21. See Eniola Adeniyi, Olu Sule and G. Angaye 'Environmental and Socio-Economic Impacts of oil Spillage in the Petroleum Producing Area of Nigeria' in The Petroleum Industry ..... op cit 1983, pp.233 - 248
22. Some official of Shell and those of the Inspector ate Division of NNPC confirmed these figures but refused to be named. For more details, see New Nigerian , 11/7/81, Nigerian Tide 11/7/80 and 28/10/80, Nigerian Observer 18/10/81, Daily Times 1/6/81, Nigerian Herald 18/5/81 and Times International Vol. 1, No. 31, 1980

23. ibid
24. ibid
25. This case history was based essentially on the information obtained during the researcher's field trip to the area in 1989. Although some officials of Shell confirmed that about 10,000 barrels of crude oil was spilled, community members contested that figure arguing that it was more than that. There was no authentic figure from the officials of the Inspectorate Division of NNPC since they visited the scene after the clean-up operation. 10,000 barrels of crude oil was therefore, accepted as fairly accurate.
26. Based on field trip to the area in 1989.
27. ibid
28. See I.K.E. Ekweozor et al 'The Studies of the Impact of a Minor Oil Spil in the Upper Bonny Estuary' in The Petroleum Industry and the Nigerian Environment op.cit 1985, pp. 230-242
29. ibid
30. Based on the discussions the researcher had with some of the exploration and exploitation staff of both Shell and NNPC at Warri in 1989, 1990 and 1991
31. Part of this figure is obtained from 'National Gas Production and Disposal in Nigeria 1965-1987' - Joint Venture Department (nimeo) 1988, p.81. The rest was an approximation by some officials of Shell.
32. NEPA Delta IV Ughelli and NEPA Afam are all thermal stations set up by the colonial government under the then Electricity Corporation of Nigeria (ECN) with the agreement that Shell supply the gas of firing the plants. This was part of the policy of the colonial government to generate power for its use in addition to the the use of coal at Oji Power Station. This was based on discussion the researcher had with some retired ECN (now NEPA) staff of Shell in June 1989 in Lagos. Staff quarters of Shell at Port Harcourt and Warri are linked by gas pipes from the company's oil locations.
33. Based on the discussion the researcher had with exploration and exploitation staff of Shell and NNPC at Warri June 1989.

34. See A.O. Isichie and W.W. Sanford "The Effects of Waste Gas Flares on the Surrounding Vegetation in South-Eastern Nigeria" as cited in Anthony Imevbore and S. Adeyemi, 'Environmental Monitoring in Relation to Prevention and Control of Oil Pollution', The Petroleum Industry ... op.cit., 1981, pp.138-139.
35. See O. Lawanson and A. Imevbore "The Effects of Waste Gas Flares on the Surrounding Farmland Vegetation" as cited in Imevbore and Adeyemi, ibid, p.139.
36. See J. Oluwatimilehin 'The Ecological Impact of the Oil Industry in the Niger Delta of Nigeria', M.Sc. Thesis, University of Ife 1981 as cited in Imevbore and Adeyemi, ibid, p.139.
37. See note 35 op.cit.
38. See note 36 op.cit.
39. Based on interview with some staff of Exploration and Exploitation, and Joint Venture Division of NNPC. For more details on figures, see the table on Crude Oil and Gas Production for 1987 in the Appendix. See also the Legal Aspects and Enforcement of The Petroleum Industry and the Nigerian Environment, ... op.cit., 1981, 1983 and 1985.
40. Based on several field trips to the area in the course of this study.
41. ibid
42. ibid
43. ibid
44. Although Nigeria has not exported gas, officials of the Nigerian Gas Company a subsidiary of NNPC who the researcher spoke to, argued the country's quality of natural gas is as good as that of Algeria. This formed the basis of using the Algerian rate for the country if it were to export. For more details, see World Gas Intelligence Vol. 111, no. 6, June 1992. For conversion: 1000 Btu = 1 cubic feet. Btu means British Thermal Unit.
45. Based on interview with officials of the Nigerian Gas Company Warri, in 1990.
46. Obtained from the Estate Departments of Shell and NNPC.

47. Since 1977 when NNPC was established, the state has been acquiring land for its operation alongside Shell. In particular, land for its gas stations, petro-chemicals and refineries has heightened its scarcity and displace many communities such as the Ekpan people living around the Warri Refinery.
48. Based on researcher's trip to the area. Shell and NNPC are always reluctant to give the current number of oil wells because of fear of reprisal from the members of the communities whose land is polluted. To avoid conflicting figures, the researcher took the average of the number in the community files and the one from Shell/NNPC.
49. ibid
50. ibid
51. See note 43 above.
52. For fear of demanding compensation, both Shell and NNPC are always reluctant to give the actual hecterage of land acquired. The inhabitants of the affected communities at times, inflate the figure. The figure given by Shell was accepted This however was not inclusive of the new oil well and the land acquired. For more details, see the Oil Terminal Dues Decree 1969 - The Bonny Offshore Oil Terminal (Establishment) Plan No. Bon/57/58, Drawing No. 7224.
53. See The Oil Pipeline Act of 1956 op.cit; Oil Terminal Dues Decree 1969 no. 9.
54. See The 1969 Petroleum Decree op.cit.
55. See The Oil Terminal Dues Decrees of 1969 no. 9 op.cit. Plan no. SBP/MAM/6/68.
56. This figure was an approximation of all parcels of land lost to Shell's right-of-way by some officials of the company's Estate Department and those of similar unit of NNPC.
57. ibid.
58. See the Land Use Decree of 1978 op.cit.
59. Based on field trips to the Isoko Local Government Area in 1989 and 1990. These figures represent an approximation of what the researcher obtained from Shell

and NNPC on one hand, and the community files on the other.

60. The figure was as usual, an approximation of what the researcher obtained from the Estate Department of NNPC and the community's file.
61. See Iloeje, Geography of Nigeria *op.cit.*, particularly the section on Agriculture in Nigeria.
62. Based on field trip.
63. Based on field trip to the area, 1989.
64. Based on field trip to Bonny.
65. Based on field trip to Oloibiri in November 1989.
66. Although the introduction of income tax by the colonial government was resisted vehemently throughout the upland areas of the Delta due in part to the republican nature of the people, the military might of the Crown Government subdued them. For more details, Obaro Ikime's various works *op. cit.* Based also on the researcher's interview with Chief T. Tuedor at Ughelli
67. *ibid*, Chapter Three of this work.
68. *ibid*.
69. It was after the establishment of NNOC in 1971 and later replaced in 1977 by NNPC that some accurate figures on the number of oil wells that Shell has drilled so far, were made known. Even then, the actual number of Shell's oil wells are still secrets. The Inspectorate Division of NNPC which is supposed to be furnishing researchers with details is again, dependent on Shell. So, most of the figures used in this study are to a large extent underestimation. This, some Shell's officials even told me. This figure thus, was obtained from a highly placed serving staff of Shell during my field trip to Shell's office in Lagos in 1989.
70. An official of Shell said that it was the assistance from Shell that made the then Chief Obafemi Awolowo - Federal Commissioner of Finance - to say that the 30-month-war was prosecuted without external borrowing. According to him, Shell had a hidden temporary loading

station off the Bonny terminal from where it exported crude oil to Europe in spite of the war. This was bombed later by the Biafrans in 1968 following an intelligence report.

71. See Amajor in The Petroleum Industry ... op.cit., 1985, pp. 202- 213; Based also on interview with some of the indigenes of the area at Port-Harcourt in 1989.
72. ibid.
73. Ibid.
74. Ibid.
75. Based on field trip to the area in June 1989.
76. Based on the explanation given by one of Shell's geologists at Warri, July 1989.
77. The trip to the Isoko Local Government in July 1989 was informed by the incessant demonstration by the people during the Second Republic to bring home their point that Shell has done more evil to them than good. It was one community in the Western Delta that has regularly registered their discontest with Shell. The trip therefore was to see the extent of Shell damage in the area. You need to be there to be able to appreciate the problem of the people.
78. Lawanson and Imevbore op . cit.
79. See note 77 above.
80. ibid
81. Field trip to these areas in June, July and August 1989.
82. Researcher hails from this area and the report is based on his familiarity with the situation.
83. Based on field trip to the area.
84. See C.T.I. Odu, 'Degradation and Weathering of Crude Oil Under Tropical Conditions' in The Petroluem Industry and the Nigerian Environment ... op. cit., 1981 p. 144.
85. See Jennifer Baker, 'Impact of the Petroleum Industry on Mangrove Ecology' in The Petroleum Industry and The Nigerian Environment ... op. cit., 1981, p.71.



86. See C.B. Powell et al, "Oshika Oil Spill environmental Impact:Effect on Aquatic Biology" in The Petroleum Industry ...op.cit., 1985, p. 1888.
87. See Amajor, op.cit.
88. Based on an interview with Mr. Tumbo Jack whom the researcher met at University of Port Harcourt in June 1989.
89. ibid.
90. The researcher is familiar with the area because he hails from Orogun. The figures were obtained from the community's files. An official of the Federal Government Task Force on the Oil Producing Area who the researcher interviewed at Warri, also confirmed that about that amount was lost as contained in the files.
91. Based on the interview the researcher had with Mr. Oniroro in July 1990. Translated from Pidgin English.
92. Based on an interview the researcher had with an official of Shell who is also an indigene of Bonny in July 1989.
93. The July 1983 oil spillage at Uzoro was about the most serious and damaging as well. For this reason, the researcher interviewed some officials of Shell at Ughelli. But a lot of the information was obtained from the members of the community who claimed to be anonymous because they have resorted to vandalizing the property of Shell in the area.
94. Based on field trip In fact the researcher had to stop at Sagbama in one of his field trips to Port Harcourt to see the situation . Sagbama is always in the news in the Rivers State Government-owned Newspaper Tide in respect of oil spillage, neglect, and protest. You need to be there to appreciate the suffering of the people.
95. See Chapter Three of this work.
96. Among the geographical requirements of rubber are (i) 2,032-2,043 mm rainfall annually; (ii) deep soil that is well drained and light in texture; and (iii) flat or gently undulating topography. For more details see Iloeje op . cit: Oboli, op.cit. and S.A. Agboola, An Agricultural Atlas of Nigeria (London OUP) 1979.
97. ibid., Iloeje, Oboli and Agboola.

98. ibid.
100. See S.A. Agboola, An Agricultural Atlas of Nigeria.
101. See Economic Survey of Nigeria 1959, (Lagos, Government Printers, 1959) p. 27.
102. S.A. Agboola, op. cit. p. 114
103. See Gideon Omuta, "Environmental Problems of Oil Exploration: A Case Study of Isoko Local Government Area of Bendel State" being paper presented at the 5th Annual Conference of Nigerian Institute of TownPlanners, October 25-27, 1984 Sokoto.
104. Cited in ibid, pp.68-78
105. See Agboola, op.cit., Omuta, ibid, and Onyige op.cit.
106. Shell's Estate Department; Land and Survey Ministry, Benin City and Land Department of the Isoko Local Government Area Office Oleh.
107. ibid; NNPC Estate Department.
108. For more details, see the section on Land of this Chapter.
109. Based on field trip to the area in September 1989. In fact, this process continues.
110. Based on field trips to the area. See also Chapter Three of this work.
111. So far, the researcher has not read anywhere the impact of the oil companies on the water transportation of the Delta area. The information used here is therefore obtained during his several field trips to the area.
112. Aleibiri villagee has an estimated population of 3000 people according to some of the officials of the Sagbama Local Government Area. More information was obtained from interviews with some of the indigenes of the area.
113. ibid
114. ibid interview with Mr. Benson Seipulu in March 1990. Translated from rotten English.
115. ibid

116. It was not as if the academic researchers were not interested in areas like crude oil pollution, but there was no sufficient research grant. In situations where some of them approached the oil companies, they were played off. Prof. Anthony Imevbore regretted ever going to Shell to negotiate for research grant because of the shabby treatment he received. According to him, Shell prefers all its researchers done overseas because it does not want the people to start bargaining for compensation. See The Petroleum Industry and the Nigerian Environment 1981 op. cit.
117. Based on an interview with an official of Shell in June 1991.
118. Based on field trip to the area in 1990
119. See S.O. Olusi's 'Human Health Hazards Associated with Petroleum Related Pollution' in The Petroleum Industry and Nigerian Environment op. cit., 1981, pp, 195-200.
120. This is widely speculated among the inhabitants living in villages with flare sites - field trip.
121. For works on groundwater contamination in the oil-producing areas, see Oteri, op. cit. But there is a general consensus among the people in the oil-producing polluted areas in the Delta, that each spillage brought in its wake, cases of cholera. This is based on the reseacher field trip to some of these areas.
122. See the research report by B.M. Afolabi et al on 'Lead Poisoning in the Petroleum Industry' The Guardian on Sunday, December 15, 1991, p 1-2
123. See Olusi op. cit.
124. There was hardly any report in the newspapers before the Bomu disaster in 1970 on the health implication of oil pollution in the Delta.
125. One of the pertinent questions usually asked in the biennial conferences on the Petroleum Industry and the Nigerian Environment was who punishes the state for pollution. The significance of this question lies in the fact that since the Nigerian states has started exploration and refining crude oil, it has been polluting the environment. Perhaps, this is one reason why it cannot

check the oil companies.

126. See Eniola Adeniyi et al, op. cit.
127. Based on interviews with one Mr. Akpodiene at Oleh and on ex-official of the Uzere Community Development Union the health officers of the Isoko Local Government Area who wanted to unnamed.
128. Based on interviews with some of the indigenes when the researcher I visited the area in 1989. Health Officers who supplied me with the information at Ughelli General Hospital cannot be named for ethical code.
129. See The Guardian (on Sunday ) Lagos, August 21, 1988.
130. Based on interviews with an ex-official of the Community's Development Union and some doctors of the private clinics where the women were delivered at Ughelli.
131. ibid
132. Based on interview with Mr. Igbo Akpode at Otughievwen in 1989.
133. Based on the researcher's interviews with some officials of Shell who joined the company in the mid-1960s.
134. ibid.
135. Contract labour, according to some of the officials of Shell, was adopted here because the Nigerian state (both colonial and post-colonial) is weak and dependent on the company for almost half of the total crude oil produced in the country. Chief Frank Kokori - Secretary-General of NUPENG, said that he has been negotiating though without success, with Shell to abandon its contract labour policy more so in an area where labour is cheap and abundant. By the turn of the 1980s, Shell introduced contract labour in the recruitment of graduates. Under contract labour, workers are terminated without notice, no compensation is paid and no promotion but salary increase.
136. By 1956, Shell could retain the services of less than 20 casual workers out of about 1,000 who toiled with the company since the late 1940s. Even those still on payroll of the company knew that they could be sacked any day because they had no skill. They began some covert forms of protest such as refusing to turn off oil valves at the

oil wells, deliberate industrial accidents that injured some of the permanent staff as ways to drive home their protest against the use of contract labour. See the various works done by Julius Ihonvbere on the Nigerian oil workers. In particular, see his 'Labour, State and Capital in Nigeria's Oil Industry' (forthcoming book).

- 137 Based on interviews with some indigenes of the Delta who served as Colonial District Officers in Warri in the 1950s and 1960s. In fact some of them consulted their private diaries and files to ensure that figures given were not mere estimates.
138. Based on interviews with some of the ex-foremen of McDemott who actually recruited and sacked these casual workers. Chief Igho Dama, one of the ex-foremen of McDemott even confirmed that Shell made Warri to boom and also caused a lion's share of the present problems of the city.
139. ibid.
140. See note 138 above.
- 141 ibid.
142. Recruitment of able-bodied men into the Nigerian Army during the civil war was done in most cities where hopefully, young unskilled men were found. Warri was one of them in then Midwest, Bendel and now Delta State. Some of the ex-foremen interviewed said that 'They were not sure of the actual number of those laid off who joined the army, but not less than 300 men every other month became a soldier.'
143. See note 138 above.
144. ibid. Even at moment, they are still found in virtually all quarters of Warri.
145. ibid. Some of them sold their beds, radios in order to feed.
146. Based on an interview with Chief T. Tuedor who was one of the district officers in Ughelli before Shell began operation in the town and its environs in 1957. In addition, 2 out of every 5 of the urban unemployed interviewed in Ughelli, claimed that they were laid off by Shell and its contractor companies.

147. ibid. The daily wages, according to those interviewed, "is no longer fixed because employers don't pay workers at the end of day but on the actual hour of work done. This was borne out of the past experiences of the employers whose hired workers cashed in on the fact that at the end of the day, their wages must be paid and therefore lazed away.
148. Based on the researchers field trip to these areas during which some of the officials of the various community development unions were consulted.
149. Chief Melford Okilo, then civilian governor of Rivers State, has always lamented the situation of Oloibiri where Shell's No. 1 oil well in the whole Delta is located. The well is still producing but Oloibiri remains a ghost land with no infrastructural development. To better appreciate the position of Okilo and some Riverians, see the 'Ceremonial Opening Address' of Mr. Dom Anucha, then Deputy Government of Rivers State at the 1983 Conference on The Petroleum Industry and the Nigerian Environment, op.cit, p.19.
150. Based on interviews with some ex-foremen of Nigercat at Port Harcourt.
151. The oil servicing companies had foremen who recruited all the casual workers. They therefore could not give the researcher details especially for the period requested for. This number was a rough estimate of what 6 ex-foremen gave during interviews with them at different times in 1989 and 1990.
152. ibid.
153. ibid.
154. ibid.
- 155 See note 200 above.
156. Based on interviews with some of the priests of the gods in selected communities where Shell has been operating for almost 50 years. The works of G.I. Jone, op.cit; Obaro Ikime, op.cit and J. Alagoa, op.cit contain some useful information on the rituals and tradition of the people of the Niger Delta.
157. See Chapter Three of this work. For more details, see Kingsley Dike's Trade and Politics in the Niger Delta

... op.cit and Obaro Ikime's Rivalry in the Niger Delta. ...op.cit.

158. Based on an interview with Chief Hippo Agbia, at Oloibiri in 1989.

159. ibid

160. Based on interviews in 1989 the reseacher had met Oma Debiri and Amambo Koloma both of them male priests of god of the sea.

161. Based on an interview with Mr. Bobson Pepple, an indigenes of Bonny, resident in Port-Harcourt in 1989.

162. Based on the respective trips the researcher made to these areas in 1989, 1990 and 1991.

163. Based on interviews with some of the indigenes of Erhoike in 1990 when Seismograph Services Limited - one of the service companies to Shell began operation in the area.

164. Based on interviews with some ex-Biafran soldiers in Port-Harcourt. Even some Nigerian soldiers who re-captured Bonny during the war that the researcher spoke to, confirmed that the oil city fell easily because of the flare sites.

165. After the air attack on the Erhoike location in November 1968, the reseacher was among the curious youths who went there to see the extent of damage done. Information on the other location was based on the interview with some of the idigenes of the area.

166. Interview with Mr. Ted Brown at Warri in 1989.

**Part Four****The Responses to the Conflicts and Contradictions  
in Shell's Areas of Operation in the Niger Delta.****Chapter 6****The Reactions of the Host Oil Communities  
and the Responses of Shell and the State  
in the Niger Delta****6.1 Introduction:**

Chapter Five has brought out most clearly the fact that the operation of Shell have not only damaged the environment but also destroyed the social and economic activities of the people who live within the communities served by it. The state on its part, has not shown any interest in developing the host communities. Rather, it has used most of its policies to protect the company against the reactions from the inhabitants of the area in order to ensure that its major source of earning revenue is not disrupted. And as to be expected, the inhabitants of the host communities cannot continue to watch indefinitely the wreckage of their means of livelihood and environment by the company and the state. The task of this chapter therefore, is to look into the origin and causes of the reactions that the people in Shell's areas of operation have put up, the various forms they took and the responses from both the company and the state. The section that follows now examines the origin and causes of the reactions.

**6.11 The Origins and Causes of the Reactions by the  
Inhabitants of Shell's Areas of Operation in the Niger Delta.**

The reactions by the inhabitants of Shell's operational areas in the Delta have their origins rooted in two fundamental problems. The first is the crisis arising from the unwillingness or inability (or even both) of the transnational corporations operating in the third world to resolve the conflicts and contradictions that are given rise to as they



accumulate capital. The second is the crisis of a dependent post-colonial state. Some elaboration on these issues is important at this point.

