Chapter 2: Nigerian Federalism, Fiscal Policy, and the Oil Minority Question

INTRODUCTION

Integral to the crisis in the Niger Delta and by extension the other problematique in the Nigerian state, *inter alia*, is the perceived lopsidedness in the country’s federal system. The anomalies in the Nigerian federal arrangement, exemplified for instance by the overarching power of the central government and the lack of real autonomy at the state level, have been a factor in the unfolding of the Niger Delta crisis. The practice of true federalism, which is expected to guarantee local governance structures and communities a measure of control over certain matters that affect them, has been a major issue in the contestations regarding the structure of the Nigerian state. More importantly, the manner in which Nigeria is presently constituted impinges on the situation in the Niger Delta – a region inhabited mainly by those (popularly) described as ethnic minorities. This chapter examines the nexus between Nigeria’s federalism and the agitations in the oil-rich Niger Delta. An exploration of the “federal question” in relation to the struggles in the Niger Delta is intended to illuminate this study’s main thematic concern.

Over time, the skewed nature of Nigerian federalism has continuously been criticized as the fundamental factor in the state’s inability to address series of internal/ethnic conflicts plaguing the state in recent years. The question of Nigerian federalism centers on issues such as minority interest, state creation, citizenship, local government and revenue allocation. Historically, for the purpose of administrative convenience, the British colonialists amalgamated the Northern and Southern protectorates into the political entity called Nigeria in 1914. The imperialists failed to take into cognizance or simply ignored the ethnic configuration of the two protectorates as well the futuristic implications of their being yoked together within an unwieldy political framework. To all intents and purposes they favored this uncomplimentary structure for their exploitative benefit. In 1954, by virtue of the Lyttleton Constitution of that year the country became a federation of three regions hitherto created by Richards’s Constitution of 1946 that’s the Northern, Western and Southern regions with the precepts that the regions were mainly Hausa/Fulani, Yoruba and Igbo respectively. But federalism is an essential and functional...
agreement that allows for limited union and preserves a measure of separate identity within the diverse entities.

The foundation of Nigerian federalism was laid by the Richards Constitution. This was concretized by the MacPherson Constitution of 1951 which adopted the gradual decentralization of the colonial central government for administrative convenience and financial prudence, while the Lyttleton Constitution of 1954 confirmed the direction of the constitutional reforms in favor of federalism. Therefore at the time Nigeria became independent in 1960 it was a mere continuation of what had been started in the 1940s albeit under a new political environment. The adoption of federalism notwithstanding, ethnicity continues to play a significant factor in the political chess board. It is interesting to note that the colonial state treated all the ethnic groups as equal partners. However, its methodology was divide and rule and the “emergence of an intermediary Nigerian class to facilitate extraction and maintain order which tended to give the advantage to the elite from the numerical dominant groups.”

Four critical issues have called the Nigerian federalism into serious questioning. The first is minority agitations; second, centralization of power (militarization); third, revenue generation and allocation; and fourth, constitutionalism and political restructuring. The lapses in the system have given the major ethnic groups – Hausa/Fulani, Yoruba and Igbo – an opportunity to dominate the minorities within the Nigerian federation. In essence, the federal nature of the country has severely been criticized as subverting the interests of the minorities, hence the emergence of several ethnic upheavals in many parts of the country. This development must have informed Tokunbo Awolowo-Dosumu in 1994, when making some observations on Nigerian federalism that Nigerian federalism stands on weak a base. According to her, most of the political struggles and crises in the country have had to do with the sharing of the ‘national cake’ which was a direct

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9 C.I. Obi, The changing forms of identity politics in Nigeria under economic adjustment. The case of the oil minorities movement of the Niger Delta, Nodiska research report no. 119
inheritance from the colonial masters. The problem is compounded further by factors such as inequitable distribution of available resources.\textsuperscript{11}

Those with numerical strength in different population groups also occupied important positions during the colonial era, and thus accumulated capital, hijacked power and appropriated opportunities to the exclusion of the minorities. Obi asserts that:

Essentially, the Nigerian colonial state served the interests of global accumulation in the periphery through the local extraction and transfer of resources to the metropolis. As such it exacerbated local differences and spawned uneven development through vertical channels of extraction, accumulation and transfer. Uneven levels of penetration, regional disparities in the emergence of the local elites in areas of concentration of accumulation and commerce (to the detriment of those excluded) created cleavages, distrust and rivalry.\textsuperscript{12}

Against this background, the ethnic factor became a rallying point for capturing political power in the country and this became a serious concern for the various ethnic minorities that were already disadvantaged in the federal system. According to Osadolor, “the political oppression of the Niger Delta minorities by the Igbo in the East and by the Yoruba in the west complicated their situation in ways that confounded differences in political traditions and principles of government”\textsuperscript{13}

\textbf{THE EVOLUTION OF ETHNIC MAJORITY POLITICS}

Nigeria path to federalism and the concomitant ethnicization of politics can be traced to the regionalization policy introduced by the Richards Constitution of 1946. According to Nnoli, the major ethnic groups in each of the three regions then dominated there regions politically and demographically and the inevitable consequences were the regionalization of politics and the politicization of ethnicity.\textsuperscript{14} The various inadequacies in the 1946 constitution gave rise to the introduction of the Macpherson Constitution of 1951 which

\textsuperscript{11} \textit{Ibid}
\textsuperscript{12} \textit{Ibid}, p. 16. For more explanation on this, see Okolo, A., \textit{Foreign Capital in Nigeria: Roots of Underdevelopment}, Lagos (Chapter Five)
\textsuperscript{13} O.B,Osadolor, “The Niger Delta Qustion:Background to Constitutional Reform”PEFS Monograph New Series No.8, University of Ibadan, Ibadan,2004
\textsuperscript{14} O.Nnoli,Ethnic politics in Nigeria, Enugu: Fourth Dimension, 1978
in an attempt to reverse the demerits of the 1941 Constitution, i.e. regionalization and ethnicization of politics, adopted a unitary system when the 1951 constitution proved unworkable, a new federal constitution or Lyttelton constitution was enacted in 1954. This marked the beginning of formal federalism in Nigeria.

Like other constitution before it, the federal constitution of 1954 was not autochonous and as such did not take into cognizance socio-economic and cultural peculiarities of the Nigerian state, and its diverse peoples. By then, the emerging regionalization and ethnicization of politics had already taken firm roots and politics from then became more conflictual, competitive and antagonistic as the three main political parties then, the Northern Peoples Congress (NPC), the Action Group (AG), and the National Council of Nigeria and the Cameroon (NCNC) became regional. From the 1950s, they frequently used nationalists by protecting and promoting their regional power base, which resulted on the marginalization and neglect of Southern and Northern minorities. This exacerbated mutual suspicion and rivalry amongst these major ethnic groups and their regions as well as between them and the various minorities within their region.

The Niger Delta peoples who were the minorities in the Western and Eastern regions were directly affected by the evolving politics of exclusion, which forced them to begin the agitation for self –determination. Agitations for state creation aimed breaking these minorities from the bondage of ethnic majorities gave rise to the creation of the Midwest region in 1963. With the creation of 12 states by the Gowon regime in 1967, Bendel state was recognized as a minority within the western region and thus created in the eastern region, Cross Rivers, and Rivers State were recognized and created out of the Calabar-Ogoja-Rivers state movements’ agitation. According to Osadolor, “this was the first step taken to address what is now the Niger Delta Question and other contentious issues raised by the minority ethnic groups in Nigeria”

Though the creation of the 12 states was an attempted political master stroke by Gowon to break the secessionist move of the Eastern region which failed to avert the ensuing

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15 Osadolor, O.B, Op.cit, P.14
16 Ibid, P.16
civil war from 1967-1970, the 12 state structures stayed on after the war. The organization of the federal structure to 12 states and the creation of 3 states was also recognition of the minority question which had been earlier noted by the Willink Commission of 1957. The creation of the three Niger Delta states was designed to increase the influence of the minorities; Ogoni, Ijaw, Efik, Ibibio, Andoni, Ogoja, etc in the former Eastern Region, just as the minorities in the former Western region; Bini, Ishan, Estako, Urhobo, Isoko, Itshekiri, Ijaw, and Anioma, were given Bendel state to increase the influence within the region. However, as Osadolor noted, political state creation did not solve the minority question as it neglected the economic and human development needs of the Niger Delta people.