Shell's major business in the Delta area is to extract crude oil regardless of the consequences of its operation on the economy of the host communities. The Mineral Act of 1914 as amended in 1958 made its operation all the more so. As earlier explained in Chapters Four and Five, it was after the 1970 Bomu spillage that the inhabitants of the oil communities began to realize the damage that the activities of Shell have done to their area. Not only that, the negative effects of its operation have started to unfold. For instance, the flame from the gas flaring stations that the inhabitants of the host communities considered as an alternative source of electricity is now known to be harmful to their crops and health. Previous dumping of untreated wastes on the environment have manifested its negative effects through the reduction of the flora and fauna of the area. Even after 1970, Shell continues to violate the 'principle of good oilfield practice' and destroys the environment in the process. That is not all. The company's areas of operation lack adequate infrastructural amenities like pipe-borne water, electricity and hospitals. The neglect and destruction of the host communities by Shell constitute the contradictions which are now impeding its operations in the area as the people now demand for its exit. It is not as if these contradictions cannot be resolved by the company. But why it is unwilling to do so is due largely to the collaboration of the state. Thus, the same Shell that neglects its host communities in the Niger Delta because of the collaboration of the Nigerian state is compelled by legal requirements of the government of Holland - an advanced state - to prepare an annual social report of development of the host communities where it operates in the country'. In USA, for instance, the company spends 10 percent of the Group's capital expenditure on research aimed at safeguarding the environment among others, to avoid incurring the wrath of the state. African oil-producing countries like Libya and Algeria with political will and bent on developing the oil-producing areas have been able to regulate the activities of the oil-producing

companies.<sup>5</sup> Suffice it to say that if Shell is in the Delta to do well and not good, it is the duty of the state to ensure that the company does well by enforcing its laws on the petroleum industry and as well as, developing the areas where it operates. But neither is the state compelling Shell to do so nor is it (state) even interested in developing the area beyond formulating policies that facilitate the further exploitation of the area.

The situation in the Delta area is such that Shell is now shifting the responsibilities of developing the areas where it operates to the state arguing that it (Shell) pays taxes and royalties. Not only that, that it operates the joint venture on behalf of the state. But the same Shell that pays taxes and royalties to the government of Holland and USA also safeguards the environment of the communities where it operates in these countries. Shell is therefore only cashing in on the weakness of the Nigerian state to neglect and destroy the Delta. The state on its part, is holding Shell responsible for the damage done to its areas of operation stressing the point that if the company had adhered to the rules of 'good oilfield practice', there would have been less pollution of the area and thus less destruction. But even if Shell is in the Delta to do well, it is the duty of the state to compel it to do good. The inhabitants of Shell's areas of operation have come to a crossroad and they can no longer accommodate the buck-passing tactics of both the state and the company as their economy and environment are continuously destroyed.

The causes of their reactions are therefore based on the following reasons: (i) the neglect of their area which has not only taken the form of lack of amenities but also using the wealth produced in the area to develop other parts of the countries where crude oil is not even produced; (ii) pollution of the air, sea and land; and (iii) demand for compensation for damages (both immediate and past) that have been done to the economy of the people and their environment. As stated earlier, Chapter Five has already addressed the issues of neglect and deprivation that they need not detain us here again. What is important and which is done is to shed

more light on them by locating the discussion within the context of the reactions against Shell and the state in the Delta. The issue of compensation is also discussed within the same context because it is one of the reasons for the reactions against the company. Infact to avoid being repetitive and enhance the understanding of the causes for the resistance of Shell and the state, the various forms of reactions against them (the company and the state) in the Delta is now examined in the section that follows.

#### **6.iii The Various Forms of Reactions Against Shell and the State in the Delta Area.**

It is possible that there were reactions by the people against Shell and the state in some of the host-communities in the Delta but not in the scale it took after 1970. Since 1970, the various forms of reactions that the people have put up against Shell and the state for the exploitation and destruction of their communities are mainly in two forms: and (i) legal and (ii) protests. Each of them will now be discussed in great detail.

**6.iiia Legal Actions.** Conscious of the implications of any illegal act against the operations of Shell and the state not the least because crude oil is the major foreign exchange earner for the country, the first and initial reaction of the people is to sue the operators of the oil industry in their area (Shell and state) for damages, restraint and deprivation. Infact, there is hardly any area where Shell operates in the Delta that the people have not resorted to legal actions against the company. But since all the legal battles they have been waging against the company and the state are aimed at either forcing them to stop operation, quit the area, and compensate for damages, a blow by blow account of the legal actions in the various communities will not be done. Rather, some case-histories will be discussed.

The use of the law court by the people to settle their disputes with Shell and the state is to ensure that they get fair hearings. Fair hearing in this sense means ensuring that they are adequately compensated for all the damages done to their area and protected as well, against pollution and other forms

of hazards associated with oil production. Infact, their hope on the law courts is based on the fact that as the custodian and interpreter of the laws of the country, it will be an impartial arbiter. Is it really so in the Delta area? To answer this question demands among other things, an understanding of the creation of Nigerian State and its apparatuses of power like the law court plus the legal technicalities of the cases the Delta people even took to court. For instance, the Nigerian State as earlier explained in Chapter Three, is a colonial creation. And the laws that it enacts also reflect to an extent, its past historical experience just like the law courts that it created. Add to all these is the fact that since 1972 the state has more than ever before, relied on crude oil export for foreign exchange. All combined will make it difficult for the people to win any legal battle against the company and the state in the Delta.

That aside, the issues that the people took to court are even based on negligence, public nuisance and compensation. On public nuisance and negligence, the court insisted on evidences before passing judgment and awarding penalties. Negligence for instance, is understood in law to mean the conduct which does not conform to the required legal standard for safeguarding issues against unreasonable risk of injury. Negligence also consists of an action or omission and for any successful action in negligence, it must be established that a duty to conform to the required standard exists. Nuisance on the other hand, is understood in law to mean the substantial interference with the enjoyment of the people. It could be private or public but for any action in nuisance, damages must be proved.<sup>7</sup> Some case histories at this point might help to bring into greater relief, the effectiveness or otherwise of this form of reaction in the Delta.

In 1973, Mr. Anthony Atubin and other members of his community from Olomu oil-producing villages sued Shell at the Ughelli High Court for causing crude oil, gas and other dangerous chemicals to escape from the oil pipelines under their control and thereby destroying the fishes in their fish ponds and rivers as well as the crops in the farmland (including the land). They also claimed that escaping gas, crude oil

and chemicals destroyed their economic trees and made their water unfit for human consumption. The claims raised by Anthony Atubin and his people were based on negligence, public nuisance and compensation. Notwithstanding the fact that the relics of the destruction caused by Shell in the area were still found by 1990 when the researcher visited the area, the trial judge held in 1973 that the plaintiff must establish a link between the breach of duty and harm done.

Since the plaintiff could not do this neither was his lawyer, and worsened by their inability to hire a scientist to carry out a research in the area to prove that harm was done, the judge dismissed the case on the technical ground that there was no evidence to show that the negligence of the defendant was the proximate cause of the damage. The same lack of technical details made them to lose their case on public nuisance and no compensation was paid<sup>8</sup>.

Mr. Allar Ivon and other members of the oil-producing areas in the Itsekiri land filed a suit against Shell requesting the court to grant them an injunction which would restrict the company from further polluting their land, creek and fish ponds. The Warri High Court denied the injunction and said:

... To grant the order ... would amount to asking the defendant to stop operating in the area ... and since mineral oil is the main source of this country's revenue and the defendant having been granted an oil exploration licence, our order for injunction may render .... nugatory ... such licence. It will not be just and convenient to grant an injunction in this case.<sup>9</sup>

Since the proof of evidence is a major problem in the court, the inhabitants of the communities where Shell began operation since the late 1950s and where a lot of damages have also been done to their economy and environment will obviously have no reason taking the company to court in the 1970s and 1980s yet they did. One of such cases was the suit filed by George Thorsfall and others against Shell in Port-Harcourt High Court in 1974. The plaintiffs claimed the sum of N100,000.00 for damages done to their buildings during the defendant's operation in the area many years ago. The trial

judge held that in negligence, the cause of an action accrued at the time of the negligence because it was then that the damage was caused even though its consequences may not be apparent until later.<sup>10</sup> Under such condition, most of the inhabitants of the areas with repeated incidents of oil spillage and the attendant health effects which may not appear until about ten years later would have no cause to go to court. This is inspite of the fact that the victims of oil spillage, according to scientific investigations, are prone to suffering from cancer of skin among other diseases, five years later. If the position of the trial judge is anything to go by, then the people are doomed for ever. With such technical requirements Shell on its part, has continued to operate with little or no regards to the health of the people.

Even in cases where the plaintiff was rewarded, the penalty was not anything to deter Shell. For instance, Mr. Umukoro Edhemewe and other members of his community from Ughievwen clan (one of the oil communities in the Ughelli - Olomu - Utorogu oil field) filed a suit against Shell for the accumulation of oil in a waste pit which they considered as a non-natural use of the land. The trial court held that since the use of waste pit was a non-natural use of land, it ordered that the pit be closed up with no other reward to the plaintiff.<sup>11</sup> The issue is not in the closure of the waste pit, rather, in the destruction of the underground water as the investigations by Oteriet, al. have revealed.<sup>12</sup>

Chief Otuku and other members of the Bori community in Rivers State also preferred a case of non-natural use of the land and damages against Shell. Their claim was that Shell's manifold over-flooded and spilled thereby causing damage to their fishing activities, vegetation, drinking water among others. J. Ichoku, the trial judge held that the manifold having been placed on land is a non-natural user of land and held the defendant liable. However, the defendant was not advised to find an alternative method of storing crude oil nor was the plaintiff compensated. The only reward to the plaintiff was that Shell was advised to ensure that its manifolds never spilled again.<sup>13</sup>

Although the issue of compensation is discussed elsewhere in

the chapter, it is important to state one of the legal cases in which the company paid damages for the first time. R. Mon and Anor sued Shell for polluting their fish ponds through its operations. The ruling of the trial judge was:

'They (the plaintiffs) must have spent some money or at least some considerable effort on getting this work done but if they cannot be bothered to tell me how much this job was worth then they must be satisfied with my attempt to assess it fairly ... the trial judge awarded N200.00 to the plaintiffs'<sup>4</sup>

It is clear from the above that the legal battle against Shell and the state in the Delta area has failed due largely to legal technicalities involved in the issues plus the fact that the court is part and parcel of the state. Although the people still file legal suits against Shell, they have resorted to other forms of resisting the exploitation and destruction of their area by the company and the state through protest. This will now be examined in the section that follows.

#### **6.iiib. Protests Against Shell and the State in the Delta.**

The protests against Shell and the state in the Delta area have taken two major forms namely - overt and covert. Overt forms of protest are those open demonstrations that are capable of disrupting the activities of the company such as barricading its access roads, seizing its vehicles, protest march, holding the workers captives, carrying placards. Covert protest on the other hand, includes clandestine methods such as cutting oil pipelines which is also aimed at disrupting the operations of the company. Be it overt or covert, the bottom line of the protest is to ensure that the oil-producing areas where Shell operates are not only adequately protected against pollution but also get compensated either in the form of the provision of social amenities or payment of cash for the damages done or both.

The wave of protests that swept across virtually all Shell's operational areas since the early 1970s have never been experienced in the history of the Delta. Having lost confidence in the court because it is one of the apparatuses of state oppression plus the fact that crude oil is the major

foreign earner of the country, the alternative line of action is protest. Unlike in legal actions, the people now cashed in on the tremendous revenue that accrues to the state from crude oil export to drive home the point of utter neglect of their areas. It is a protest accompanied with facts and figures. For instance, the people have the number of oil wells in their area, the capacity of the wells and the expected revenue from the crude oil export.

Apart from the fact that the protest is expected to draw the attention of the company and the state to the disastrous effects that crude oil production has caused in the area, the people are also ready for a show down. To them, the situation in the Delta cannot be worse than what it is. In other words, since they are used to oil spillage, they can as well cause oil to spill by cutting oil pipelines. Not only will they be damaging their own environment in the process but also ensuring that both the state and Shell lose substantially from the protest. Infact, nothing ever shook Shell to its very foundation in the country and threatened the stability of the state's source of revenue than the protests embarked upon by the people. Shell became particularly threatened when it realized that some unscrupulous elements in Delta have cashed in on the crisis to begin illegal oil bunkering business. Oil pipelines are cut and the flow of the crude diverted into empty drums which are later sold to some foreign buyers. It is also clear to the company that with the cooperation of some of its workers, the people are aware of when an oil well is under repair and no oil flows in the pipelines. It is during this period that the pipelines are cut so that as soon as oil production begins, the crude is either diverted or allowed to spill. Some case histories of protest in some of the company's operational communities might help to bring into the fore, the impact of the protest in the Delta.

As earlier explained in Chapter Five, the Isoko Local Government Area is one of the oil-producing areas with the highest concentration of Shell's oil wells in the Delta. And as to be expected, the area is hardest hit in terms of the pollution of the environment and the destruction of the means of livelihood of the people. For instance, fishing



activities have almost come to a halt in the area due to the constant oil spillages which pollute the rivers and heavy mortality of the flora and fauna of the aquatic community. Pollution of land has also resulted in its scarcity and retarded agricultural activities as well. Against this background, the people now embark on an annual general strike in virtually all the oil-producing communities in the area beginning from 1975.

Although the demand of the people ranges from the provision of social amenities, adequate compensation for all that the company has taken away to a clarion call for its exit, one of the protestants in 1989 succinctly puts the grievances of his community this way:

The Isoko area is noted for its contribution to the nation's wealth. Most of the development that took place in the nation today were made possible through oil revenue of which the Isoko area was (and is still) a substantial part of. Between 1980 and 1983, the Isoko area for instance, produced 56,915,287 barrels of crude oil and with an average of US\$34.82 for barrel OPEC price, N1.590,523,415.00 was realized as revenue to the state. Yet Shell spent N490,000.00 in the area within the same period since it began operation in 1957. This is a far cry from what we wanted. Shell has neglected our area.<sup>16</sup>

5000 people from both Ogini and Ozoro communities in the Isoko area who barricaded virtually all Shell's access roads in the area in 1985 and in the process brought the company's operations to a halt. They demanded for the provision of electricity, pipe-borne water, motorable roads among others.<sup>17</sup>

The people of Uzere and Olomoro of the Isoko area also barricaded all Shell's roads and locked up most of its oil locations in the area. Their grievance was aptly put this way:

If billions of naira could be voted to develop Abuja as a prestigious Federal Capital and the work is automatic, there is no reason why

automatic attention must not be given to the homelands suffering the damages of oil production.<sup>18</sup>

Infact, the protest lasted for one week and Shell had to complain to the state. The state sent over 1000 anti-riot policemen who remained in the area for almost three weeks because 'the nation's economic power is in the hands of the poor people of Isoko'.<sup>19</sup> The policemen themselves some of whom hailed from the area and other oil-producing communities in the Delta, saw it all. One of the policemen could not hide his feelings and he put it this way:

'We were sent here on orders and must obey. We saw that the people of the Isoko area have been destroyed economically and ecologically by Shell'.<sup>20</sup>

The plight of the Isoko people was summed up by Chief Francis Okpozo, ex-Deputy Speaker of the then Bendel State House of Assembly 1979-1983. After having consultations with one Mr. G.F. Okudu, an official of Shell's Lands Department, he was full of sorrow and put the grievance of his people this way:

Since 1957 when Shell started the exploration of crude oil in the area, all appeals and protests by the people to the company to make adequate compensation for the devastating effects on the economic lives of the inhabitants fell on deaf ears. Our people for instance, have been exposed to the dangers of cholera attacks and accelerated death rates arising from air and water pollution through gas flaring and oil spillages. By the company's mode of operation, the few access road of the people were eroded by the heavy duty earthmoving equipments thereby cutting off the people from their neighbours particularly during the rains. We have been pushed to the walls and there is no going back until Shell has brought back all it took away from the area.<sup>21</sup>

The totality of the impact of the protest on the activities of Shell and the state in the Isoko area is that crude oil production is now disrupted on a yearly basis. It is now clear

to the Isoko people that one way of bringing Shell and indirectly the state to the negotiating table is to disrupt its operations through protest. The company in its response, has made promises and paid some compensations which are not in any way commensurate with the extent of damage done. The response of the state has been the use of force to quell the situation in addition to the promulgation of laws to deter the people. These issues are all discussed in the sections on the responses of both Shell and the state of this Chapter.

The massive unrests in the Isoko area spilled into other parts of the Western Delta. In Ethiope Local Government Area, the people in Shell's areas of operation like their counterparts in the Isoko area, called for the exit of Shell because of its reckless operations. Infact, the Oben 12 disaster of 1980 in which three Shell workers were gutted by fire and burnt to ashes was the last straw. The grouse of the Oben people was an accumulation of past destructions that the company and the state have done to their area. They only cashed in on the disaster to call for the total exit of the company from the area threatening to kill any of its workers who came to the area. The delegates of the sub-committee of the Senate Committee on Petroleum and Energy who visited the area because of the unrest of the people did not bring about any truce. The well was finally killed and Shell pulled out of the area. According to one of the indigenes of Oben, 'we are now free from the hazards of Shell'.<sup>22</sup>

In 1978, the people of Kokori also under the Ethiope Local Government Area held some Shell's workers hostage for ten hours because of an oil spillage at the Erhioke oil field. The spillage was caused by a ruptured oil pipeline. It took the timely intervention of some of the chiefs from the area to bring the situation under control and the release of the workers. Shell's operations in Ethiope Local Government Area are now disrupted on an annual basis just as in the Isoko area. The responses of both Shell and the state as earlier stated will be discussed in another section of this Chapter.

Protests in the Eastern Delta are not different. Infact, Shell is threatened by the scale of unrest in virtually all

its oil-producing areas in Rivers State because about half of its total crude oil is currently produced in this area. The Nigerian state on its part, is apprehensive and branded anybody or any group of persons who disrupted the production, transportation and export of crude oil as saboteurs and therefore warned that they will be treated as such. The 1975 Anti-Sabotage Decree in particular is actually aimed at those causing unrest in the oil-producing areas. The Decree did not deter the people and if anything, they have become more determined in their war against Shell and the state.

In 1982, the people of Perembiri in Yenogoa Local Government Area of Rivers State rose against Shell and the state. The immediate cause was a spillage at one of its oil wells in addition to the accumulated grievances the people have had against the company because of the damage it has done to their area. Shell's workers fled the company's locations as the protestants blocked the access roads leading to the oil wells. All operations in the area came to a halt. They demanded a compensation of N32,000.00 but Shell offered N6000.00.<sup>24</sup> The people stood their ground and as the days went by, Shell was losing. It (Shell) reached the Chief of the town for the pacification of his people but there was no result. The company's next line of action was to contact the Federal Government complaining bitterly that 'over 300,000 barrels were wasted for the past days at the Perembiri's flow station because the protesting inhabitants brought production to a halt. The well produces 16,000 barrels daily and if the N40.00 per barrel OPEC price should be anything to go by, then the nation would be losing N12 million as a result of the automatic halt of operation'<sup>25</sup> Although the response of the state treated in the course of this Chapter, the immediate response of the Federal Government to the protest in the Perembiri community in particular, and all other areas in the Delta generally is put this way:

The Government of the Federation will no longer condone any act, overt or covert from whatever quarters it may emanate, designed to, and directed at forcibly halting operations in oil flow station, rigs, terminals or drilling

locations. The penalty for this offence under the Petroleum Production and Distribution Act of 1975 otherwise known as the Anti-Sabotage Decree is either death sentence or 21 years imprisonment. Law enforcement agents (the police or the army and navy) have been alerted and directed to crush all the saboteurs<sup>26</sup>

The Anti-Sabotage Decree, though directed at all and sundry that disrupted the production, transportation and distribution of crude oil, it was more of the State's response to the wave of protest against Shell in particular and other oil companies. Shell has more troubles in all areas it has operated in the Delta because it has made it clear to the people that its business here is to produce oil profitably and that outside that, the state should be held responsible for all social amenities since it pays taxes and royalties regularly. Above all, it operates the joint venture on behalf of the state and if there is any cause to pay for damages, it has to be based in the ratio of their interests in the partnership agreement.

Since the people have found protesting to the state unnecessary because of its use of force, the only option is to disrupt the operation of the company on the area. The discussion in protest ends with the experience of the Umuechem community. Though the Umuechem protest occurred in 1990 which is three years ahead the terminal period of this study, it more than any previous protests represented the one in which many lives were lost and property worth millions of Naira was destroyed.

In October 1990, the people of Umuechem protested against the exploitation and destruction of their area by Shell and the state. They displayed placards in all the company's locations demanding for an adequate compensation for all that the company took away from the area<sup>27</sup> In the words of the protestants:

Shell never helped this town in any significant way. What is a secondary scholarship of N800 compared to the billions of naira the company realized from about 36 oil wells in our area?

Of what use was their manual garri processing factory to us when every home in Umuechem has cassava processing machines? On their bore hole, water from the taps is untreated and red in colour so we fetch water from the river which it has polluted. So, what are they talking about that we are insatiable? Insatiable for giving the Cooperative Society N15,000.00 grant yet unpaid and the N170,000 loan they claimed to have guaranteed from which nobody benefited from?<sup>8a</sup>

In anger, they blocked all the access roads of the company. Officials of Shell working in the area sent a save-our-soul message to the then Governor, Governor of Rivers State, Colonel Godwin Abbey. As to be expected, a detachment of anti-riot policemen were sent to the area. It was a shoot-at-sight order. Three brothers, Okon, Friday and Ebenezer Akpan were the first victims of what the African Concord described as 'Massacre At Dawn at Umuechem'. His Royal Highness, Chief A. Ordu, his sons Eze and Ekwubiri were all gunned down. The carnage continued for days as the anti-riot policemen occupied the village for six days, burnt down many houses, looted shops, slaughtered goats, fowls and other domestic animals. Three policemen were reported to have been killed in the fracas and 40 people of Umuechem died.<sup>8b</sup> It was a clear case of the extent to which the Nigerian state can go not only to protect Shell but also to ensure its source of income was not disrupted. So much on the protests against Shell and the state now on their responses but first on that of Shell.

#### 6. iv. The Response of Shell

The above section has made it clear that Shell's operations were seriously disrupted and in some cases, came to a halt as a result of the protests by the people. The loss suffered by Shell particularly in terms of barrel of crude oil affected the revenues that ought to have accrued from export to both the company and state. As to be expected, Shell responded to the various forms of reactions in its host communities in the Delta area. It is the various ways of the company's response that therefore constitute the thrust of this

section. To be able to discuss the responses adequately, this section is organized as follows: (i) compensation and (ii) community development programmes. The discussion begins with compensation.

**6. iya. Compensation.** Of all the enabling statutory bodies (most of which were mere adoption of the existing international laws on oil production and environment) it was only the Petroleum Drilling and Production Regulation Decree NO. 51 of 1969 that incorporated the payment of compensation for any damage done by the oil companies. Schedule 36 of the Decree in particular provided that:

The holder of an oil exploration licence, oil prospecting licence or oil mining lease shall in addition to any liability for compensation to which he may be subject under any other provisions of this Decree, be liable to pay fair and adequate compensation for the disturbance of surface or other rights to any person who owns, or is in lawful occupation of the licensed or leased land.<sup>29</sup>

In very simple terms, the Decree provided that where an oil company trampled on land, it must pay compensation. In spite of this Decree, however, it was only after the 1970 Bomu disaster when it became clear that Shell is damaging the host communities economically and ecologically that the issue of compensation was taken seriously. Since 1973 when the state signed the joint venture agreement<sup>30</sup> with Shell, the issue of compensation became extremely political. This is so because under the joint venture, the state is in partnership with Shell and as such, any compensation must be paid by both of them. But because the company operates the joint venture on behalf of the state, the latter has always held the former responsible for damages caused by oil spillage and insisted that it must pay. Shell on its part, has always refused to bear all the cost of compensation because it is just an operator of the agreement. If anything, the company insists that payment of compensation must be in the ratio of participation interests in the agreement. Shell even agreed to be paying compensation for damages on the condition that such amount will be debited to the joint venture. And by so

doing, it is the state that is invariably bearing the greater burden of the compensation because it has 80 percent leaving Shell with 20 per cent in the joint venture before deinvesting in 1989. Suffice it to say that the company destroys the environment and economy of its host communities only for the state to pay a lion share of the compensation. Against this background, the state will naturally want to suppress the issue of compensation in order to earn more revenue. And coupled with the fact that it has monopoly over the petroleum industry, it determines what are compensable and non-compensable items. Compensable items are therefore limited to damaged crops and economic trees as a result of oil spillage. All forms of thermal pollution are non compensable since it is difficult to establish evidence of damage. The determination of the type of crops and economic trees to be compensated for in cases of damage is done by the state, Shell and the domestic bourgeoisie. The reason why both Shell and the state are involved in deciding what to pay for and how much, is because they are the operators of the oil industry.

The entry of the domestic bourgeoisie who is not involved in the production of crude oil as a third party in the politics of compensation has even complicated matters. This is against the background of its evolution as explained in Chapter Three. Thus, its involvement in the negotiation of compensation is between the company and inhabitants of its host communities on the one hand, and on the other, between the state and the people of the oil-producing areas. This is because the domestic bourgeoisie as a class, not only have good educational background but belong to a high income group and all combined, made its contacts in both government and Shell easy. And with such access and background, the domestic bourgeoisie is capable of influencing decisions. Thus, in the computation of compensation, the domestic bourgeoisie from Shell's areas of operation notably lawyers, represented the people. But as a domestic bourgeoisie and noting in particular its evolution as explained in Chapter Three, it is merely interested in catering for its needs and not the welfare of the people who actually bear the brunt of oil exploitation. One way to show the selfish interest of the



domestic bourgeoisie and the unwillingness of both Shell and the state to pay compensation is the manner of computing and paying for damages. As shown in table 6a for instance, a matured bean trees is costed at 13 kobo and 6 kobo for an immatured one. Nothing is paid for its seedlings and those under two years. As can be seen in the table also, there is no compensation for damages done to the fauna of the aquatic community in case of an oil spillage or any other form of destruction in off-shore locations.

Even in cases where compensation is paid for damages done to crops in on-shore locations, it is the preserve of Shell, the State and domestic bourgeoisie to determine the extent of destruction and how much to be paid. The people whose crops are destroyed are left out in process of valuating and paying compensation. To a very large extent therefore, what is paid as compensation is based on what the trio - Shell, State and the domestic bourgeoisie - considers as appropriate which is not commensurate in any way with the loss suffered by the people<sup>31</sup> Some case histories at this point is important.

At Uzere under the Isoko Local Government Area, fish ponds, lakes, crops like cassava, yams, plantain, groundnut and economic trees like rubber have constantly been destroyed either through oil spillage or gas flaring since Shell began operation in the area. In particular, between 1976 and 1986, N15,000.00 out of an estimated loss of N20 million of crops destroyed was paid as compensation<sup>2</sup>. Still under the local government area, the experience of Olomoro people is not different. Out of an estimated loss of N18 million resulting from damages done to cassava, plantain, yams, pepper and groundnut between 1976 and 1979, only N15,000.00 was paid as compensation<sup>3</sup>. In other communities like Oweh, not more than N11,000.00 was paid as compensation out of an estimated N15 million loss from crops destroyed by Shell between 1976 and 1980. The irony of the situation is such that the compensation rates as shown in table 6a were used in computing the damages and amount paid. Rather, it was a guesstimate of the state, Shell and the domestic bourgeoisie<sup>4</sup>.

In May 1979, one of the oil-pipelines at the Bomu flow station

Table 6a

Valuation of Crops and Economic Resources for Compensation  
Payment by the Ministry of Lands and Housing, Benin City, 1979

Crops	Mature	2Years to bearing Age Immature	Small/ Seedlings 1-2 years
Beans (Native)	13K	6K	-
Bitter Leaf	9K	-	-
Cassava	15K	6K	-
Garden Egg	44K	13K	-
Gourd	68K	17K	-
Groundnut	9K	5K	-
Lemon Grass	18K	9K	-
Maize	25K	11K	-
Melon	13K	9K	-
Okro (tall)	39K	13K	-
Okro (dwarf)	13K	9K	-
Pepper (Alligator)	9K	-	-
Pepper (Sweet)	39K	13K	-
Pepper (Hot)	22K	13K	-
Pineapple	33K	11K	5K
Plantain	39K	16K	8K
Potato (sweet)	13K	6K	-
Pumpkin (foted)	22K	9K	-
Sugar Cane	33K	17K	-
Tomato	44K	13K	-
Yam (water)	17K	9K	-
Yam (coto)	22K	9K	-
Yam (bitter)	13K	6K	-
Acioa	17K	9K	-
Peer	N8.80K	N8.40K	-
Banana	50K	22K	9K
Bread-fruit	N4.84K	N2.42K	N1.22K
Calabash	75K	33K	17K
Cashew	N6.88K	N2.75K	N1.10K
Cocoa	N4.43K	N1.00K	83K
Coconut Palm	N8.80K	N4.40K	N2.20K
Coffee	N1.80K	90K	18K
Cocoa Fruit	N6.60K	N3.30K	N1.65K
Guava	N1.54K	77K	17K
Indian Bambo (cluster)	N2.20K	-	-
Indigo	N1.65K	-	-
Jack Fruit (Ukwa)	N2.20K	88K	11K
Kola	N11.30K	N5.50K	N2.20K
Kime	N3.30K	N1.37K	66K
Mango (Tree & Fruit)	N7.70K	N2.75K	N1.65K
Mat Plants	N1.72K	85K	-
Mmimi (Pepper Fruit)	N3.30K	N1.10K	-
Oha (Ibo)	N3.85K	-	-
Oil Bean	N2.20K	-	-
Oil Palm (maintained)	N6.05K	N3.30K	N1.50K
Sweet Orange	N11.00K	N3.30K	N1.37K
Pochylobus (Ibbe)			

Table 6 a Contd.

Valuation of Crops and Economic Resources for Compensation  
Payment by the Ministry of Lands and Housing, Benin City, 1979

Crops	Mature	2Years to bearing Age Immature	Small/ Seedlings 1-2 years
(Native Peer)	N5.50K	N1.65K	88K
paw-paw (Female)	N1.37K	77K	17K
Pepper Bush	N1.76K	-	-
Plum (Native)	N4.40K	N2.20K	-
Raphia Palm	N8.50K	N3.85K	N1.65K
Rubber	N1.37	83K	22K
Silk Cotton Wool (Akpan)	N1.65K	-	33K
Agbono Trees	N3.30K	N1.10K	-

**Timbers**

Iroko, Abura, Ironwood etc.

Girth Over 1 Metre	N8.00
Girth 6cm to 1 metre	N4.00
Girth 30cm to 160cm	N1.50
Girth below 30cm	30

**Other Timbers**

Girth over 1 metre	N5.00
Girth 60cm to 1 metre	N1.50
Girth 30cm to 60cm	70
Girth below 30cm	10

**Mangrover (per hectare)**

Low (below 9 metres)	N15.00
High (above 9 metres)	N25.00

**Source:** Compensation Department, Ministry of Lands and Survey, Bendel State, Benin-City, 1979.

ruptured and caused about 7000 barrels of crude oil to spill into the environment and crops estimated at N3 million was damaged. But the company paid N9,000.00 as compensation which was neither based on the rates nor on negotiation with those who suffered the hazard.<sup>35</sup>

In October 1978, Shell had a loose failure at its SMB 1 at Bonny and about 75,0000 barrels of crude oil was spilled. N45,000.00 was paid as compensation out of an estimated loss of N4 million.<sup>36</sup> The experience of the Forcados community ends the case-histories on compensation. In 1979, the underneath seal of tank 6 of Shell's terminal at Forcados loosened and the entire 600,000 barrels stored in the tank emptied into the environment. Estimated cost of damages done was N30 million out of which Shell paid N500,000 as compensation.<sup>37</sup>

A lot of issues have been brought to bear from the above case-histories of compensation notably the amount paid as compensation which is a far cry from the damage caused to the community. This implies that the computation of damages is based on what Shell, the State and the domestic bourgeoisie considered to be appropriate. If table 6a is any guide, then there would be no compensation for the members of the Forcados community since there were neither crops nor economic trees around the tank. The payment of such compensation implies that there is no rule. Rather, it is based on who is involved, where the damage occurred and above all, a collaboration between the company, the officials of the State and the domestic bourgeoisie to exploit the situation to their own advantage. So, compensation is more of an avenue for self aggrandisement by the parties involved than a measure of contributing to the development of Shell's areas of operations. This will be discussed in greater detail in the section that follows.

#### **6.ivb. The Misappropriation of Compensation**

A better starting point for understanding the misappropriation of compensation is to know who determine what is paid, the extent of damage done and in whose favour payments are made. The task of ascertaining all these falls on the

officials of the state, Shell and the domestic bourgeoisie. It is the same trio that also determines in whose favour cheques paid for compensation are drawn. And to worsen the situation, by an arrangement reached between officials of the state and Shell (particularly those in the department of Lands and Survey who handle compensation issues) and the domestic bourgeoisie, compensation is paid in cheques and are drawn in favour of the representative of the people - the domestic bourgeoisie.<sup>38</sup> Some elaboration on this arrangement is important here.

According to some officials of Shell, 'payment of compensation is in cheque and is usually drawn in favour of the representative of the people to ensure that someone is held responsible for the money paid. That is why the representative of the people is usually preferred.<sup>39</sup> But Shell's position is not a serious one because payment of compensation ought to be a community's affair and cheques should therefore, be written in favour of the affected community as long as there is a community bank account. This option is not explored. Rather, cheques are written in favour of the domestic bourgeoisie who pays the money into his personal account of which it is the sole signatory to the withdrawal of such money. That is not all for by an accord reached between the domestic bourgeoisie and the traditional chiefs/rulers of the affected communities, how much is finally paid as compensation to the people whose crops and means of livelihood are destroyed is again the preserve of the bourgeois class. The only point at which the affected person is brought into the picture is when final money is paid as compensation to the farmers etc. The privileged position of the domestic bourgeoisie in the process of computing and paying compensation therefore provide the room for its misappropriation of the fund which infact, is its original aim. Few case histories will bring into greater detail how the domestic bourgeoisie, the state and some officials of Shell exploited the payment of compensation to their own selfish end and marginalized the people whose crops and means of livelihood are destroyed by Shell.

In the Isoko area, amount received by the people of the

affected communities as compensation ranged between 50 kobo and N30.00. Uzere for instance, 180 farmers whose crops were destroyed in 1977 by an oil spillage were each paid a total by N1.50 for maize, N5.00 for yams, 56 kobo for tomatoes and N1.20 for cassava in 1980.<sup>40</sup> In particular, Mr. A Udezi, a farmer in Uzere complained bitterly that he was paid a total of N30.00 as compensation for an estimated damage of over N300,000.00 done to his crops.<sup>41</sup>

Matters are even made worse with the non-disclosure of the actual amount paid as compensation to the representatives of the communities. There are also cases of the people not even aware that compensation is paid. For instance, not only did the N500,000.00 paid to the Forcados community as compensation for the 1979 spillage failed to get to the people whose means of living were destroyed, many of them never knew of such payment.<sup>42</sup> The N100,000.00 paid as compensation to the affected communities of Erhoike in 1979 which was shared by the trio - the state, officials of Shell and the domestic bourgeoisie - only came to the open in 1987 when the Federal Government Task Force on Oil Producing Area which visited the area revealed that such amount was paid in 1980 as compensation.<sup>43</sup> No sanction was taken against them.

The misappropriation of compensation by the representatives of the affected areas and their collaborators in government and Shell is a common problem in all the communities where Shell has paid for damages. Even in areas where the company paid compensation for acquiring land for its operations before the Land Use Decree, such money is still in controversy to date. For instance, In July 1958, Shell paid £4062.00 being five years rent for the 1354 acres of land where its terminal is built in Bonny. £1642, 12 shillings was paid to the Bonny Community and was lodged into the Bonny District Treasury through Mr. Irimagha at Finima. Mr. Irimagha has not accounted for the money as at 1991 when the researcher visited the area. £1218, 12 shillings paid to Brown House and the same amount to Jumbo House was not accounted for.<sup>44</sup> Some members of the family did not even know that compensation was paid. In fact, few members of the same family even misappropriated the money meant for all of them.<sup>45</sup> If

compensation could be misused way back in the early 1960s, it is no wonder that it is now the order of the day.

One of the major consequences of the misappropriation of fund is that it has fuelled the protest against Shell in the area not the least because those whose crops, social and economic activities are being destroyed by the company only receive either pittance as compensation or nothing at all. There is also the protest for the removal of corrupt representatives of the people. The then Bendel State Government and Rivers State Government have been accused by the inhabitants of the affected areas of diverting compensation money into other uses and even to areas where oil is not produced. One such case was the establishment of the State University at Ekpoma by the late Prof. Ambrose Ali. Just as environmental issue has become political so does compensation. And under such circumstance, compensation can not achieve one of its objectives - that of alleviating the sufferings of the affected people. The next section discusses other forms of compensation in the Delta.

#### **6.v. Shell's Social Development Programmes As An Alternative Form of Compensation in the Delta Area.**

The introduction of social development programme along side with the payment of compensation is to minimize the misappropriation of compensation money and help to improve the living standard of the people. To be able to achieve this objective, Shell introduced farmers' cooperative societies and promised to provide social amenities like electricity, pipe-borne water, build classrooms and award scholarships to the indigenes of its areas of operation. It is important to discuss these issues in detail at this point.

The Farmers' Cooperative Societies that Shell introduced in the Delta is no mean task. To make it succeed, the company introduced and distributed disease-resistant and high-yielding varieties of crops like yams, cassava, plantain and oranges to the farmers' societies. It established two agricultural research centres: one at Agbarho for the Western Delta and the other at Bori for the East. The two centres have pilot farms from where seedlings, suckers and stems of crops are distributed to the farmers societies<sup>46</sup>. Some

elaboration on each centre is appropriate at this juncture.

The Agbarho Farm Centre which was initiated in 1972 actually took off in 1978. The Jeddo Farm Centre only began in 1988 and is still in its infancy. The discussion is therefore, limited to the Agbarho Farm Centre. Seven zones are under the farm centre and are listed as follows:

**Ekakpamre Zone** which comprised of 10 communities:

Ekakpamre, Afiesere, Ofuoma, Ewreni, Otor-Ogor, Ughelli, Agbarho, Agbarha-Otor, Otu-Jeremi and Okpare.

**Kokori Zone** with six communities:

Kokori, Orhokpor, Oviore, Okpara-inland and Isiokolo.

**Ellu Zone** with twelve communities:

Ellu, Ozoro, Otor-Owhe, Akiewe-Owhe, Uzere, Olomoro, Oleh, Emevor, Owode, Ofagbe, Oghara-Iyede, and Igbide.

**Warri Zone** with six communities:

Warri township, Ubeji, Otumara, Ifie-Kpary, Ode-Itsekiri and Koko.

**Okpe/Oben Zone** with Eleven communities:

Jesse, Mosogar, Sapele, Amukpe, Ughottor, Elume, Otor-Udu, Egbododo, Effuru, Adeje and Jeddo.

**Ojobo Zone** with ten communities:

Ojobo, Ndro, Torogbene, Peretorugbene, Okpukushi, Agbidiana, Sunguntoru, Detapou, Ebiodongbema and Egbemo-Angalabiri.

**Bomadi Zone** with six communities:

Bomadi, Patani, Puomor, Kpakama, Odonubu and Uduophori.<sup>47</sup>

The Agbarho Farm Centre, located in Agbarho, has a seed multiplication and Research Centre from where the rest zones were supplied with the seedlings and stems. It has a pilot cassava farm located on 54 hectares of land<sup>48</sup>

The Bori Seed Multiplication, Research and Supply Centre is



situated on 12.97 hectares of land at Bori in the Bori Local Government Area of Rivers States. The land was donated to Shell by the Rivers State Government in 1977 and a year later, the project took off. There are nine project zones in the Eastern Delta and the Bori Farm Centre is to provide back-up services to them. The nine zones are:

**Afam Zone** with eight communities:

Afam Ukwu, Afam Nta, Obeakpu, Obigbo, Elelenwo, Nonwa, Ebubuand Onue.

**Umuechem Zone** with 11 communities:

Umuechem, Abara, Igwuruta, Aluu, Rukpoku, Eneka, Rumuokwuta, Rumuola, Rumueme, Rumepirikom and Egbelu.

**Yorla Zone** with five communities:

Dere, Kpor, Mogho, Bodo and Bera.