This trend continued between 1970 after the civil war to the 1990s under different military regimes. These military regimes from the continuation of Gowon’s rule in 1970 to the Abacha’s regime in the early 1990s, even with the brief civilian rule between 1979 and 1983, all marginalized and neglected the Niger Delta region and its people. This systemic neglect is the potential cause of the region’s pervasive underdevelopment which in itself, is at the root of the current conflict in the area.

While it true that within the Niger Delta, different minorities evolved to become politically dominant during the period, and that their corruption is also a potential cause of its underdevelopment and the conflict arising there from, note should be taken that these minority situations are located within the larger national question discourse. As earlier said, the ethnicization and regionalization of policies within the larger Nigerian state which started in the 1940s carried on to the post-colonial era and military which dominated Nigeria’s politics between 1966 and 1999, were affected by and have been part of the regionalization of politics and politicization of ethnicity.

The Ijaws, for example, who dominated politics in old Rivers state (former Eastern region) never had one of their own as the chief Executive of the state. The Governors,

17 The Willink Commission was set up in September 1957 in response to minority grievances. The commission, though did not recommend state creation to address these grievances, however, it accepted that the Niger Delta area was a special case that required special attention.

18 Osadolor, O.B. Op. Cit, P.18
usually from different states were centrally appointed, and they were usually at the graces of the central ruling elite, majority of who were from one of the major ethnic groups, in most cases, the North. The use of state resources 80% of which came from the Niger Delta to develop other non-oil producing states of the country, especially the North at the detriment of the Niger delta states is a major contention of the Niger Delta militants, social movements and other civil society groups who are stakeholders in today’s conflict. According to Odili, the use of oil resources to develop Abuja, with all its modernization wonders when there were no bridges, roads and social amenities in Bayelsa state (former Eastern region) is inexplicable and morally unjust²¹.

Indeed, as Osadolor notes, it is therefore necessary, to consider the diffusion of ethnicity with the rise of military rule and militarism, which gave rise to the conflict in the Niger Delta, especially the political aspect. The objectives and policies pursued by the military in their hegemonic position dictated the power source of leverage over the politically and thus, economically marginalized groups in the Niger Delta. From the 1990s onward, political conflicts began to undermine the political foundations of the nation-state, and the neglect and marginalization of the Niger Delta generated strong resistance and deep resentment. This trend has continued till date with the issues now broadened to include resource access and control economic empowerment as well as human development. And critical to all these issues of contention is the whole issue of the National question within s truly federal state.

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¹⁹ Even though military rule was an aberration, it would have had some legitimacy if appointment of state governors were done in consultation with the people of the state. This also exemplifies one of the many anomalies of Nigeria’s lop-sided federalism.
THE NATIONAL QUESTION IN NIGERIA

If the National Question is seen in an entirely secular frame where religion becomes an uninvited guest, where matters of oil, local government and states creation and federal character take such dominating prominence, our troubles are far from over. We must be prepared to redefine the National Question to include the more fundamental issues of social morality, values, etc. We can continue to ignore these issues, like we have always done, but only at our own peril. The earlier this is done the better for all and sundry. A stitch in time, it is said, saves nine.23

In view of the above, Ade Ajayi defines the National Question as “the perennial debate as to how to order the relations between the different ethnic, linguistic and cultural groupings so that they have the same rights and privileges, access to power and equitable share of national resources…”24 The objective principles of National Question is the establishment of a conducive framework and structural principles for the symbiotic existence of individuals and states towards a peaceful and sustainable economic growth and development.