**Egbema/Oguta Zone** with 14 communities:

Oborottu, Obiakpu, Mmahu, Unuoigi, Abacheke, Abaizi, Obeakpu, Obokofia, Offorotta, Mgbaro, Ekugba, Elakwuru, Umudike and Oguta - all in Ohaji/Egbeme/Oguta Local Government Area of Imo State.

**Imo River Zone** with 13 communities:

Owaza, Umuorie, Umukalu, Ohuru, Uzuokuo, Uzuahola, Oza, Obuzo, Umuntelle, Gboko, Umudiba and Obehie.

**Assa/Ibigwe Zone** with four communities,

Assa, Awara, Ikwerede, and Obile.

**Utapata Zone** which comprised of:

Iko Town Community in Ikot Abasi Local Government Area of Akwa State

**Nembe Creek Zone** with 19 communities: Ogbolomabri,

Badsambri, Ewelesvo, Egbeteiuoma, Sabatoni, Okokokiri, Kala-Orubu, Okuroba, Ikensi, Oguama, Oloibori, Abobin,

Opormatubu, Emakalakala, Otuabaji, Otuakimi,  
Otuogidi, Warribuguma and Akipilai.<sup>49</sup>

The Bori Farm Centre has pilot farms at Mogho area in Bori from where the nine zonal projects are to get their supply of seedlings/nurseries of oil palm and rafia palm trees, cassava stem, seed yams, pineapple and plantain suckers among others. They are also to get technical advise on farming method from the company's Agricultural Extension Officers. Just how they fared constitutes the thrust of the following discussion. But before going into specifics, a note on the general situation is important here.

Shell's community agricultural programme is aimed at helping the people in its areas of operation to grow crops with modern farming method and technology in order to increase their output. In other words, it is an attempt towards collective self-reliance in food production. Farmers are therefore encouraged to form cooperative societies and by 1987, 37 were registered.

These cooperative societies are to benefit from the wide practical experience of Shell's Agricultural Extension Officers. Farmers are to get supply of seedlings/nurseries, suckers and stems among other inputs to crop production from the two Seed Multiplication and Research Centres at Agbarho for the Western Delta and Bori for the East. This is to be at the initial stage and thereafter they should be self-sufficient. Because of the huge financial requirements of these projects, Shell is to provide the take-off capital and then the cooperative societies to be self-financing later. On the choice of site for the projects, Shell's agricultural officers are to take soil samples for analysis before approval is given. To tackle the problems of crop diseases, Shell is also to provide the necessary support in the form of herbicides. And to encourage farmers to work hard, Shell also introduced farmers' day during which prizes will be awarded to the best farmers of the year. These are all noble ideas which if properly put in practice would have considerably reduced the acute shortage of food-stuffs in the area and as well, enhanced the living conditions of the

people.

But hardly have they taken off than they started to crumble because of the half-hearted efforts of Shell and the state. Not only were seedlings/nurseries, seed yams, cassava stems among others in short supply from Shell even in the first year, the distribution of these items was also problematic. For a farmer's cooperative to qualify to get these items for instance, it must show proof of an available cultivable land among others, and most of them had none because of the land scarcity that pollution has caused. So, not all registered cooperatives got the inputs and even those that did, only few items were received.

Shell's financial commitment to the cooperative societies is very limited. For the projects that Shell donated money it was a paltry sum. Shell was reported to have syndicated loans but in very few cases. Not only was the amount of loan too small, none of the members could benefit from them because of banks' condition for loan<sup>50</sup>. One case-history each in the East and West Delta might bring into greater details, the extent of the hollowness of the company's agricultural development programmes. First on the Eastern Delta.

The choice of the Umuechem Zone in the Eastern Delta is based on some reasons. It is an on-shore operational area with over 35 oil wells and all owned by Shell. It is among the hardest hit by oil spillages with frequent cases of protest against Shell. It also has large expanse of land which would ease the company's rural agricultural development programmes in the area if properly executed. In addition, farming is still the major occupation of the people and this ought to facilitate the formation of farmers' cooperative societies. Food shortage is acute as a result of Shell's operation So, the necessity of Shell's scheme is overdue in the area<sup>51</sup>.

Shell supplied the Umuechem Zone with inputs for crop production such as seedlings, seed yams, cassava stems, herbicides, implements and in some cases, provided infrastructural facilities. Between 1975 and 1981 for instance, Shell's assistance in monetary terms was valued at

N139,512. Out of this amount, N59,300 was invested in poultry.<sup>52</sup> The poultry was suppose to provide the people with eggs and other birds which hopefully would increase their intake of proteinous food. But three-quarter of this amount was spent in building the poultry farms and by the time they were ready there was little or no fund to buy birds, their feeds among others. Thus not more than 300 people actually benefited from the poultry project in terms of the purchase of eggs and birds. This was out of over 350,000 people in the areas.<sup>53</sup>

Out of the remaining amount, N73,962 in absolute terms, was spent on the purchase of inputs to crop production. The agricultural inputs bought with this amount were so limited that only a handful of the farmers got.<sup>54</sup> Under such condition, there was no way more food would have been produced. If anything, the food crisis persisted. About N5,250 was spent in the provision of infrastructures mainly in the purchase of culverts for the graded feeder roads<sup>55</sup>

Between 1982 and 1983, no new projects were initiated, rather, efforts were made to consolidate the existing ones. In 1984, a total of N5,663 was given as monetary assistance to the community. Out of this amount, N4,937.60 was spent in the purchase of seed yams. Only 49 farmers were reached out of an estimated population of over 0.4 million people. In 1985, the financial assistance increased to N22,086.85 which represented 278.7 percentage points above the 1984 figure. More communities were involved and about 244 farmers were reached.<sup>56</sup> This still remained a far cry from the hundreds of farmers in the area.

In 1986, the total expenditure incurred by Shell in providing assistance to the community declined to N7,573.30 and this represented a net reduction of N14,513.55 over the 1985 figure. Only 38 farmers were supplied with seed yams and cassava stems and this was a sharp fall from the previous year.<sup>57</sup>

In June 1982, Shell initiated the Umuechem Farmers' Multi-purpose Cooperative Society Limited. Membership was 28 farmers. It operated from Umuechem and Etche districts of

Ikwere/Etche Local Government Area of Rivers State. Its share capital was N29,480.00 out of which N1,340.00 had been paid up.<sup>58</sup> Not only was the authorized share capital too small to start off any meaningful cooperative society, the amount paid up indicated that the members were either not willing to pay or had no money or even both. Because the acute shortage of cultivable land persisted, none of the members was ready to donate its land for the group project. Ineffect, even if the cooperative society's initial capital had been fully paid-up, there would have been no land. In the end, the Umuechem Farmers' Multipurpose Cooperative Society Limited existed in papers while its members continued with their individual farming.<sup>59</sup> It is clear from the above that the take-off of these projects is so problematic that they can at best be described as having existed in papers. Shell is not willing to go beyond the initiation of the projects. According to an official of Shell's Community Development Project,

The company is only being good to the people by introducing these projects. Our business in Nigeria was (and is still) to produce crude oil. We paid the state all royalties and taxes yet it wanted us to develop the rural areas. We cannot do better than this!<sup>60</sup>

But if only Shell had kept to the standard of 'good oilfield practice' and the state concerned more with improving the life of the people, the scale of the destruction of the environment and the economy in the Delta would have been minimized. But this is not to be because all that mattered to the state which ought to check the activities of Shell, is revenue generation from the crude oil. To the state therefore, rural community development programme introduced by Shell should be its own responsibility. Nothing can demonstrate the state's unwillingness to develop the oil-producing areas. So much on Umuechem in the Eastern Delta, now on the Ellu-Zone in the West.

The Ellu Zone of Shell's community development programme is comprised 12 communities: Ellu, Ozoro, Otor-Owhe, Akiewe-

Owhe, Uzere, Olomoro, Oleh, Emevor, Owode, Ofagbe, Oghara-Iyede and Igbide - all in the Isoko Local Government Area of Delta State.<sup>61</sup> The choice of the Ellu Zone is informed by some reasons. The Isoko area as stated earlier, has the largest concentration of Shell's on-shore activities in the Western Delta. It is also hardest hit by oil spillages and effects of gas flare. All these have contributed to the decline in agricultural output which in turn, led to acute shortage of food in the area. So Shell's rural community agricultural programme is over-due in the area. Furthermore, the Ellu Zone has the largest number of communities (12) and perhaps, its impact if properly implemented, will be evenly spread.<sup>62</sup>

The formation of farmers' cooperative societies in the Isoko area predated Shell's own concept of rural community agricultural scheme. The Akiewe Farmers' Society among others took off in the early 1960s. It however, did not function effectively because of financial constraint and by 1965 it was dissolved.<sup>63</sup> Thus, by the time Shell introduced its community agricultural programme, the people are already aware of the possible benefits. If the programme benefited the people will be brought out soon.

The Akiewe Otu Okugbe Farmers' Multipurpose Cooperative Society is about the oldest of all in the Isoko area. It was initiated by Shell in April 1967 but could not take off until 1976 due in part to the civil war during which time the company stopped production in the Delta. It had an initial membership of 10 which rose to 30 by 1979.<sup>64</sup> The task of raising the take-off fund fell on the members. To this end, registration fee was fixed at N50.00, and a total of N1,500.00 was realised from the members. Thereafter, each member was taxed N100. Out of an expected total of N30,000.00, N22,000 was paid up. By 1980 for instance, the Cooperative Society had raised N37,000.00 for projects estimated to cost over N300,000.00.<sup>65</sup>

A five acre plot of land was provided by the members for the group project. Shell supplied cassava stems, seed yams and plantain suckers. But all the inputs were planted in less

than half of the farmland. Out of the N37,000.00, about N17,000 was spent in fencing and other expenditures incurred in preparing the land for cultivation. N18,000.00 was spent to purchase other inputs for crop production. So from inception, the project was already financially constrained. Shell on its part, fell short of the expected supply of inputs. By 1983, members could no longer raise enough money and the project stagnated. The few seedlings and cassava stems that were produced from the project which ought to have been distributed among non-member farmers, ended up being used by the members in their private farms<sup>66</sup>. It is the same problem in the Oleh Farmers' Cooperative Society under the Ellu zone.

The Oleh Farmers' Cooperative Society which operated from Oleh started off as a thrift and credit society in 1968<sup>67</sup>. It was set up to render financial assistance first to the members and thereafter, to other members of the community at an interest. In 1968 when Shell introduced its own concept of rural community agricultural programme, the cooperative society took advantage of it and registered. This did not significantly affect the original aim of the society apart from the fact that it incorporated farming into its plan.

From a membership strength of 26 in 1968 it rose to 35 in 1975 - the year the society actually took off. Members raised the initial capital through the payment of registration fees and the subscription of shares. The total amount contributed by members in addition to the proceeds from the shares bought was N22,824.00. Out of this amount, N9,000.00 was spent on the acquisition of the 350 acres of land for the society's farm. Local labour took about N6,000.00 and what was left could not sustain the running of the farm that was estimated at the cost of N250,000.00 for the 1976-80 period<sup>68</sup>. As usual, the state did not make any effort to fill in the shortfall. In other words, the project took off with financial problem. That is not all. From the Agbarho Farm Centre, Shell supplied crops inputs - cassava stems, plantain suckers, tomato seeds and maize seeds. For instance, about 40,000 planting lengths (one foot) of high yield cassava, 6000 seed yams and about 2500 plantain suckers were supplied in 1976<sup>69</sup>. Because of the limited crop inputs supplied by Shell, less than 200 acres

of the farm was cultivated.<sup>70</sup> Not only was the project constrained financially, it also suffered from inadequate supply of the inputs to crop production. Between 1980 and 1982, no new project was embarked upon. Rather, efforts were made to consolidate the old ones.

By 1983, Shell increased its supply of inputs particularly cassava stems by 20,000 planting lengths. The space cultivated in the previous year remained the same because the stems got from the harvested cassava were not sufficient. The 1983 supply was therefore supplementary. Nothing came from Shell in 1984. The sale of the harvested products which was estimated at N7000.00 was too meagre to solve the financial crisis which had faced the project from inception. With no herbicides provided in 1984 by Shell and the society unable to afford any, there was massive destruction of crops by insects.

By 1985, it became obvious to members that the society was stagnating. A society formed with the aim of supplying seedlings, suckers, seed yams to other non-member farmers in the Isoko area could not even meet its own need. As the cost of running the farm became too expensive and with no more assistance from Shell, the Oleh Farmers' Cooperative Society members diverted the few crop inputs to their private farms. One Mr. Moses Akpovi (a member of the Society) aptly summed it up this way:

The Society's farm is for the members and whatever is harvested belongs to all. Given the high magnitude of problem that faced us from inception, the Society can fail but not the members. So, members diverted their own share of cassava stems for instance, to their individual farms.<sup>71</sup>

It is clear from the above that the best the Shell's community development programme is able to achieve is to initiate the programme but unable to nurture it to fruition. As such, the general situation is that farmers (members) have to maintain the farms from their meagre contributions. This led to stagnation and outright sale of the farms. The few crop



seedlings from the farms were therefore shared among members for use in their private farms<sup>71</sup>

It is true that the farmers are unable to maintain the cooperative farms but that is because of their limited revenue and farm inputs which the operations of the company as explained in the last two chapters, have contributed to. This is in sharp contrast to the farms owned and managed by Shell. All Shell's farms are provided with all that is required to make it succeed. Infact, most of the products from these farms are consumed by Shell workers. So, it is more of Shell's effort to provide welfare for its workers than actually helping the rural people in its areas of operation towards achieving collective self-reliance in food production. It is not surprising therefore that Shell is not interested in whatever happens to the rural community development programme at the various zonal levels after assisting to start them. The state too is not forthcoming with any assistance. At the end, what ought to have been a noble objective failed right from the inception.

Other forms of Shell's community development programme in its areas of operation in the Delta are in education, provision of electricity and donations (in kind).

First on education. Shell is not in the Delta to provide education to the people in its areas of operation in particular and other Nigerians generally. Its mission is clear from the start - to produce crude oil. But with the increasing cost of expatriate labour and coupled with the fact that more universities are now established in Nigeria, Shell introduced scholarship programmes at the university level. Although on the surface, it looks like a response to the protest of the people, it is more of an attempt aimed at cutting overhead cost by recruiting cheap local labour. For instance, Shell's scholarship programme which actually took off in the mid-1970s only covered disciplines in the Engineering and few earth sciences such as Geophysics and Geology. Again, these are disciplines relevant to its activities. It was only in the 1980s that the Management Sciences and Law were included but all to meet its manpower need as well. The accredited universities where the

scholarship is tenable are those of Ife, Benin, Ibadan, Lagos, Nigeria. Others are Port-Harcourt and Zaria. It is opened only to non-preliminary students with the best results in their various (and relevant) departments. Not more than 200 students have benefited from the programme as at 1987.<sup>72</sup> Although more than half of this number are of Delta origin it is not introduced as a direct response to the protest by the people. Instead, it is a measure to recruit local labour. Shell's scholarship programme at the secondary school level is part of its staff welfare package. It is therefore restricted to the children of its workers and not for the communities served by it.

As earlier explained in Chapter Four, certain infrastructural facilities have to be put in place to ease the exploitation of crude oil. For instance, power (electricity) is crucial to the operation of Shell. Thus, the company provided electricity not as a way of enhancing the living standard of the people. Rather, as a means to facilitate its operation. Traditional Bonny has no light yet Shell Bonny has all the niceties of a modern city.<sup>73</sup>

Shell made some donations in both cash and kind towards the construction of market squares, primary schools' classrooms and furniture. In the Isoko area for instance, 12 oil producing communities got N400.00 each from Shell as donations for the construction of market squares.<sup>74</sup> The company also donated a block of four classrooms with desk and benches to three communities in the area. The estimated total cost of Shell's expenditure in terms of donations to the Isoko area between 1957 and 1987 was N.4 million.<sup>75</sup> This is a paltry sum of money considering over N700 million Shell has taken away from the area in the form of crude oil.<sup>76</sup> Whatever infrastructural amenities found in the area therefore, is more of the communal effort of people.

The situation is not different in the Eastern Delta. For instance, in the Umuechem area, Shell donated N4000.00<sup>77</sup> to the Umuechem's market project which was completed by communal effort. Shell's donations in all its areas of operation are paltry sums of money that cannot even execute the project

halfway. So much on the response of Shell now on how the state reacted to the demonstrations in the Delta.

#### **6. vi The Response of the State**

The response of the state to the reactions of the people in Shell's areas of operation is in two major ways: (i) through the use of law enforcement agents and (ii) by decrees/policies. Some elaboration on them is important.

#### **6.via The Use of Law Enforcement Agents**

Since the early 1970s when the export of crude oil became the major foreign earner for the Federal Government, all attempts that are capable of disrupting or halting its production, transportation and distribution have always been met with violent measures by the State. The police amongst its security and law enforcement agents, have been used most frequently. For the off-shore locations, the navy has been used to maintain law and order conducive for the exploitation and production of crude oil by Shell.

The massive unrest that swept across Shell's areas of operation between 1974 and 1985 threatened the state not the least because it disrupted its regular source of revenue. In the Isoko area which has recorded the greatest number of protest in the Western Delta, the state deployed anti-riot policemen to maintain peace following the spontaneous outbreak of demonstrations in 1975. About 2000 policemen were deployed to Uzere, Ozoro, Olomoro, Owhe and Emevor to contain the riots in these areas. All Shell's locations were under severe guard by the policemen<sup>78</sup>. It took the policemen two weeks to bring the situation to normal. Although no life was lost, the state's response showed that it is only concerned with maintaining and enforcing peace to enable Shell operate in the area since none of the plights of the people has been met.

The Umuechem experience as earlier explained is one case in which the traditional chief of the town, his two sons and 38 other people were killed in 1990 by the police as a result of protest against Shell. Infact, that act of the state has brought into greater limelight, the extent of the use of force

by the state to subdue the people in the company's areas of operation<sup>79</sup>. Infact, it is the most violent response from the state in the history of demonstrations by the people of the oil-producing areas in the Delta.

To forestall any further demonstration that is capable of disrupting the exploitation of crude oil, the state's law enforcement agents now guard the company's oil locations particularly its flow stations and terminals in the Delta. But the use of the law enforcement agents has not stopped the people from protesting the neglect of their area, their deprivation and destructions of their environment by Shell and the state. So, alongside the use of force, the state also promulgated decrees most of which are calculated at the restive inhabitants of the company's areas of operation and others that want to breach the peace.

#### **6.vib The Policy Response of the State**

A greater part of the responses from the state came through policies - either as decrees or laws - as opposed to the direct use of brute force. But given the creation of the state, its policies hardly tackled the developmental problems of the people. Rather, they are direct responses to the threat to its sources of income on one hand, and on the other, a means of even accumulating more revenue from Shell<sup>80</sup>.

The 1975 Anti-Sabotage Decree was promulgated to forestall other protest after the wave of protests that swept across virtually all Shell's locations in the Delta in that year. The Decree in particular, prescribed death penalty for any person caught disrupting crude oil production, its storage and distribution<sup>81</sup>. In spite of the decree and its serious penal measures, Shell's activities are still disrupted by protest on an annual basis. So far, no case has been reported on anyone prosecuted under this Decree among those protesting against Shell in the Delta.

Another policy of the state against the people of the oil-producing areas in particular and others generally is the 1978 Land Use Decree. By the provisions of this Decree, all land within the territory of a state is rested in the Governor who

holds such land in trust for the Federal Government<sup>82</sup>. Such provision in effect, did not only insulate Shell from negotiating with the community over the payment of rents on land; neither the company nor the state paid compensation on land, as a result of pollution. Infact, since the state signed the joint venture agreement with Shell in 1973, the state has been adopting measures aimed at avoiding the payment of compensation and the enactment of the Land Act of 1978 is one of such tactics. The general impact of this Decree on the people in shell's areas of operation is summed up by one of the traditional chiefs in the Delta this way:

We lost our only God-given rights to our land and its abundant resources. For the first time ever, we felt the burden of losing our sense of self-reliance<sup>83</sup>.

Although section 36 of the 1969 Petroleum Decree ought to compell Shell to adhere to the principles of 'good oilfield practice',<sup>84</sup> it was the 1979 Gas Re-Injection Decree that can be regarded as the only serious legislation enacted as a response from the protest against the company. The 1979 Decree provided that associated gases that do not hinder the production of crude oil must be reinjected rather than flared<sup>85</sup>. The state imposed a fine of 20kobo for one cubic meter of gas flared. The fine was increased to 50 kobo in 1990<sup>86</sup>.

Inspite of these decrees, the operations of Shell have always violated them. This is caused by many factors (i) the state is weak, (ii) the penalty for flaring gas is nothing to deter Shell, (iii) The Petreoleum Resources Department of the NNPC which is set up to monitor the activities of the oil companies not the least Shell is ineffective. For instance, the Petroleum Resources Department lacks equipent to do its job. So, to monitor the operation of Shell is impossible<sup>87</sup> Under such circumstance, it becomes difficult for the state to prove that the company has violated section 36 of the 1969 Decree.

On Gas Re-Injection, the state has not got the political will and technical capabilities to enforce the decree for obvious reasons. The re-injection of gas is an expensive and specialized project which Shell claims it cannot do. The

state on its part, has not got the technology for that as well. If the state insists that Shell must re-inject, it will amount to bringing into the country a subsidiary of Shell from Europe that specializes on gas re-injection.<sup>88</sup> That is not all. All expenses on such project will be debited to the joint venture and invariably the state will bear the greater share of the cost. To the state therefore, Shell can flare gas as long as it pays fine. But even the payment of fine is charged to the joint venture which infact means that Shell is only paying 20 percent of 50 kobo for one cubic metre of gas flared leaving the State with 80 percent that being its ratio in the joint venture before 1989.<sup>89</sup>

The only positive response from Shell to the policies of the state was its initiation of the Clean Nigeria Associates after the 1981 conference on The Petroleum Industry and the Nigerian Environment. It is an agreement between Shell, nine oil producing companies and the state represented by NNPC. Why Shell initiated it is because it has the highest number of oil wells and accounts over 50 per cent of the crude oil produced in the Delta as well as the greatest damage done to the environment of the area.<sup>90</sup>

The primary aim of the clean Nigeria Associates (CNA) is to maintain a capability to combat spills of liquid hydrocarbon or pollutants in general, additional to any such capability maintained by individual members<sup>91</sup> By September 1985, Halliburton delivered and assembled the equipment at Onne for the Eastern Delta and at Warri for the West<sup>92</sup>.

The worthy point of note is not that Shell initiated the Clean Nigeria Associates, rather, it is the relevance. Shell for instance, began crude oil production in the Delta in 1956 and it was almost 30 years later that it felt the need to have the CNA. Even the CNA by its locations is meant to tackle cases of oil spills as from 1985. In effect, it is medicine after death since all the havocks wrecked on the environment before 1985 cannot be reversed by the CNA. That is not all. By the location of the CNA's operating bases at Warri and Onne, on-shore oil spillages which even accounts for over 60 per cent of the incidents of crude oil spills in the Delta cannot benefit from its services. And since over 65 per cent

of Shell's operations are on-shore, there is no way that it will be helpful to its areas of operation. Thus, oil spillages that occurred in Shell's on-shore locations in 1986 and thereafter can hardly be helped by the CNA. It was not any surprise that the 1989 disastrous oil spillage in one of Shell's location in Bomadi area was not helped by the CNA even four years after its existence. If anything at all, the CNA is prepared to combat oil spillages in the mid-sea oil operation and discharge from the loading oil tankers at the terminals. These are areas where the sea waves have made the impact of oil spillage on the environment less noticeable. Good as the objective of the CNA might be there fore, it can hardly be beneficial to most of the locations of Shell where a lot of damage is done to the environment and economy of the people.

The only specific policy response of the state since the dawn of demonstration against Shell is the allocation of the 1.5 percent ( increased to 3 per cent in 1992) of the federated account for the development of the oil-producing areas. Its disbursement has always been problematic because the oil-producing states, Delta and Rivers in this case, have always argued that being part of the state, such revenue must not necessarily be used to develop only the oil-producing communities but other non-oil producing areas within the state. As a result of the fear that the fund might not be spent for the purpose it was meant for when released, the local government councils where the crude oil is produced is preferred by the federal government. But so far, there is hardly any local government council in Delta area which has received any fund directly from the federal government on this statutory allocation.

#### **6.vii Concluding Remark**

This chapter has brought out the fact that inspite of the various protest by the people in Shell's areas of operation, they are still deprived of their means of livelihood, neglected and becoming even more exposed to the dangers of oil production. The state that ought to have even been in the forefront of developing the area is using all its power to make the area more vulnerable to exploitations by Shell.

The entry of the domestic bourgeoisie into the protest in the Delta is only at the point of compensation. And as to be expected, it utilized the lion share of the money paid as compensation to its own advantage. To a large extent, the people who bear the brunt of oil production are not helped in any significant way. But the Delta areas will have to be developed amid the hazards of oil production. Such development will have to place against the background of policies that seek to protect the oil-producing areas, policies that will increase the technical capabilities of the state and policies on the general development of the oil-producing areas among other rural communities in the country. These and other related issues are addressed in Chapter Seven.

CODESRIA-LIBRARY



**Notes**

1. For specific works on the conflicts and constructions engendered by the capitalist operations of the transnationals in Africa. See Ernest Brett's Colonialism and Underdevelopment in East Africa ..... op cit, Greg Lanning et al, Africa Undermined ... op.cit and Clower et al, Growth Without Development .... op. cit.
2. See the various works of Claude Ake on the State in Africa some of which are reviewed in Chapter Two of this work.
3. Based on interviews with some top officials of Shell in Lagos. See also Shell International, publication of the company.
4. This figure was authenticated by very top official of Shell interviewed who has chosen to be unnamed for secrecy sworn to by him. Chief Alex Nwokedi - one time Public Affairs Group Manager of NNPC confirmed this figure when I spoke to him.
5. Based on interviews with some Nigerians with the oil-servicing companies operating in Algeria and Libya.
6. Cited in Omobolaji Adewale's 'Judicial Attitude to Environmental Hazards in Nigerian Oil Industry' in The Petroleum Industry and the Nigerian Environment op. cit. 1985, p. 44.
7. ibid.
8. See no. UCH/48/73, Ughelli High Court delivered on November 12, 1974.
9. See Suit no iv/89/71, Warri High Court 25th November 1973. For a similar case, see also suit no. SCK/21/81 Chief J.O. Ubini vs. Shell. 19th July 1985.
10. See Omobolaji op. cit, p. 49.
11. ibid. p.48
12. There is no amount of compensation that will restore normally to the environment as Oteri's reports have shown. For details, see Akomewo Oteri's 'Groundwater Pollution ...' in The Petroleum Industry and Nigerian Environment, op cit 1985, p.257.
13. For more details on the Bori case, see BAC/2/83

and judgement on 5th January 1985.

14. See Omobolaji op. cit. p. 46
15. Based on the interviews the researcher had with some oil workers, village heads, officials of the community development unions, sacked oil workers at different times in the Delta area in the course of this field work.
16. Based on interview with Mr. Johnson Okpodu at Ozoro in 1989. Mr. Okpodu has led his people in several protest against Shell. Figures on barrels of crude oil were obtained from the community's file and cross-checked with Shell and NNPC.
17. The researcher was aware of this protest and also familiar with the area. In addition, the researcher still had interviews with some of the indigenes of the area at different times during his field trips to the Delta.
18. Based on interviews with the indigenes of the area particularly the interview with Mr. John Omuvie who was one of the leaders of the 1980 protest.
19. Extracted from the placards that was used in the protest.
20. Based on an interview with Inspector Ekaine of the Nigeria Police Force, Ughelli in 1989. Mr. Ekaine was one of the policemen drafted to quell the riot in the area in 1980. He hails from Ozoro. For more details, see The Sunday Observer, February 1, 1981, p.13.
21. See The Nigerian Observer, Monday 30 December, 1985. The researcher also had interview with him (Ekaine) in 1989 at Ozoro.
22. Based on interviews with some officials of Shell at Warri and some indigenes of Oben and Ughotor in 1990.
23. The researcher or hails from the area and is quite familiar with the unrest in Shell's locations.
24. See the Nigerian Statesman, Owerri, 24 February 1982 p.20.
25. ibid.
26. See the Press Release no. 1976 by the then military Head of State General Muhammadu Buhari in November 1984.
27. It was the general grouse the people of

Umuechem according to some of them who the researcher interviewed in November 1990.

- 28a. See African Concord, 3, December 1990, pp.23-27
- 28b. ibid.
29. See Schedule 36 of the Petroleum Drilling and Production Decree no. 51 of 1960 Lagos, Federal Government Printers.
30. See Chapter Four of this work for details in the joint venture agreement.
31. The exclusion of the people who actually bears the brunt of oil production from the computation and payment of compensation is one major grouse the people of the Delta have against Shell and the state.
32. This figure was obtained from the community's file after a long debate on my mission. There is always difference in the figures in estimated loss of crops because the community members have refused to use rate computed by the State and Shell. The researcher has to rely in some cases on the average of two.
33. Based on information from the community's file.
34. Based on the community's file.
35. Based on the community's file.
36. Based on the figures obtained from the Community Development Unit of Shell East, Port-Harcourt in 1989. Some of the indigenes of Bomu that the researcher spoke to on the issue claimed that N30,000.00 was paid.
37. Based on the figures from the Community Development Department of Shell, West, Warri. Mr. John Cocodia, indigene of Forcados based at Warri also confirmed the payment of such amount of money.
38. Infact, the misuse of compensation money is found to be one reason why the inhabitants of the oil-producing areas are always protesting.
39. Based on interviews with officials of the Community Development of Shell at Warri in 1990.
40. Based on my field trip to the area in 1989 and 1990.
41. ibid.

42. See interviews with Cocodia, op. cit.
43. The Chairman of the Task Force hails from the area and he made public the amount of money paid. The researcher had interviews with some officials of the Task Force.
44. See the 'Agreement between Brown House and Jumbo House (The Joint Lessor House) for the Sharing of Land Rent Payable by Shell-BP Petroleum Company. (the Lease Company)' July 18, 1958.
45. Based on interviews with some members of the Houses at Port-Harcourt in 1989 and 1990.
46. Based on my trips to Warri and Port-Harcourt Divisional Operational Headquarters of Shell for the West and East respectively. See also Shell's Community Development, Shell's Publication, 1985.
47. See Shell's Community Development ibid.
48. ibid.
49. ibid., pp.13-15.
50. Based on interviews with both the indigenes of the area and some officials of Shell particularly those in the Community Development Department.
51. Based on interviews with some of the indigenes of Umuechem.
52. Based on the figures obtained from the files of the Co operative Society of Umuechem.
53. Estimated population of the area as a projection from the 1963 census figure. Percentage growth rate is 2.5 per cent.
54. See note 52 above.
55. ibid.
56. ibid.
57. ibid.
58. ibid.
59. ibid.
60. Based on interviews with some officials of Shell in Warri and PortHarcourt in 1989 and 1990.

61. Shell's Community Development op. cit.
62. See Chapter Five of this work.
63. Based on interviews with some indigenes of Akiewe when the researcher visited the area in 1990.
64. Based on interviews with Mr. John Awhona, member of the Akiewe Otu Okugbe Farmers' Multi-purpose Co-operative Society in 1989. The Akiewe Farmers' Society was the predecessor to the Akiewe Otu Okugbe Farmers' Multipurpose Cooperative Society.
65. Based on interviews with members of the Society.
66. ibid.
67. Based on interviews with some members of the society at Oleh in 1989.
68. ibid.
69. ibid.
70. ibid.
71. Mr. Moses Akpovi was a member of the Society who resigned when it became clear that it is not viable.
72. Officials of the Shell's Department of Government and Public Affairs were not willing to give the accurate figure of scholarships awarded. So, the number is an aggregate of the conflicting numbers there researcher obtained from various sources: officials and unofficial sources from the company, community files and individuals.
73. See Chapters Four and Five of this work.
74. For the members see note 61 above.
75. The 3 communities are Uzere, Emevor and Owhe. The amount is aggregate of the conflicting figures given by Shell and the members of the community.
76. The amount is an aggregate of the varying OPEC prices multiplied by the barrels of crude oil produced as obtained from the community files and from Shell.
77. See note 52 above.
78. See notes 16, 17 and 18 op. cit.
79. See notes 27 and 28 op. cit.
80. See Chapter Three for details on the historical creation of the Nigerian state.

81. See the 1975 Anti-Sabotage Decree op. cit.
82. See the 1978 Land Use Decree op. cit.
83. Based on interviews with Chief Ekoko of Owhe in the Isoko Local Government Area of Delta State in 1989.
84. The principles of 'good oilfield practice' has been explained in Chapter Four.
85. See the 1979 Gas Re-Injection Decrees op. cit.
86. The increase of the fine was in 1989. Officials of the Petroleum Resources Department and those of the Nigeria Gas Company (both subsidiaries of NNPC) confirmed the figure.
87. See Chapter Four for details on the Inspectorate Division of NNPC.
88. Based on interviews with officials of Shell and those of the NNPC (Gas Department).
89. See Chapter Four for the current ratio in the joint venture.
90. Based on interviews with officials of Shell in 1990.
91. ibid. See also, The Petroleum Industry and the Nigerian Environment op. cit. 1985, pp. 166-198.
92. ibid.

Part FiveTowards The Development Of The Niger DeltaChapter 7Conclusion7.1. Summary of Research Findings; Theoretical Implications and Policy Prescriptions

It is important at this stage of the work to return to how both Shell and the Nigerian State have underdeveloped the company's areas of operation in the Delta. It is all the more important because such an exercise will assist in bringing to the fore some of the theoretical issues that have been raised earlier as well as providing the ground for new ones.

For the period covered in this study, the underdevelopment of the Niger Delta began with the disruption of its development continuum by the imposition of British colonial rule. The pre-colonial economy of the Niger Delta was not egalitarian; a limited system of exchange of goods and services based on a single commodity production was in place. But the advent of British Colonial rule did not only disrupt the existing mode of production, the political system and the social life of the people, it also enthroned its development priorities as well as those of the foreign companies. For instance, the colonial economy of the Delta as explained in Chapter Three, was geared towards producing raw materials such as palm produce and rubber for the need of the metropolitan factories. Social amenities such as roads that were provided, first and foremost, eased the exploitation of the area. If the inhabitants of the area cashed in on such facilities in the quest of their means of living, it was by chance.<sup>1</sup> So colonialism disrupted the social formation of the Delta, re-oriented and made it to cater for the interests of the foreign corporate companies not the least Shell. Any study on the underdevelopment of former colonies in any part of the world, not least the Niger Delta of Nigeria, which fails to recognize their past historical experiences must have missed out the root cause(s) of their present state of

backwardness. Therefore, were it not that the British colonized the Niger Delta, it would have developed along its own line. Not the type of development that was forced on the people by the British which perpetuated the twin logic of capitalism: growth and stagnation. Growth in the sense that capital at its imperial stage, must expand in order to remain in business. But such a growth which the Delta area has experienced, rather than enhancing the well-being of the majority of the people, concentrated wealth in the hands of a few. The majority suffer stagnation in terms of both the destruction of their means of survival and the kind of infrastructures of exploitation that have been installed. It is within this context that the underdevelopment of the Delta area is located. For instance, a visitor in Warri - the operational headquarters of Shell West - will be carried away by the social amenities particularly the ones found in Shell's premises - office, staff quarters and clubs. The likely conclusion that such a visitor will reach is that Shell has done more than enough. But the areas adjacent to all the company's premises where the majority of the people including its toiling labourers live are shanties. So, even within Warri, there is the pole of growth restricted in fact to Shell's areas and pole of stagnation where the masses sojourn. The contrast becomes sharper when Warri is compared with the rural areas where the company operates. Apart from the fact that the inhabitants hardly benefit from the company's amenities in these areas, they are neglected, deprived and polluted. It is in fact a situation that has further deepened the incapability of the people to meet their basic human needs since crude oil was discovered in the area. The experience of the Delta area as explained above, validate the thesis of Claude Ake and others who, using the UDT paradigms, trace the origin of the underdevelopment of Nigeria to colonialism. But how about the post-colonial state?

The thesis on the post-colonial Nigerian state by Ake, Osoba, Nnoli, Ihonvbere among other UDT scholars in Nigeria, is that the post colonial state is not different from its predecessor because it collects rents, is weak and serves as an instrument of exploitation for both itself and foreign capital. The



general consensus among these scholars is that because of the specific historical circumstance that led to its creation, it has limited autonomy and therefore, functions to cater for the interest of its mentors. But as far as the petroleum industry is concerned and in particular its relationship with Shell among other oil tncs, most of the sweeping generalizations will have to be modified. For instance, while it may be true that the state is weak, its weakness cannot totally be reduced to the dynamics of its historical past. Rather, benefits accruing to the state in the form oil rents and royalties have made it a complacent partner in the oil industry. Will Shell and other oil companies for instance, be blamed for the absence of a mining policy in the country since 1960? Is the state not aware of the limitations of the 1914 Mineral Act which it has re-written in different forms such as the 1969 Petroleum Decree that has not helped the situation in the petroleum sector? If Algeria which became an oil-producing country about the same year with Nigeria now controls its petroleum industry, what excuse has the Nigerian state got to offer for remaining dependent on the oil companies right from exploitation to production? If both Libya and Algeria signed joint ventures and through such agreements, they are able to first of all, reduce their dependence on the oil tncs and later, gained control of the petroleum sector, why has the joint venture deepened the Nigeria's dependence on the oil companies? Do we blame the oil tncs not least Shell for introducing contract labour into its labour policy in a country where the urban ranks of unemployed is swelling daily? Infact, these questions have thrown up a lot of issues which need not detain us further. Suffice it to say that as a state of imperialism, the Nigerian state has been immersed in class struggle. And the pressure from such struggle only serves to promote the interests of the oil tncs, the domestic bourgeoisie and itself(state)

Were it that the country had any mining policy , the oil tncs not least Shell would have been more cautious with their operations<sup>3</sup>. Its absence which cannot just be explained by the historical past of the state, rather, on the deliberate attempts by those who manage the state to amass wealth has

made the oil tncs to operate at will. The situation in the country is such that neither Shell nor any of the oil tncs is compelled to submit any social development programmes which such mineral policy ought to have contained. Shell for instance, only introduced community development programmes in the wake of massive protest against its operation long after it has caused severe harm to the economy and environment of the communities served by it. It is infact a case of medicine after death. That is not all. If the managers of the state are aware that Shell cannot be allowed to operate in communities in its host state (Holland and Britain) without ratifying its community development report<sup>d</sup>, then they are just wittingly collaborating with the company to underdevelop the Delta area in particular and Nigeria generally, because of the material benefit that they gain at the expense of the majority of the people of the country.

It is true that Nigeria has made attempts to industrialize. But the industrial policies have left much to be desired particularly with regards to the type of industrialization which the state hopes to achieve. This can be illustrated with the example of iron and steel. It is not in doubt that it forms the bedrock of any meaningful industrialization. The Algerian government recognized early enough not only its capability to enhance industrial growth and development but also to have control over its petroleum sector. Hence its initial effort to have a strong iron and steel base which gave the country the ability to wrestle the technology to produce and refine crude from the oil tncs. But the attempt by the Nigerian state to develop its iron and steel sector has been a failure. For instance, DSC, Aladja is the only functioning steel plant which depends 100 percent on imports for its raw material. Apart from that, the products are round profiles which are rarely needed in the upstream sector of the petroleum industry. Not even pipes, bolts, nuts and values can roll out of the steel plant. So, beyond rhetoric, the state is not genuinely committed to have control over its petroleum industry. Rather, it depends on the oil tncs not only for manpower but also technology. The dependence - which is a form of weakness - is a conscious one. As a result, there

is a yawning gap between the state policies and actions on the petroleum industry. A well-focused and carefully executed industrial policy which is yet to emerge is sine qua non to the realization of the 1979 Gas Re-injection Decree; an effective Petroleum Resources Department of the NNPC that can police the petroleum sector adequately. But the heavy reliance of the state on the oil companies is no doubt responsible for its inability to control them. Infact, Eboe Hutchful is so emphatic about this point. Hutchful may also be aware that the state has been exploring for crude oil for sometime now albeit a heavy dependence on the tncs and dumping the masses on the environment. So, the state is also polluting the oil producing areas. Even the communities in which the refineries are built are polluted as well. Who is to be blamed under this circumstance? Shell or the State? Can the rent thesis as Hutchful and others have propounded, explain why the state is even polluting and destroying its own environment at a time when the "green issue" is high on the agenda of world development? Infact, one of the highpoints of the communique issued after the 1981 Warri conference on the Petroleum Industry and The Nigerian Environment was the question of who should punish the state when it pollutes.