The term National Question refers to how the Nigerian federalism could be structured to create, nurture and sustain identity and nationality rights within a truly democratic space. It also encapsulates ethnic claims and the fear of the minorities and their agitations. Therefore, “under a true federal constitution, each group, however small, is entitled to the same treatment as any other group. Opportunity must be afforded to each to evolve its own peculiar political institution. The present structure reinforces indigenous colonialism- a crude, harsh/ unscientific and illogical system.”25

The National Question therefore has been ever present in the Nigeria polity in that it has generated serious controversies under the colonial state itself. Though they have been accommodated within the Nigerian system as identified above through various means, minorities have continued to be dominated by the larger majority. Having realized that

25 T. A. Dosunmu, op. cit
the Federal Government has been ‘appropriated’ and ‘privatised’ by the dominant groups, minorities continued to call for the creation of more states to accommodate their political interests. The introduction of federal character into the 1979, 1992, and 1999 Constitutions was designed to allay minorities’ fears and put in place a policy of equal access to political power, natural resources and opportunities.

The domination of ethnic minorities by the majority is not unique to Nigeria alone and it is on this note that Akaruese argues that the United Nations’ principle of equality of all nation-states and non-interference in the internal affairs of any sovereign nation has not helped the matter. Therefore, many countries have had to contend with the issue of constant push and pull by ethnic nationalities within their states and this position was rightly supported that, “many minority ethnic nationalities in many multi-ethnic nations have been internally subjected to different forms of deprivation and exploitation such that internal colonialism is accepted as a norm within the different states, based on the principle of non-interference.”

Since conflict is a common phenomenon, the conflictual relationship arising from any social interactions in any society is a function of some fundamental factors such as competition, injustice, struggle for survival, hegemonic tendencies and stratification of the society into classes. Thus, this accounted for the resistance by the minorities in the Niger Delta against the dominance of the Igbo for self-determination and freedom. The same reason could also be advanced for the formation of the Ijaw Peoples Congress (IPC) in 1941. The IPC agitated for the creation of the Rivers Province out of the Owerri Province, and this agitation yielded a significant result with the creation of Rivers Province in 1947.

The independence of the country in 1960, the Nigerian state has had to contend with some major issues which have proved detrimental to the evolution of a stable polity.

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27 L. Akaruese, op cit
These issues are the allocation of revenue, the delineation of powers among different tiers of government, composition of the military and police force, the leadership factor, ethnicity, electoral problem, population census, agitation for state creation religious intolerance and the structure of the federation. However, all these issues that have threatened the survival of the country are linked to access to and sharing of federal revenues on the basis of equity and fairness.

Thus far, it can be deduced that the major features of the National Question are the allocation of revenue, the demarcation of powers amongst different tiers of government, the structure of the federation, distribution of power, the judiciary, and the armed forces. These issues have been given attention since independence with the establishment of a number of commissions to address them. For instance, the principle of derivation was accorded priority by the Phillipson (1946), Hicks-Philipson (1951), Chick (1953) and Raisman (1958) Commissions and later the Bimms (1964), Dina (1968), Aboyade (1977) and Okigbo (1979) Commissions. Many principles that have been espoused by these Commissions could have addressed the imbalances in the Nigerian federation if adequately implemented but the majority ethnic groups have manipulated state affairs to their own advantage thereby leaving the issues these Commissions tended to address worse than before. Therefore, the basis for persistent struggle by ethnic minorities to address the National Question was the inequality in the access to resources. “Another way of appreciating the greater importance of inequality is to ask whether the National Question would have been a major issue if resources were equally distributed among the diverse groups.”