The state pollutes not necessarily because of its reliance on revenues as the study has shown but more of its colonial inheritance of philosophy of development which places emphasis on the urban areas at the expense of the rural communities. So, the state cannot demand for a social development programme from Shell and the other oil tncs operating in the Delta area because it has not set the standard for them to follow. If anything, it has demonstrated that it is above the law and cannot be punished for pollution. Wild claims often made by some UDT scholars on the non autonomy of the state has been challenged in this case because the autonomy of the state is not in doubt. Rather, it has cashed in on it to wreck havoc on its own environment.

Could there have been a special commission on the development of the oil-producing areas, at least an agenda on the

development priorities of the area would have been drawn up which ought to guide the state on how to ensure that the oil companies follow suit. While it is true that competence should be the basis of appointing members to such commission, its entire aim will be aborted if it is constituted like the defunct Federal Government Task Force on the Oil-Producing Areas whose chairman, secretary and most of its members at the federal level have never been to the Delta area. Neither have they ever lived and experienced oil spillage in their life time<sup>6</sup>. Rather, the head of such commission and its secretary must as a matter of fact, be indigenes of any of the oil-producing community in the Delta while others can be drawn from the Delta and other parts of the country. Rather than allowing the State, Shell and the domestic bourgeoisie to compute compensation, such a commission working in concert with the inhabitants of the oil communities and Shell must agree on modalities for computing and disbursing compensation fund.

The study has shown that the tncs cannot be exonerated from the underdevelopment of Nigeria. But rather than blaming the country's woes on them solely as the Codesria Group led by Nnoli would make us believe, the experience of the Delta has demonstrated that the state in fact lays down the basis for Shell's onslaught of the area. But that is not to say that the company among other oil tncs, is not undermining the policies of the state that have attempted to control its activities. In fact, Shell has cashed in on the limitations of the state to perpetuate the country's underdevelopment. The NNPC for instance which oversees the petroleum industry on behalf of the state is just a transmission belt used by the 'managers of the state' to siphon funds. As a result, the Petroleum Inspectorate Division (now known as Petroleum Resources Department) is a lame duck because the state wanted it so. This is in contrast to Sonatrach - its counterpart in Algeria - which saw the wresting of oil technology from the oil tncs in that country<sup>7</sup>. Because of the inherent weakness of the state, Shell has never been challenged for violating 'the principle of good oil field practice' as enshrined in the 1969 Petroleum Decree. This is in spite of

the various scientific researches into the Delta that have proved the company's blatant environmental destruction resulting from blow out, sunk rigs, ruptured oil pipelines among others. Infact, as explained in Chapter Five, Shell has accounted for over half of all the incidents of oil spillage in the Delta yet the company wants to prove otherwise. This is because the company knows that the Petroleum Resources Department has no equipment to police its activities. Worse still, the state can only make policies that it cannot implement.

Let us use the example of the joint venture agreement between the Nigerian state and the oil tncs to throw more light on this. The signing of the joint venture agreement with the oil tncs was expected to mark the beginning of the state's effort to reduce its dependence on foreign technology for oil production. But the contrary has been the case. By the provisions of the agreement, the oil tncs are the technical operators servicing the joint venture on behalf of the partners. For the NNPC/Shell agreement, it is the company that explores and produces the crude oil. Being in control of the exploration and production of crude oil, the company dictates to the state what should be done. For instance, the state not only relies on Shell for equipment but also to evaluate the reserve of its crude oil. Evaluation of reserve, ordinarily ought to have been the state's responsibility but Shell never allowed it by manipulating its way. The 1979 Gas Re-Injection Decree which the oil tncs perceived to be capable of making them stop flaring gas was made ineffective under the joint venture agreement. Shell for instance, has always argued that since it operates the joint venture on behalf of the partners, the issue of re-injection gas has to be tackled by them. The company has always feigned its ignorance on the technology of gas re-injecting and insisted that, if the law must be obeyed, a different company that specializes on re-injection gas will have to be invited from Europe. Not only has the company recommended a sister company in Europe for such a project its cost will have to be charged to the joint venture account in which Shell has only 30 percent leaving the state with 60 per

cent and Elf and Agip 5 percent each. And since cost will be borne in their ratios of interests, the state will invariably bear the largest share. Faced with such stiff opposition from Shell, the state then abandoned it but then imposed a fine of 20 kobo which was later increased to 50 kobo per cubic meter of gas flared. The punitive measure did not help matters because whatever the company paid as fine is still charged to the joint venture and by implication, the state pays 30 kobo out of every 50 kobo charged to the joint venture. So, either way, Shell still dictates the rule of the game<sup>8</sup>.

Just as the company has shifted the greater part of the burden to the state in case of Gas Re-Injection, so it did in computation of compensation. To Shell, it is the joint venture that pollutes and not the company. If damages have to be paid, it is the partners that must be responsible. And since the state knows that it will bear the lion share of the cost, it has always suppressed the issue of compensation even when the Petroleum Decree of 1969 made it clear that compensation will be paid for any damage done to the host communities. That is why no compensation rate is approved by the state for damages done other to aquatic organisms except for those listed in Chapter Six in the oil producing areas even when scientific researches have proved that severe mortality of the flora and fauna of these areas are caused by oil spillages and other forms of pollution.

It is therefore not in doubt that the objectives of Shell are not in line with the development goals of the country. Infact, the case of Shell in the Delta cannot be regarded as part of the 'conspiracy theory'. Rather, it represents a classic example of how the tncs undermine the development of their host communities. The thesis on the weakness of the state cannot actually capture this. Shell has made it clear that it is in the country to do well and not good. Whatever obstacle that is placed on its way must at best, be pushed back to the state if it cannot be removed.

Were the country to have an investment code that regulates the inflow of foreign investments particularly as they affect

local employment, indigenous entrepreneurship, technological capability of the home industries and the general operations of the oil tncs among others, would have been properly directed. For instances, Shell has most often, arranged for the entry of oil servicing companies into the country without seeking approval from the state. The implications of this on the Delta in particular and the country generally are many. With no investment code in place, the state is unable to regulate labour and as such, Shell and its contractor companies have proletarianized it. As we explained in Chapters Four, Five and Six, the staff strength of Shell is about 3,000<sup>9</sup>. But the company operates with over 200,000 labourers annually who are hired on contract basis by the contractor OSCs<sup>10</sup>. And because the OSCs are involved at different stages of oil production, they usually fire almost all the labourers as soon as their contract is executed. The situation in the Delta is such that all the cities have clusters of labourers skilled by the oil tncs who are usually in a group of 20 waiting to sell their labour power for a daily wage of N10.00 in order to survive<sup>11</sup>. And for a country experiencing acute unemployment, how can contract labour policy of the oil tncs be explained?

It is true that virtually all the various contractor companies to Shell are foreign - see appendix for details. It is also true that the OSCs are very specialized. But it be assumed as Shell does that because they are specialized, there are therefore no indigenous entrepreneurs who were once oil men capable of doing the same job. After all, the bulk of the field engineers of the OSCs are Nigerians. So, that has partly broken the myth of oil technology. Not only that, most of the coded chemicals that are used in drilling can be sourced locally. Even the OSCs import most of their equipment which the local businessmen into the same business can do as well. But in desperate attempts to protect the oil technology plus the fact that the country has no clear-cut policy on the pattern of the inflow of foreign investments, Shell has succeeded in blocking the entry of indigenous businessmen into the upstream sector of its business and left the unskilled aspect of the oil activities like gardening,

security, hotel accommodation, running of canteens, driving, supply of stationeries among others to the local businessmen.

The operations of both Shell and its OSCs have also undermined the development of the technological capabilities of local industries. It is true that even oil pipelines, bolts, nuts and valve heads cannot roll out of the DSC Aladja - the only functioning steel plant in the country. Even if some of these raw materials were produced locally, Shell and its contractor companies will always import virtually all their equipment from either Europe or the USA not the least because it provides an opportunity for transfer pricing and market their sister companies overseas. Here in lies the significance of having an investment code which ought to have dictated to the tncs what to import into the country in order to protect the technological capabilities of local industries.

The transnational corporations including those in the petroleum industry have always resisted splitting their ownership with the host countries because they are subsidiaries of the parent companies in either Europe or USA. And as subsidiaries, they only carry out orders from their headquarters. The experience of Shell among other oil-producing tncs operating in the country inspite of the indigenization decrees, has confirmed that as a subsidiary, it is controlled by the parent body. For instance, Shell is still 100 percent owned by its parent body - Royal Dutch/Shell Group<sup>12</sup>. It is not traded in the Nigeria Stock Exchange but in European capital markets. It has two large research laboratories for the entire Group: one in Penis in the Netherlands and the other in London. Samples can be collected in Nigeria but the final result comes from Europe. The post of the managing director of Shell in Nigeria is reserved for the representative of the Group from Europe. There is no Nigerian director in Shell at least in the spirit of the indigenization decrees<sup>13</sup>. The joint venture therefore, which has been misconstrued by many people to mean that Shell is owned by the Nigerian government is unfortunate. Joint Venture is an agreement between Shell and the Nigerian government. It did not in any way affect the corporate existence and legal entity of Shell as a subsidiary of the



Shell Group. Infact, it is in the agreement that the Nigerian government holds 60 per cent after it divested 20 percent in 1989 as a response to the dictates of IMF and the World Bank

While in papers the provisions of the indigenization decrees state that for the high-tech areas such as oil production, the federal government of Nigeria will acquire 40 percent of the equity shares of the foreign companies operating in the country, all the oil-producing tncs not least Shell are still wholly owned by their parent bodies in Europe and the U.S.A. Not only is the indigenization decree a shadow of itself, subsidiaries of the tncs are always prepared to resist host states attempt to share ownership with them as the case of the oil tncs has shown<sup>5</sup>.

Infact, the joint venture is one of the ploys used by the tncs to make the host state believe that it is in control particularly in the wake of the anti-foreign companies campaign while in actual fact they (tncs) are in command. Shell's case is instructive at this point. Since the Federal Government signed joint venture agreement with Shell, the former has been made to believe that it is in control. Carried away by such belief that it is in charge of the petroleum industry - a sector that has come to be the major foreign exchange earner for the country - any attempt to distrust its production will be resisted. Even when such attempt is to redress the imbalances in the system or resist the neglect, deprivation and pollution of the areas where the crude oil is produced, the state will protect Shell. For instance, the Petroleum Resources Department has warned the state against the danger of not allowing the unit but Shell among other oil tncs operatings in the country, to evaluate their respective oil wells reserves because the latter will obviously not give a fair assessment. But such warnings fell in deaf ears. In spite of the damages that the oil tncs have caused in the Delta area, they were the first to alert the state to the negative effect that the wave of protests in the oil-producing areas would have on its revenues. What followed immediately was the 1975 Anti-Sabotage Decree with stiff penal measures such as death sentence. But it is the same Shell among other

oil companies, that will not hesitate to remind the state that it is only operating the joint venture on behalf of the partners which it (Shell) is a junior one as it did in the Oben disaster<sup>6</sup>. In effect, issues involving compensation, spillages, blow-out and other forms of environment disasters, Shell will pass the back to the state. Under the circumstances explained above, it is the country that suffers and the experience of the Delta is quite instructive. Should there have been a high consciousness among 'the managers of the state' beyond the acquisition of material wealth at the expense of the overall development of this country, the joint venture would not have been manipulated by Shell and the oil tncs to their own selfish ends. If the Algerian experience with the joint venture is any guide, then it can still be made to work to the benefit of the country's development if the state and its allies change their position.

It is true that this study is not concerned with the role of the domestic bourgeoisie in the underdevelopment of the Delta areas. But the experience of the Delta has brought to bear the fact that though it (domestic bourgeoisie) is not engaged in the oil business, its entry into the politics of environment and the payment of compensation has a lot of consequences for the development of the oil-producing areas specifically and the country generally. For one thing, the domestic bourgeoisie given its origin, has never been nationalistic in the sense of having the overall development of the country at heart. Rather, it is more concerned with facilitating the capitalist penetration of the country by acting as a go-between for foreign capital. It is such unproductive but highly lucrative business that the domestic bourgeoisie does so that it can protect and consolidate its own accumulative base. Take the case of the Delta for instance. As earlier explained in Chapters Five and Six, the role of the domestic bourgeoisie is to incite the people to protest and mediate as well. Being literate, it has access to both the state and Shell. Not only that, it has some of the reports on the consequences of oil spillage on the environment and economy of the people who live in the oil-producing communities. With such vital information, it

became easy to mobilize the people against both Shell and the state by either calling for their exit or demanding for the payment of adequate compensation for damages done. And once there is unrest in the oil-producing areas, the company and the state are worried because of the threat it poses to their sources of revenues. The use of the police, navy and army has not helped matters as explained in Chapter Six. But Shell cannot operate under a restive environment. To avoid such crisis which has crippled production many times, the mediatory position of the domestic bourgeoisie is always welcome by the company and the state. The domestic bourgeoisie also is not involved in oil production. Hardly does it engage in farming which has been the hardest hit economic activity in the Delta areas. But it mediates in the crisis for the state, Shell and the people whose economy is being damaged. As to be expected, there is no way the mediatory role of the domestic bourgeoisie can be beneficial to the well-being of the people who actually bear the brunt of the hazards of oil production. Instead, it is concerned with how much wealth it can accumulate. And to be able to accomplish its selfish interest, compensable items, rates of payment, mode of payment and in whose favour payments are made are determined by the state, Shell and the domestic bourgeoisie who now represents the affected communities. No opportunity is given to those whose crops, farmlands and environment are damaged. Payments are made in cheques and drawn in favour of the domestic bourgeoisie who in most cases, does not live in the oil-producing communities but in cities like Benin and Sapele. The computation of compensation does not follow the approved rates which are even ridiculous. Rather, it is a function of what the trio (Shell, state and the domestic bourgeoisie) agrees to pay. While those who bear the brunt of oil production are paid pittance or nothing at all, the domestic bourgeoisie who has nothing at stake, gets a lion share of the deal. Till date, for instance, none of the indigenes who suffered from the Forcados terminal oil spillage in which N0.5 million was paid as compensation in 1979, has received any money. The misappropriation of compensation money by the parties to the negotiation is so wide spread in the Delta. And the domestic bourgeoisie who

are mostly lawyers and some other educated people (who are indigenes of the Delta) have been identified as the chief culprits.<sup>19</sup>

The experience of the Delta has validated claims of both Osoba and Ihonvbere that the domestic bourgeoisie manipulates the ignorance of its people in order to survive. But that is not enough to brand it as 'good for nothing' and 'subverting its own future' as both scholars did. Rather, it has demonstrated its concern for its own survival. And one of such ways it can protect its accumulative base is to first of all, reawaken the people to the doom that awaits them if they fail to resist the exploitation of their area by Shell and the state by pretending to be on the same side of the struggle with them. Once crisis has set in, it then cashes in on the situation and manipulates it to its advantage. This should not be confused to mean that it thrives on crisis because capitalism seeks to promote is itself afraid of crisis because of its capability to retard its (capital) expansion.

Neither should it be assumed as Beckman did in his criticism of Osoba that where will he (Osoba) pitch his tent when the domestic bourgeoisie begin to perform. Perhaps, by performance he (Beckman) meant being nationalistic. If its role in the demise of the colonial state and its position in the post-colonial period is anything to go by, the experience of the Delta should have made it clear that the domestic bourgeoisie cannot be nationalistic in the true sense of the word beyond cashing on it to achieve its own selfish interest. Any study on the underdevelopment of the country cannot exonerate the domestic bourgeoisie as the Delta case-study has shown. Were the domestic bourgeoisie to transcend its role as fronts for the tncs to getting involved in production, there would have been a lot of changes in its perception of development. It would have understood that the type of development which the tncs have sought to promote will only make it increasingly difficult for the majority of the people of this country to meet their basic human needs. It requires strong political will to be able to break away from the dependency syndrome.

There is no doubt that some of the inhabitants of the oil-producing communities have sabotaged the operations of Shell and the state particularly the cutting of oil pipelines as a mark of redress. Though such deliberate attempt to spill oil is another way of telling the state and the company that if they (the people) can be deprived and neglected, the authorities concerned must also lose revenue. It is not the best of options. This is because they have knowingly exacerbated the environmental problems of their own area. Cutting oil pipeline could not have been their last resort only if Shell and the state had adequately protected their environment during production and as well educated the people of the gravity of damage and danger they will be causing themselves by forcing crude oil to spill. Perhaps, the option of holding Shell workers hostage would have been the worst to happen. This is because since the state enacted the 1975 Anti-Sabotage Decree with death penalty, the people have not been deterred suggesting therefore, that brute force cannot solve the problem. Infact, beyond educating the people on the dangers of causing oil to spill, if the oil tncs not least Shell, and the state had consideration for the environment of the area in addition to meeting their promises to provide some social amenities for the people, the annual wave of protests in the oil-producing areas would have almost become a thing of the past.

Apart from the legal technicalities of negligence and public nuisance which largely accounted for why the people lost virtually all their legal suits against Shell and the state, the absence of any scientific proof that harm has been done either to the health of the people or to their crops and environment at the point of redress, made their case worse. In order to safeguard the environment of the oil-producing areas in particular and the country generally, any community that suffers oil spillage should as a matter of importance, hire the services of scientists particularly those in ecology to carry out researches on the consequences of the spill on the life and economic activities of the people. With the evidence of harm done, it will be difficult for the court to manipulate. Not only that, both Shell among other oil tncs,

and the state will be more cautious in their operations. Infact, oil communities in Holland-one of the home states of the Shell Group - have a dossier on all the oil companies operating in their area, history of incidents of spillages or other forms of pollution that have occurred in the area and their consequences and scientific proofs to back up cases for compensation<sup>20</sup>. This will have to be emulated not only by the inhabitants of the Delta but recommended for all communities that are threatened by any form of industrial pollution as one of the measures to safeguard the Nigerian environment and bring about the development of the country generally.

So far, it is clear that the exploration and production of crude oil by Shellwith the active support the state have no doubt, brought growth to the company's areas of operation in particular and the Delta area generally. Rather than for such growth to make it possible for the majority of the people to meet their basic human needs, it has deepened their incapability to fend for themselves. For instance, while more oil wells are discovered by Shell every year which means more money for both the company and the state, the implication of this for the area is the loss of more farmland among others which has brought in its wake, very acute shortage of foodstuff. Not only that, the pollution of the air, land and sea in the area through the reckless operation of the company has deprived the people their means of survival and in most cases, stagnated their economic activities. The growth of the Delta with the advent of crude oil therefore, has been such that facilitated the underdevelopment of the area by both Shell and the state which has indeed validated the research hypotheses of this study.

The case-study on the Delta area has also thrown up a big challenge to the general claim by most UDT scholars who blame the underdevelopment of countries in the Third World solely on colonialism and the tncs. It has brought into greater focus the fact that while it is true that colonialism laid the foundation for the growth and development of capitalism in the colonies which inevitably led to their underdevelopment, post-colonial era cannot totally be blamed on colonialism.

For instance, it is true that the colonial state played the role it was prepared for - to ease the exploitation of the colonies. But long after the independence, the post-colonial Nigeria state even supervises the underdevelopment of its own area. Hence it is instructive that any research on the underdevelopment of former colonies must take cognizance of the specific experience of the area studied in both colonial and post-colonial period to avoid making sweeping generalizations. It is true that Europe underdeveloped Nigeria, but the reality of the situation shows more of how the Nigerian state underdevelops the country at least in the light of the Delta area.

The tncs on their part cannot be totally absolved from the underdevelopment of countries in the third world inspite of the fact that it is the state that allows them in. This is because they (tncs) have always resisted attempts made by the host states to overturn the lopsidedness of the international division of labour which has ensured their dominance in technology and credit in the world economy. The oil tncs not least Shell have domesticated the Nigeria state to the extent that they are still in command of the country's petroleum industry long after it joined OPEC in 1971. The country's statutory laws which in one way on the other affected the oil tncs have so far remained unenforced. That is not to say that those (laws) that did not affect them have been enforced either. For instance, the state relies on Shell for an update of its oil well reserves, for ascertaining the volume of crude oil lost in any spillage, and for even arranging the marketing of its gas. Shell still flares gas long after the Gas Re-Injecting Decree came into force in 1979. So, if the state is unable to delink from the dependency syndrome, it is partly because the tncs are stiffling its efforts. And to the extent that the state is locked in such a dependency relationship with the oil tncs operating in the country plus its lack of political will to develop its technological capability, it is to that extent that the development of the Delta area in particular and the country at large, may as well remain elusive.

Notes

1. The features of the pre-colonial and colonial economy of the Delta have been exhaustively discussed in Chapter Three.
2. For details, see Chapter Two. In particular, see the section on the Literature Review of the Political Economy of Nigeria.
3. 'The Draft copy of the Mining Policy for Nigeria was only prepared in 1991 and was presented in 1992 to the Federal Government for study and ratification' Prof. J. Aminu, then Honourable Minister for Petroleum Resources. This was based on the interview the researcher had with him at NIIA Victoria Island, Lagos in 1992.
4. Based on interviews with some top officials of Shell and the Petroleum Resources Department of NNPC in Lagos in 1990.
5. Based on interviews with some of the officials of the OSCs working in Algeria, and a member of the Arab Iron and Steel Union in (AISU) in Lagos in 1990. For details on the iron and steel companies in Nigeria, see for instance, Dan Omoweh, 'Structural Adjustment and the Nigeria Iron and Steel Industries' in Adebayo Olukoshi ed. Crisis and Adjustment in the Nigerian Economy. (Lagos, Jad Publishers) 1991.
6. Based on the interviews with the then Bendel State Chairman of the Task Force on the Oil Producing Areas in 1990.
7. See note 5 above. For details, see also Norre and Turner op. cit. A word of caution is necessary here: The Algerian model should not be idealized as it is itself presently in the throes of a political economic, and social crisis.
8. See Chapter Four op. cit.
9. As at 1990, that was the figure given by officials of Shell interviewed in Lagos. This must have changed because of the company's recent labour crisis.
10. See Chapters Five and Six op. cit.
11. ibid
12. See Chapter Four op. cit.
13. ibid.
14. ibid



15. See Chapter Two: Literature Review on the Political Economy of Nigeria. op. cit.
16. See Chapter Five op. cit.
17. See Chapter Three, op. cit. See Osoba op. cit., and Beckman op. cit.
18. See Chapter Six. op. cit.
19. ibid.
20. See note 4 above.

CODESRIA-LIBRARY

**Selected Glossary of Terms Used in the Petroleum Industry**

- Associated Gas - The gas that is produced with the crude oil, water, sand and Inorganic at the well head. The separation of associated gas is made at the flow station.
- Condensate - A mixture of liquid hydrocarbon at atmospheric (surface) conditions which occurs as a vapour in under ground gas reservoirs.
- Flaring - The disposal of gases, by burning, in the oil fields and refineries.
- Offshore Drilling - Drilling of wells beyond the shoreline either in coastal waters or far out at sea.
- Oil Field - A collection of oil and gas producing wells.
- Oil Well - a borehole drilled or sunk for the purpose of searching for or producing crude oil or natural gas.
- Royalty - Payment made to the government for the right to produce oil when a discovery has been made.
- Seismic Exploration - A method of prospecting for oil or gas by sending shockwaves down into the earth.
- Single Buoy Mooring (SBM) - Consists of a mooring buoy anchored offshore and connected by submarine hoses to onshore storage tank. It is a substitute for natural deep water harbour.
- Sour Crude - Crude oil that has large percentage of sulphur (1% or more).
- Sweet Crude - Crude oil that contains little sulphur, usually less than 1%.
- Wet Crude - Crude oil that contains sediments and water.
- Downstream Operations - All operation that take place after crude oil is produced. These activities include transportation, refining and marketing.

- Upstream Operations - All operations that take place in the production of crude oil such as drilling and seismic shots.
- Official Selling Price - Is the price fixed by government for crude oil or product based on their qualities at any given time.
- Petroleum Profit Tax - The tax paid by the oil producing companies to government on the chargeable profit based on the sales of crude oil as laid out in the manuals of Petroleum Laws of Nigeria.
- Posted Prices - Historically determined prices at sold. Today, posted prices are often used by oil exporting countries as basis for calculating petroleum profit taxes based on assumed market price of the particular crude oil. Thus, if an oil exporting country wishes to increase its tax revenue, government may decide to increase the posted price for crude oil rather than change its tax rate.
- Refinery - A plant for refining crude oil into finished petroleum products.
- Spot Market - Any imaginary commercial area where crude oil, or final petroleum products deals among others, are made for immediate or long term availability.
- OPEC - Organization of Petroleum Exporting countries: 13 members - Abu-Dhabi; Algeria; Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela, and Gabon.

## Appendix 1

Summary of questions asked during the field work for this study**A - Questions for the inhabitants of Shell's areas of operation in the Niger Delta:**

1. When did Shell Petroleum Development Company begin operating in this area?
2. Since Shell began oil exploration and production in this area, what significant contribution has the company made towards the development of this community?
3. Would you say that the State & the Federal Government have been forthcoming in terms of providing social amenities for this area?
4. How many incidents of oil spillage have occurred in this area? What was the extent of damage done to socio-economic activities of your people?
5. Apart from oil spillage, in what other ways have the operation of Shell destroyed the development of the community?
6. Were you ever paid compensation for damages that Shell caused?
7. If yes, how was it paid and was the amount paid comparable to the destruction done by the company?
8. Did Shell ever embark on any development programme in your area? If yes, in what aspect of rural development and to what extent has it contributed to the well-being of the people who bore the brunt of oil production?
9. In 1979, the Federal Government enacted the Associated Gas Re-Injection Act. How many flare sites were in your area before and after the Act?
10. Since the early 1970s, the inhabitants of most Shell's areas of operation in the Delta have embarked on violent demonstrations almost annually ostensibly to stop the company from damaging their environment. Is there any change in the company's recklessness? If no change of attitude, in what other ways would they register their grievances?
11. Would you support Shell's continued operation in this area? If no, why not? If yes, would you say that Shell's activities have been beneficial to this community?

**B - Questions for both office and field staff of Shell Petroleum Development Company**

1. The history of Shell in Nigeria has been a chequered one. Could you throw more light on its origin as well as its subsidiaries operating in

other parts of the world?

2. Shell merely supervises its 'contractor' companies in virtually all its operation in the Niger Delta. Why has it been so?
3. What was Shell's reaction to the nationalization of BP assets in Nigeria in 1979, given particularly the existence then of a joint venture between Shell and BP?
4. How would you react to changes by the inhabitability of Shell's areas of operation that the company has been adamant to their cries for environmental safeguards?
5. Environmental and Safety laws in the US and Europe make it virtually mandatory for Shell to operate in those countries with utmost caution; would you agree that the company has been reckless in its operations in Nigeria? Put differently, has Shell to any significant extent, being environmentally conscious in its operations in Nigeria?
6. Gas flaring is an inevitable process in oil production but the extent of flaring can be minimized. Why has it not be so with Shell in Nigeria?
7. Why is it that Shell does not have a R and D centre/office/section in the country? How then does Shell think it can effect the so called transfer of technology in the absence of an R and D centre?
8. What was the rational behind the company's introduction of 'contract labour' into its labour recruitment policy given that labour was already cheap in the area?
9. How would you assess the company's rural/ community development programme particularly given the background of the acute food crisis and poverty among the people in its areas of operation?

**C. - Questions for Government Officials**

1. Would you subscribe to the view that the Nigerian state has remained a revenue-collector as far as its petroleum industry is concerned?
2. The NNPC has been described by some (radical) scholars as a "conduit pipe for siphoning public funds away by themanagers of the state." Any comment?
3. How would you react to the charge that the Joint Venture Agreement has been deepening the country's dependence on Shell, among other oil

companies, for oil technology.

4. Given the numerous Federal government's statutory bodies on oil and environment, how would you explain the disregard with which Shell has been carrying out its socio-economic activities in its host countries?
5. By virtue of the Joint Venture agreement, both the state, represented by NNPC, and Shell ought to share the cost of any compensation as well as maintaining the environment according to their participating shares. But Shell has always borne the cost. Why?
6. Acute unemployment has been a major social problem in the Niger Delta yet Shell introduced 'contract labour.' Could this not be regarded as one of the glaring weaknesses of the state (Federal Government)?
7. Most of the decrees on the petroleum industry have in the main, either consolidated government's source of revenue or repressed oil workers. Why?

CODESRIA-LIBRARY

## Appendix 2a

## List of Contractors and /Service Companies to Shell in 1991 (Foreign)

Name of Contractor/Service Company	Address	Nature of Business
(1) Dresser Nigeria Limited	38, Adeola Hopewell Street Victoria Island, Lagos	Supply of Chemicals
(2) Glosciences Nigeria Limited	P271, Trans-Amadi Industrial Lay/Out, Box 5133, Port Harcourt	Wireline Services
(3) Seistograph Services Nigeria Limited	P.O. Box 3320, Lagos	Major Contractor
(4) Westminster Dredging Nigeria Limited	P.O. Box 145, Warri	Civil Dredging
(5) Whipstock Nigeria Limited	8-10, Broad Street, 13th Floor, Western House, Lagos	Rental Services - Tools
(6) Atlantic Med. Oilfield Services	P.O. Box 3760, Port Harcourt	Tubbing Inspection Services
(7) Forasol Drilling West Africa	Plot 310B, Lekki Peninsula Victoria Island, Lagos	Major Contractor
(8) World Wide Petroleum Services	P.O. Box 6386, Lagos	Major contractor
(9) Africa Oilfield Supply and Services Limited	Plot 272, Trans-Amadi Industrial Layout, Port Harcourt	supply of materials
(10) Tidex International	P.O. Box 280, Warri	Hire of Boats
(11) Bestland and Sea Services	Plot PC43, (HFP) Nurshe, Victoria Island, Lagos	Major Contractor
(12) Bariod of Nigeria Limited	Plot 1139, Victoria Island, Lagos	Well/Mud Logging

(13)	Baker Nigeria Limited	8-10, Broad Street, P.O. Box 4011, Lagos	Supply of materials/Wirehire Services
(14)	Westminister Offshore Nigeria Limited	P.O. Box 799, Warri	Major Contractor
(15)	Carnco Nigeria Limited	Plot 481, 16, Festival Road, P.O. Box 5233, Lagos	Supply of materials/wirehire services
(16)	Cameron Iron Works Nigeria Limited	P.O. Box 5233, Victoria Island, Lagos	supply of materials/wirehire services
(17)	Dowell Schlumberger Nigeria Limited	P.M.B. 12666, Lagos	supply of Cements/Lab. Additives
(18)	Core Laboratories Nigeria Limited	P.M.B. 171, Effurun, Warri	Major Contractor
(19)	Flopetrol Nigeria Limited	P.O. Box 184, Lagos	Wire Line Services/Lab. Analysis
(20)	Nigerian Dredging and Marine Limited	P.O. Box 361, Warri	Dredging Services
(21)	Glosite Surveys Nigeria Limited	P.M.B. 1045, Warri	Survey/Draughting Services
(22)	Anadril Nigeria Limited	P.O. Box 3778, Port Harcourt	Major Contractor
(23)	Ensco Tool and Supply Nigeria Limited	P.O. Box 3500, Port Harcourt	Major Contractor
(24)	Ecodrill Nigeria Limited	P.O. Box 3604, Port Harcourt	Major Contractor
(25)	Nisco Limited	P.O. Box 322, Warri	Mechanical Construction/Pipeline
(26)	Otis Nigeria Limited	38, Awolowo Road, Ikoyi, Lagos	WireLine Services and Supply of Spread Barge
(27)	Zapata Marine Nigeria Ltd.	P.O. Box 502 Warri	Major Contractor



(28)	Nigerian Cargo Transport Company Limited	P.O. Box 3648, Victoria Island, Lagos	Major Contractor
(29)	Solus Schell Nigeria Limited	Box 230, Warri	Inspection/Diving Services
(30)	Wilbros	P.O. Box 1057, Victoria Island, Lagos	Major Contractor
(31)	WOG allied Services Nigeria Limited	P.M.B. 1049, Warri	Major Contractor
(32)	Schlumberger Nigeria Limited	P.O. Box 153, Warri	Electrical Logging Services
(33)	Teco Limited	P.O. Box 1384, Ikeja	Minor Contractor
(34)	Sea Trucks Nigeria Limited	P.M.B. 1243, Warri	Hire of Sea Trucks
(35)	Remon Oil Services Limited	St. Joseph Jubile Hall Ikeja-Lagos	Major contractor
(36)	Spencer Nigeria Limited	10, Boyle Street, P.O. Box 6269, Lagos	Consulting Engineers
(37)	Trevi Foundation Nigeria Limited	P.O. Box 70621, Victoria Island, Lagos	Major Contractor
(38)	Kragha and Associates	P.O. Box 4216, Marina, Lagos	Major Contractor
(39)	Saipem Nigeria Limited	P.O. Box 1909, Lagos	Drilling Contractor
(40)	Julius Berger	P.O. Box 3643, Lagos	Major Contractor
(41)	Sedco Forex Nigeria Limited	P.M.B. 5125, Port Harcourt	Major Contractor
(42)	Niger Offshore Services Limited	59, Louis Street, Laos	Major Contractor
(43)	Halliburton Nigeria Limited	38, Awolowo Road, P.O. Box 3694, Lagos	Consulting Engineers

(44)	Welltrade Nigeria Limited	P.O. Box 53348, Falomo, Ikoyi, Lagos	Major Contractor
(45)	Geo-Group	P.O. Box 3548, Benin-City	Major Contractor
(46)	HLS Nigeria Limited	Plot 75, Trans-Amadi, Port Harcourt	Major Contractor
(47)	Western Atlas International	Alloh Close, Enerhen Road, Warri	Major Contractor
(48)	Interfield Nigeria Limited	P.O. Box 6512, Trans-Amadi, Port Harcourt	Major Contractor
(49)	Dentag Nigeria	P.O. Box 3604, Port Harcourt	Major Contractor
(50)	Milpark Nigeria Limited	P.M.B. 5241, Port harcourt	Major Contractor
(51)	Acdermott Nigeria Limited	P.O. Box 94, Warri	Major Contractor
(52)	Akon Nigeria Limited	P.O. Box 4616, Port Harcourt	Major Contractor
(53)	Delatre Bezons Nigeria Limited	P.O. Box 51150, Lagos	Major Contractor
(54)	Geophysical supplies Limited	P.O. Box 52300, Ikoyi Lagos	Major Contractor
(55)	Nigerian Dredging and Marine Limited	P.M.B. 1029, Apapa, Lagos	Major Contractor
(56)	Management Information System Company Limited	P.O. Box 53386, Ikoyi, Lagos	Major Contractor
(57)	Haven Nigeria Computer Company Limited	P.O. Box 53027, Lagos	Major Contractor
(58)	Netherland Harbour-works Nigeria Limited	Chief Okupe Estate, Maryland, lagos	Major Contractor

(59)	Data Sciences Nigeria Limited	P.O. Box 6352, Lagos	Major Contractor
(60)	Soimi Nigeria Limited	P.O. Box 52781, Lagos	Major Contractor
(61)	Noble Bawden Drill Nigeria Limited	P.M.B. 5218, Port Harcourt	Major Contractor
(62)	Villisco Nigeria Limited	P.M.B. 2140, Ikoyi, Lagos	Major contractor
(63)	United Geophysical Nigeria Limited	73A, Timba Road, Palmgroove Estate, Lagos	Major Contractor
(64)	Global Engineering Company Limited	24, Adeola Odekun, Victoria Island, Lagos	Major Contractor
(65)	Prakla Seismic	5, Creek Road, Apapa, Lagos	Major Contractor
(66)	Petrolog Limited	P.O. Box 1859, Lagos	Major Contractor
(67)	Tristar Nigeria Limited	P.O. Box 855, Port Harcourt	Major Contractor
(68)	Equator Digital System Limited	P.O. Box 6544, Port Harcourt	Major Contractor
(69)	Dubi Nigeria Limited	Port Harcourt - Rivers State	Major Contractor
(70)	Telnet Nigeria Limited	1, Engineering Close, National Engineering Centre Victoria Island, Lagos	Major Contractor
(71)	Emmal Nigeria Limited	P.O. Box 852, Warri	Major Contractor
(72)	Overseas Technical Services Nigeria Limited	P.O. Box 4998, Lagos	Major Contractor
(73)	Petro-Dynamics Nigeria Limited	P.O. Box 6544, Port Harcourt	Major Contractor

Note Shell changes its list of contractors/oil service companies every year. The major contractors are however, almost retained.

**Sources:**

- Joint Venture Dept. of NNPC, Lagos
- Field work 1989 - 1991
- Annual Report of Activities of Shell, 1991
- Department of Petroleum Resources, Lagos (now Petroleum Resources Department)

List of Contractors and Service Companies to Shell in 1991 (Local)

	Name of Contractor/Service Company	Address	Nature of Business
1.	Oriental Star Hotels and West Limited	P.O. Box 453, Warri	Hotel Accommodation and catering services
2.	Erco and Sons Nigeria Limited	P.O. Box 73, Effurun, Warri	Driver Trainer
3.	Mofor Motors Limited	P.O. Box 398, Warri	General Suppliers
4.	Omabikimi Opubor and Sons	96, Okere Road, Warri	Cleaning/Printing services
5.	John Kingsley	7, Arigbe Street, P.O. Box 122, Warri	Grass/Bush clearing
6.	Etugbo Orukele	Emede Town, Via Oleh	Grass cutting/Timber Handling
7.	Vani International Security Limited	25, Adeniyi Jones, Ikeja - Lagos	Security services
8.	F. Omo Okekeke Construction Company Limited	P.O. Box 907, Warri	Supply of Labour
9.	Idama Hotels	P.O. Box 2055, Warri	Hotel Accommodation
10.	Goldmine Finance Limited	P.M.B. 1211, Warri	Hotel Accommodation
11.	Joe Edah and Sons	Ogulagha, Via Warri	Road Repair

12.	P.E. Asagha Enterprises	P.O. Box 75, Warri	General Services
13.	Kagho Industrial Enterprises Limited	P.O. Box 6, Warri	Printing Services
14.	Ice and Tee Industrial Limited	Box 1526, Warri	Supply of Furniture
15.	Pofors Bookshop	15, Warri/Sapele Road, Warri	supply of Stationeries
16.	Pat Umukoro	P.O. Box 55, Ughelli	General Services

Note: Shell had over 900 local contractor in 1991, and about same number is kept this year, 1992. It is not the number that is important here. Rather, the nature of their businesses which is menial and requires no skill. The nature of business of the 16 companies on the table cuts across all the local companies hence, no need to name all of them.

Sources: - Joint Venture Dept. of NNPC, Lagos  
 - Field Work - 1989 - 1990  
 - Annual report of Activities of Shell, 1991  
 - Department of Petroleum Resources, Lagos.

### Bibliography

For the purpose of avoiding the confusion that usually arises by breaking up the sources into primary and secondary, this bibliography has been divided into the following parts.

#### 1. Archival Materials

Nigerian National Archives, Ibadan

General Correspondence: Africa, Niger Coast Protectorate Drafts and Dispatches 1897 - 1898

F.O. 462/2

C.O. 520 Southern Nigeria Dispatches

C.O. 588 Proclamation and Ordinances.

Lord Lugard Papers

C.O. 520/128 Confidential Enclosures

Ughelli Papers: They consist of hundreds of files on the records of the District Office, Ughelli. These papers were found very useful.

Warri Papers: Packed in files numbering hundreds. Those relevant to the study were consulted.

Bonny Papers: Also in files like those of Ughelli and Warri. Relevant ones were used.

Printed Books

Geary, William. Nigeria Under British Rule London 1927.

Talbot, Amaury. The Peoples of Southern Nigeria Vol. 1, London 1926.

Articles

Thomson, Greame. "Some Problems of Administration and Development in Nigeria" Journal of the Royal African Society XXVI, 1926-27.

Welch, James. "Witchcraft and Christianity in the Niger Delta", Church Overseas IV, 1931.

#### II. Books

Adedeji, Adebayo. Nigeria Federal Finance: Its Development, Problems and Prospects New York, Hutchison, 1969.

Ake, Claude. A Political Economy of Africa London, Longman 1981.