The National Question can be viewed from two perspectives – internal and external, but our emphasis in this research will focus largely on the external perspective bearing in mind that the country’s internal contradictions reflect on the external dimension. For instance, these two dimensions are linked with the character of the creation of Nigeria by British Imperialism. The internal dimension deals with the relationship between oil and

30 Ibid, p.88
the National Question, which is the reason for the struggles between ethnic groups and
the government for the control and sharing of oil wealth.\textsuperscript{31} Looking at the Niger Delta the
struggles by these ethnic groups in the recent past for the control and access to oil wealth
has posed a serious danger for the production of oil. At the external level, the National
Question has assumed a global issue with the sudden resurgence of ethnic minorities’
agitation for self-determination. The dismantling of communism with the gradual
success and spread of Western-inspired democratic ethos throughout the globe made this
possible, and the clamor for self-determination and freedom by minorities not only
assumed a new dimension but was taken to greater heights.

With this development Nigeria is not an exception to the global trend and this has made
the struggle of the people of the Niger Delta a serious aspect of Nigeria’s National
Question.\textsuperscript{32} For instance, it was asserted that, MOSOP not only got itself recognized by
the United Nations as a representative of an endangered ethnic minority but also took on
the Federal Government and the oil multinationals, led by Shell, which are active in
Ogoniland.\textsuperscript{33} Therefore the formation of MOSOP in the early 1990s rekindled the
agitation for the reconfiguration of the Nigerian federation.

Ethnic nationalism defined by the quest to gain political ascendancy and access to oil
revenues are became a crucial part of the Niger Delta conflict from the 1970s after the
end of the civil war. The increasing dependence of the Nigerian state on oil revenues and
the equation of oil-producing communities in the calculus, made them more assertive
after the civil war. However, they became confronted with land and oil contestations
between themselves as each group sought to outdo the other through political
maneuverings. It was during this period the Ijaws, for example, gained political
dominance within the old Rivers state and controlling important oil reserves. The oil and
land contestation, mediated through political control, toned the inter and intra-ethnic and

\textsuperscript{31} O. Agbu: “Oil and the National Question in Nigeria: The External Dimension”, \textit{Nigerian Journal of
International Affairs}, (NIIA, Lagos) Vol. 26 No 1, 2000, p. 104
\textsuperscript{32} Ibid, p.104
Nation State” in A. Olukoshi and L. Laakso (eds) \textit{Challenges to the Nation State in Africa}, Nordiska
Afrikainstitutet, 1995
communal conflicts respectively between the Urhobos, Itsekiris, Ijaws, Ogoni, Andoni, Ilaje, Isoko and Edos.

After 1994, these conflicts increased especially in the violence around the warm area of the Niger Delta which worsened from 1997. Onosode believes that the issues of deprivation, ignorance and poverty are central to the inter ethnic/communal wars of the region since people fight their neighbors when they are poor and lack political consciousness. However, forces outside the region have been implicated as sponsors of violence, given the frequency of the wars and the sophistication of the weapons used. These outside forces also include business people who benefits from the economy of war whether they are indigenes of the region or not.

The origin of oil as an issue in the National Question at the external level started with the creation of the Nigerian state in 1914, “when colonial legislation granted monopoly of oil concessions in Nigeria to British and British allied capital” Thus, Shell maintained this monopoly until 1957 when other oil multinationals like Mobil, Gulf (now Chevron), Agip, Safrap (now Elf), Tenneco and Amoseas (now Texaco) also became active participants in oil exploration and production in Nigeria. Nevertheless, since 1960, Multinational oil companies, acting in partnership with the Nigerian state to the exclusion of the local people, have dominated the oil industry. Hence there have been violent conflicts between the local people and the state, within the oil-bearing communities, between the state and the oil majors, and between the oil companies and the local people.

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THE NIGERIAN STATE, REVENUE ALLOCATION AND THE MINORITIES QUESTION IN THE NIGER DELTA

Though oil export started in 1959, “it was not until the mid to late 1960s that its impact on government revenue and export earnings began to be felt.”\(^{37}\) Since then it has become a central issue in Nigeria’s political economy, as it effectively replaced agriculture which was the mainstay of the economy before 1970. Nigeria’s oil earnings shot up from N4.733 billion in 1975, to N10 billion in 1979 and N15 billion in 1980.\(^{38}\) The table below shows the pattern of Nigeria’s crude oil export in the early 1990s.