— ed. Political Economy of Nigeria London, Longman, 1986

- Revolutionary Pressures in Africa  
London, Zed Press, 1978
- Social Science as Imperialism: The Theory of Political Development,  
Ibadan, Ibadan University Press, 1979.
- Akinsaya, Adeoye. Multinationals in a Changing Environment, New York, Praeger 1984.
- Amin, Samir. Neo-Colonialism in West Africa New York, Monthly Review Press, 1973.
- Accumulation on World Scale: A Critique of the Theory of Underdevelopment (vols. 1 & 2), New York, Monthly Review Press, 1974.
- Arrighi, Giovanni and Saul, John. Essays on the Political Economy of Africa, New York, Monthly Review Press, 1973.
- Avineri, S. ed. Karl Marx on Colonialism and Modernization, New York, Doubleday, 1969.
- Awa, Eme. Federal Government in Nigeria Berkeley, University of California Press, 1964.
- Baran, Paul. The Political Economy of Growth Harmondsworth, Penguin Books, 1973.
- Bierstaker, Thomas. Distortion or Development? Contending Perspectives on the Multinational Corporation, Mass. MIT, 1978.
- Brett, Ernest. Colonialism and Underdevelopment in East Africa: The Politics of Economic Change 1919-1939, New York, Nok Publishers, 1973.
- Bukharin, N. Imperialism and the World Economy London, Merlin, 1970.
- Clough, Raymond. Oil Rivers Traders: Memoirs of Iboland, London, C. Hurst, 1972.

- Clower, R.W. et, al. Growth Without Development: An Economic Survey of Liberia, Evaston, North-Western University Press, 1966. Cronje, Susanne.
- The World and Nigeria: The Diplomatic History of the Biafran Civil War 1967-1970, London, Sidwick and Jackson, 1972.
- Crowder, Michael and Ikime, Obaro eds. West African Chiefs: Their Changing Status Under Colonial Rule and Independence Ile-Ife, University of Ife Press, 1970.
- Dike, Kingsley. Trade and Politics in the Niger Delta 1830-1885: An Introduction to the Economic and Political History of Nigeria, Oxford, Clarendon Press, 1956.
- Dun, John (ed.) West Africans States: Failure and Promise, Cambridge, Cambridge University Press, 1979.
- Ekekwe, Eme. Class and State in Nigeria, London, Longmans, 1986.
- Ekundare, Olufemi. An Economic History of Nigeria 1860-1960, London, Methuen and Co. Ltd., 1973.
- Emmanuel, Arghiri. Unequal Exchange: A Study in the Imperialism of Free Trade, London, New Left Books, 1972.
- Engels, Frederick. The Origin of the Family, Private Property and the State, Moscow, Progress, 1974.
- Evans, Peter. Dependent Development: The Alliance Multinationals, State and Local Capital in Brazil, New Jersey, Princeton, 1979.
- Falola, Toyin. ed. Britain and Nigeria: Exploitation or Development? London, Zed Books, 1987.
- Fafunwa, Babs. History of Education in Nigeria London, Allen Union, 1974.
- Flint, John. Sir George Goldie and the Making of Nigeria, London, Oxford, 1960.



- Furtado, Celso. Development and Underdevelopment, Berkeley, University of California Press, 1964.
- Obstacles to Development in Latin America, New York, Doubleday, 1970.
- Frank, Andre Gunde. Dependent Accumulation and Underdevelopment, New York, Monthly Review Press, 1979.
- Unequal Exchange: An Essay on the Social Formation of Peripheral Capitalism, New York, Monthly Review Press, 1976.
- Imperialism and Unequal Development, New York, Monthly Review Press, 1977.
- Freund, Bill. Capital and Labour in the Nigerian Tin Mines, New Jersey, Humanities Press 1981.
- Gailey, Harry. The Road to Aba, New York, New York University Press, 1970.
- Gamble, Andrew and  
Walton, Paul. Capitalism in Crisis: Inflation and the State, London, Macmillan, 1976.
- Gardezi, Hassan and  
Rasheed, Jamil eds. Pakistan, the Roots of Hot Dictatorship: The Political Economy of a Pretorian State, London, Zed Press, 1983.
- Gutkind, Peter et al. African Social Studies A Radical Reader, New York, Monthly Review Press 1977.
- Havnevik Kjell, ed. The IMF and World Bank in Africa, Uppsala, Scandinavian Institute of African Studies, 1987.
- Helleiner, G.K. Peasant Agriculture, Government and Economic Growth in Nigeria, Illinois, Richard Irvin, 1966.
- Ikime, Obaro, The Fall of Nigeria: The British Conquest, London, Heinemann, 1977.

- Rivalry in the Niger Delta: Itsekiri-Urhobo Relations and the European Presence 1884-1936, London, Longmans 1969.
- Jalee, Piere, The Pillage of the Third World New York, Monthly Review Press.
- The Third World in World Economy New York, Monthly Review Press, 1969.
- Jessup, Bob, The Capitalist State, Oxford, Martin Robertson, 1982.
- De Kadt, E. and Williams, G., Sociology and Development, London, Tavistock Publications 1974.
- Katz, Stephen, Marxism, Africa and Social Class: A Critique of Relevant Theories Montreal, McGill University Monograph Series, 14, 1980.
- Kilby, Peter, Industrialization in an Open Economy: Nigeria 1945-1960, London, Cambridge Press, 1969.
- Kirk-Green, A.H.M., Lugard and the Amalgamation of Nigeria: a Documentary Record London, Frank Cass, 1968.
- Crisis and Conflict in Nigeria: A Documentary Source Book 1966-1969, London, Oxford 1971.
- Lanning, Greg, et al, Africa Undermined: A History of the Mining Companies and the Underdevelopment of Africa New York, Penguin, 1979.
- Lenin, Vladimir, The Development of Capitalism in Russia, Moscow, Progress 1974.
- Imperialism: The Highest Stage of Capitalism, Moscow, Press, 1917.
- Legum, Collins et al ed. Africa in the 1980s: A Continent in Crisis New York, McGraw-Hill, 1979.
- Leys, Collins, Underdevelopment in Kenya The Political Economy, London, Heinemann, 1975.

- Lugard, Federick, The Dual Mandate in British Tropical Africa, London, Blackwood and Sons, 1922.
- Luxemburg, R, The Accumulation of Capital, London, Routledge and Kegan, 1951.
- Mabogunje, Akin, Urbanization in Nigeria, London, London University Press 1968.
- Marx, Karl and Engels, Federick, On Colonialism, Moscow, Progress, 1968.
- Marx, Karl, Grundrisse: Foundations of the Critique of Political Economy Harmondsworth, Penguin Books 1973.
- Capital: A Critique of Political Economy, Vol. ii Harmondsworth, Penguin Books 1978
- Capital: A Critique of Political Economy, Vol. iii; The Process of Capitalist Production as a Whole, London, Lawrence and Wishart, 1974.
- Capital: A Critique of Political Economy, Vol. i; The Process of Capitalist Production, New York, The Modern Library, 1906.
- Miliband, Ralph, The State in Capitalist Society London, Quarter 1973.
- Mytelka, Lynn, Regional Development in a Global Economy: The Multinational Corporations, Technology and Andean Integration, London, Yale University Press, 1979.
- Nabudere, Dan, The Political Economy of Imperialism, London, Zed Press, 1977.
- Nduka, Otoni, Western Education and Western Cultural Background, Ibadan, OUP, 1964.
- Nkrumah, Kwame, Neo-Colonialism: The Last Stage of Imperialism, New York, International Publishers, 1965.
- Nnoli, Okwudiba ed. The Path to Nigeria's Development Dakar, Codesria, 1982.

- Nwoke, Chibuzo, Third World Minerals and Global Pricing: A New Theory, London, Zed Books, 1987.
- Oxaal, L, Barnett, and T. Booth, D (eds) Beyond the Sociology of Development, London, Routledge and Kegan, 1975.
- Olukoshi, Adebayo ed., Crisis and Adjustment in the Nigerian Economy, Lagos, Jad Publishers, 1991.
- ed The Nigeria External Debt Crisis: Its Management, Lagos, Malthouse, 1990.
- Onimode, 'Bade, Imperialism and Underdevelopment in Nigeria, London, Zed Books, 1982.
- Political Economy of Crisis in Africa, London, Zed Books, 1989.
- et al, Multinational Corporation in Nigeria, Ibadan, Shraden, 1983.
- Owen, R. and Sutcliffe B, eds Studies in the Theory of Imperialism, London, Longman, 1972.
- Peter Norre and Terisa Turner eds. Oil and Class Struggle, London, Zed Press, 1980.
- Polyansky, F, An Economic History : The Age of Imperialism 1870-1917, Moscow, Progress 1973.
- Poulantzas, K. Nicos Political Power and Social Classes, London, NewLeft Books, 1973.
- Classes in Contemporary Capitalism, London, New Left Books, 1975.
- Prebisch, Raul, Towards A Dynamic Development Policy for Latin America New York, United Nations 1963.
- The Economic Development of Latin America and Its Principal Problems, New York, United Nations, 1950.

- Sampson Anthony, The Seven Sisters: The Great Oil Companies and the World They Made. London, Hodder and Stoughton, 1975.
- Schatzl, L.H. Petroleum in Nigeria, Oxford/Ibadan, OUP/Niser, 1969.
- Seidman, Ann and Nera, US Multinationals in Southern Africa, Dar es Salam, Tanzania Publishing House, 1980.
- Spero, Joan, The Politics of International Economic Relations, London, George Allen and Unwin, 1977.
- Sweezy, Paul, The Present as History, New York, MRP, 1953.
- Tanzar, Michael, The Political Economy of International Oil Companies and the Underdeveloped Countries London, Temple-Smith, 1969.
- Turner, Loius, Oil Companies in the International System, George Allen and Unwin, 1976.
- Varga, Eugen, Twentieth Century Capitalism Moscow, Progress, 1963.
- Vernon, Raymond, The Economic and Political Consequences of Multinational Enterprise: An Anthology, Boston, Harvard Business School Press, 1972.
- Wallersterin, Immanuel, The Capitalist Economy, Cambridge, Cambridge University Press, 1979.
- Warren, Bill, Imperialism: Pioneer of Capitalism, London, NLB and Verso Edition, 1980.
- Wildstrand, Carl, ed. Multinational Firms in Africa Dakar, African Institute for Economic Development and Planning, 1975.

Wilber, Charles ed. The Political Economy of Development and Underdevelopment, New York, Random House, 1973.

Williams, Garvin, Nigeria: Economy and Society London Rex Collings, 1976.

### III. Journal

- Ake, C, 'Explanatory Notes on the Political Economy of Africa', Journal of Modern African Studies, 14, 1, 1976.
- 'Tanzania: The Progress of a Decade', The African Review, 2, 1, 1972.
- 'Off to a Good Start But Dangers Await', West Africa, 3330, 1981.
- Alavi, Hamza, 'The State in Post-Colonial Societies: Pakistan and Bangladesh', New Left Review July - August 1972.
- Amin, Samir, 'Underdevelopment and Dependency in Black Africa: Origins and Contemporary Forms', Journal of Modern African Studies, 10, 4, 1972.
- Beckman, Bjorn, 'Imperialism and the National Bourgeoisie', ROAPE, 22, 1981.
- 'Whose State? State and Capitalist Transformation: Critique of a Kenyan Debate', ROAPE, 20-22, 1981.
- 
- Cardoso, Fernando Henrique 'Dependency and Development in Latin America', New Left Review, 74, 1972.
- Emmanuel Arghiri 'Myths of Development Versus Myths of Underdevelopment', New Left Review, 85, 1974.
- Foster-Carter, Aiden, 'The Modes of Production Controversy', New Left Review, 107, 1978.

- 'From Rostow to Gunder Frank: Conflicting Paradigms in the Analysis of Underdevelopment', World Development, 4, 3, 1976.
- Frayling, B. 'Effect of Mining on the Economy of the Plateau Province', Farm and Forest, Ibadan, IV, 1943.
- Gana, Aaron. 'The State in Africa: Yesterday, Today and Tomorrow', International Political Science Review 6. 1, 1985.
- Gabriel Palma. 'Dependency: A formal Theory of Underdevelopment of a Methodology for Analysis of Concrete Situations of Underdevelopment', World Development, 6, 1978.
- Goulbourne, H, 'The Problem of the State in Backward Capitalist Societies' African Development, 1, 1981.
- Gilpin, R, 'The Political Economy of the Multinational Corporations', American Political Science Review 70, 1976.
- Hopkins, Anthony, 'The Creation of a Colonial Monetary Systems: The Origins of West African Currency Board' in African Historical Studies, 3, 1, 1970.
- Ikime, Obaro, 'The Anti-Tax Riots in Warri Province, 1927-1928' Journal of the Historical Society of Nigeria (JHSN) III, 3, June 1967.
- Kapinsky, R, "Capitalist Accumulation in the Periphery: The Kenyan Case Revisited", ROAPE, 17, 1980.
- Kitching, G, "The Concept of Class and the Study of Africa" African Review, 2, 3, 1972.
- 'Modes of Production and Kenyan Dependency', Review of African Political Economy, 8 1977.
- Lall, Sanjaya, 'Is 'Dependence' a Useful Concept in Analysing Underdevelopment?', World Development, 11, 11/12, 1975.

- Langdon Steven, 'The State and Capitalism in Kenya' ROAPE, 8, January- April, 1977.
- 'The Political Economy of Dependence: Notes Towards Analysis of Multinational Corporations in Kenya' Journal of East African Research and Development, 4, 1974.
- Leys, Collins, 'The 'Overdeveloped' Post-Colonial State: A Re-Evaluation', ROAPE, 5 January-April, 1976.
- 'Underdevelopment and Dependency: Critical Notes' Journal of Contemporary Asia, 7, 1, 1977.
- McMichael, P. et al, 'Imperialism and the Contradictions of Development', New Left Review, 85, 1974.
- Miliband, Ralph, 'The Capitalist State: A Reply to Nicas Poulantzas' New Left Review, 60, 1970.
- 'Poulantzas and the Capitalist State', New Left Review, 82, 1973.
- O'Brien, C.D.B. 'Cooperators: Class Formation in a Senegalese Peasant Society', Africa, XLI, 4, 1971.
- Olukoshi Adebayo, 'Theoretical Approaches to the Study of Multinational Corporation in the World System' Nigerian Journal of International Affairs, 15, 1, 1989.
- Onwuka, Ralph, 'False Hopes About Technology Transfer' ORBIS: A Journal of World Affairs, 23, 3, 1979.
- Osoba, Segun, 'The Deepening Crisis of the Nigerian National Bourgeoisie', Review of African Political Economy (ROAPE) 13, 1978.
- Poulantzas, Nico, 'The Problem of the Capitalist State', New Left Review, 60, 1970.
- Richard, Joseph, 'Affluence and Underdevelopment: The Nigerian Experience', Journal of Modern African Studies 16, 2, 1978.



- Samoff, J, 'On Class, Paradigm and African Politics', Africa Today, 29, 2, 1982.
- Saul, John, 'The State in Post-Colonial Societies: Tanzania' Socialist Register, 1974.
- 'The Unsteady State: Uganda, Obote and General Amin', ROAPE, 5, 1979.
- Turner, Terisa, 'The Transfer of Oil Technology and the Nigerian State', Development and Change, 1976.
- 'Oil Workers and the Oil Bust in Nigeria' Africa Today, 33, 1986.
- 'MNCS and the Instability of the Nigerian State' ROAPE, 5, 1976.
- Warren, Bill, 'Imperialism and Capitalist Industrialization' New Left Review, 8, 1973.
- Williams, Garvin, 'Imperialism and Development: A Critique', World Development, 6, (July-August) 1978.
- Sklar, R.L., 'The Nature of Class Domination in Africa' The Journal of Modern African Studies, 17, 4, 1979.
- 'Debates: Capitalist Accumulation in the Periphery - The Kenyan Case Re-examined' 17, 1980.
- Wallerstein, Immanuel, 'Class and Class-Conflict in Contemporary Africa' Canadian Journal of African Studies, VII, 3, 1973.
- Williams, Garvin, 'Imperialism and Development: A Critique', World Development, 6, 1978.
- Zartman, William, 'Europe and Africa: Decolonization or Dependency?' Foreign Affairs, 54, 2, 1976.

#### IV. United Nations

- United Nations, Transnational Corporations in World Development Third Survey, New York, 1983.
- United Nations, National Gas Clauses in Petroleum Arrangement, New York, United Nations Centre for Transnational Corporations, 1987.

## V. Conference Proceeding

Commonwealth of Nations Commonwealth Economic Paper: No. 5

Lall, Sanjaya,

Developing Countries and Multina-  
tional Corporations: Effects on  
Host Countries' Welfare and the Role  
of Government Policy, London: Com-  
monwealth Secretariat.

NNPC, Lagos

The Petroleum Industry and the  
Nigerian Environment, Proceedings  
of International Seminar, Lagos,  
NNPC, 1981, 1983 and 1985.

Onyige, Paul, ed.

Energy, Self-Reliance and National  
Development, Port Harcourt, Energy  
and Social Development Centre, Uni-  
versity of Port Harcourt 1986.

## VI. Government Reports/Publications

Report of Senate Committee on Petro-  
leum and Energy on the Tour to Oil  
Spillage Areas on Rivers and Bendel  
States, Lagos, Government Printers,  
February 1980.

Economic Survey of Nigeria: 1959  
Lagos, Government Printers 1959.

Compensation Payment for Land,  
Structure, Rights and Others Benin-  
City, Bendel State Ministry of Lands  
and Housing 1969.

Central Bank Reports and Statements  
of Account, Lagos, CBN, 1972,  
1973, 1974 ... 1985.

Monthly Returns from Joint Venture  
Companies, Lagos, NNPC 1977 ...  
1983.

Government Joint Venture Partici-  
pation Interests in the Oil Indus-  
try, Lagos, NNPC 1983.

NNPC Annual Statistical Bulletin  
Lagos, NNPC, 1971, 1972, 1973.

NNPC Monthly Petroleum Information  
Lagos, NNPC, 1977, ... 1986.

The National Accounts of Nigeria 1959 - 1974, Lagos, Federal Ministry of National Planning 1975.

Ughelli High Court, Suit No. UCH/48/73, November 12, 1974. Warri High Court, Suit No. SCK/21/81, 19th July 1985. Warri High Court, suit No. IV/89/71 26th November, 1973.

**VII. Shell Publications:**

Community Development, Lagos, Shell, 1987.

Shell in Nigeria, Lagos, Shell, 1984.

The Story of Shell, Lagos, Shell, 1982.

**VIII. Newspapers/Magazines**

African Concord, Lagos, Concord Newspaper Group,

Daily Times, Lagos, Daily Times Nigeria.

The Guardian (on Sunday), Lagos, Guardian Newspaper,

New Nigeria, Kaduna/Lagos, New Nigeria Newspaper

Nigerian Herald, Ilorin, Kwara State Government,

The Nigerian Observer, Benin City, Bendel Newspaper Corporation,

The Sunday Observer, Benin City, Bendel Newspaper Corporation,

Nigerian Tide, Port Harcourt, Rivers State Government

The Nigerian Statesman, Owerri, Imo State Government,

Times International, Lagos, Daily Times of Nigeria,

Newswatch, Lagos Newswatch Communication.

African Concord Lagos, Concord Group of Newspapers

**ix Mimeographs**

- Saro-Wiwa, Ken. 'Ogoni Bill of Rights' November 1990.
- Ihonvbere Julius: 'The 'Irrelevant' State, Ethnicity and the Subversion of the Goals of Nationhood in Africa', 1988.
- Bangura, Yusuf and Beckman, Bjiorn, 'The Post-Colonial State: Crisis and Reconstruction" 1988.
- Omuta, Gideon, 'Environmental Problems of Oil Exploration: A Case Study of Isoko Local Government Area of Bendel State' October, 1988.

**X. Unpublished Works**

- Ihonvbere, Julius, 'Labour, State and Capital in Nigeria's Oil Industry' (manuscript).
- Olukoshi, Adebayo, 'The Multinational Corporation and Industrialization in Nigeria: A Case Study of Kano, C. 1903-1985,' Ph.D. Thesis, Department of Politics, Leeds University, Leeds, 1986.
- Soremekun, Kayode, 'Nigeria's Petroleum Policy and Nigerian External Relations', Ph.D. Thesis, International Relations Department, University of Ife, Ile-Ife, Nigeria 1984.
- Omoweh, Daniel, 'Integration and Collective Self-Reliance in Developing countries: A Case Study of the Andean Group', M.Sc. Thesis, International Relations, OAU, Ile-Ife 1985.