### Nigeria’s crude oil production and export between 1993 and 1994

<table>
<thead>
<tr>
<th>Month</th>
<th>1993 Production (Mb/d)</th>
<th>Export Market (Mb/d)</th>
<th>Spot Market (Mb/d)</th>
<th>1994 Production (Mb/d)</th>
<th>Export Market (Mb/d)</th>
<th>Spot Market (Mb/d)</th>
<th>spot market price ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1.95</td>
<td>1.67</td>
<td>17.88</td>
<td>1.93</td>
<td>1.63</td>
<td>14.84</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>2.00</td>
<td>1.65</td>
<td>19.10</td>
<td>1.90</td>
<td>1.61</td>
<td>14.28</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>1.88</td>
<td>1.62</td>
<td>18.77</td>
<td>2.00</td>
<td>1.70</td>
<td>14.16</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>1.90</td>
<td>1.60</td>
<td>19.19</td>
<td>1.93</td>
<td>1.63</td>
<td>15.54</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>1.90</td>
<td>1.62</td>
<td>18.99</td>
<td>1.95</td>
<td>1.63</td>
<td>16.16</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>1.88</td>
<td>1.60</td>
<td>18.17</td>
<td>1.93</td>
<td>1.63</td>
<td>17.14</td>
<td></td>
</tr>
</tbody>
</table>

Source: Central Bank of Nigeria (CBN) Monthly Reports, 1994

It is evident from the table that oil is the mainstay of the Nigerian economy, for instance, Nigeria earned on the average $30.37 million for the first six months of 1993 and $25.17 million for 1994.\(^{39}\) Given the importance of oil in the post independence period, Nigeria has been forced to contend with issues like north-south dichotomy, religious cleavages,

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\(^{37}\) Obi, *op. cit.* 1995, p. 8

\(^{38}\) O. Agbu, *op. cit.* p. 102

\(^{39}\) *Ibid.*, pp. 102-103
ethnicity and minority agitations and the latest lexicon to be added in this regard is the onshore/offshore dichotomy. It is also instructive to note that this has been a serious subject of litigation in the apex court in Nigeria between the oil producing states and the Federal Government. Of particular interest is the case of the oil minorities of the Niger Delta, the richest but poorest region in Nigeria, accounting for over 80% of Nigeria’s oil production and exports, but remains one of the most underdeveloped and marginalized regions of the country. However, the notion of oil revenues to minorities has been a matter of controversy in Nigeria since the end of the civil war in 1970 at the time when oil emerged as a dominant source of foreign exchange. As Beckman (1981) noted:

> It was only by the mid-1960s that the production of oil began to have a notable impact on public finance. The question of the control over oil producing territory (mainly the delta of the Niger River and the continental shelf) and the method of dividing the revenue were crucial in the ongoing struggles between centralizing and separatist tendencies.40

The Hausa-Fulani, Yoruba and Ibo (Igbo) are considered as the majority ethnic groups in the country as a result of their demographical size. Ethnic groups like the Ogoni, Urhobo, Isoko, Andoni, Ikwerre, Itsekiri and Ijaw of the Niger Delta are referred to as ethnic minorities due to their smaller demographic size relative to the major ethnics in the Nigerian state. Thus, the dominant ethnic groups favor centralized control of power and resources while the minorities of the Niger Delta clamor for decentralization, as this would afford them opportunities to gain access to their resources and overcome the negative impact of oil exploration in the area. This derives from the fact that as soon as oil became a major revenue earner, the percentage of derivation as a means of sharing revenue in the country in contrast began to whittle down. In 1971 the Federal Government introduced the onshore-offshore distinction in the calculation of rents and royalties from participating oil companies such as Shell, Chevron, Agip, Mobil and Elf. The derivation principle was enshrined in the Nigerian Constitutions of 1979 and 1989 and in Section 162 (1) & (2) of the 1999 Constitution. This principle provides for all revenues collected by the Federal Government to be paid into the Federation Account

from where it is then disbursed to all the states. This was at a time when … the *regional basis of accumulation had shifted from the regions (west-Cocoa, North-groundnuts, hides and skin, and East-Palm produce), to the Niger Delta-petroleum...*  

Prior to the discovery of oil, the majority ethnic groups that dominated the control of political power were strongly in support of the derivation principle expecting this to be fair and just. However, the reverse was the case since the 1970s. Resource disparity in terms of access and control were the bases of the conflicts between the oil companies and the oil bearing communities on one hand, and the Nigerian government and village communities in the Niger Delta on the other hand for over three decades. The over centralization of power in the centre, unending power play of revenue sharing which has been carefully designed to displease the locals of the Niger Delta and the elimination of people or elements from the Niger Delta from the seat of power have all combined to precipitate unprecedented violence in the Niger Delta. The current Nigerian 1999 established the use of population size, equality and land area as parameters in the allocation of revenue among the states and local government areas in the federation. However the distribution of finance from petroleum among the states of the federation showed that on aggregate a little over 25% is allocated to the oil bearing communities despite all the effects of oil production on their land and health.

At the same time non-producing states account for over 67% of revenue accruable to the state. This is as a result of the oil bearing communities’ relative small population and this revenue allocation disparity has been the basis of the Niger Delta peoples protest against the Nigerian state and oil multinationals operating in the region for over four decades. This formula for revenue allocation without due consideration to area of extraction of oil as the major contributor is vividly illustrated below.

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### Criteria for revenue sharing amongst Nigerian states (1990-1996)

<table>
<thead>
<tr>
<th>S/N</th>
<th>Criteria</th>
<th>1990-1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Need</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Balanced Development/Equality</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>Derivation or contribution</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Land Area</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Social Development</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Internal Revenue</td>
<td>10</td>
</tr>
</tbody>
</table>


### Distribution of Allocated Revenue among oil producing states of Nigeria

<table>
<thead>
<tr>
<th>STATES</th>
<th>DISTRIBUTION IN PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akwa Ibom</td>
<td>-</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>-</td>
</tr>
<tr>
<td>Cross River</td>
<td>5.2</td>
</tr>
<tr>
<td>Delta/Edo</td>
<td>10.0</td>
</tr>
<tr>
<td>Ondo</td>
<td>4.4</td>
</tr>
<tr>
<td>Rivers</td>
<td>10.0</td>
</tr>
</tbody>
</table>


The distribution of the oil fund as could be seen in the table above means that little is given to the states that bear the brunt of ecological implications of gas flaring, oil leakages as well as water, land and air pollutions arising from oil production in the concerned states. Rather than addressing the main issues which border around the human security of the Niger Delta people, the government finds it convenient to put in place
certain palliatives which beg the critical issues confronting the region. For example, Bayelsa State was created out of Rivers State because of the need for the Federal Government to pacify some of the elite within the Ogoni and Andoni ethnic groups in the oil producing region. It could be noted that the same approach was adopted during the Nigerian civil war when Ken Saro-Wiwa was picked by General Yakubu Gowon to represent the interests of his government.

The allocation of 5.8% and 4.4% of the oil revenue to Sokoto and Ondo States respectively, for instance, in 1980 could be interpreted as injustice by the Federal Government. Ondo State produces oil for the survival of the Nigerian economy, but as this study showed above, it is one of the states that are least developed. The communities inhabited by the Ilaje ethnic group in Ondo State lack basic amenities such as good schools, motorable road network and drinkable water.

In the past, military regimes in Nigeria took turns to deliberately sidestep discussions bordering on the Niger Delta since it was feared that such discussions would automatically translate into resource control agitation. As we saw, the military and various civilian regimes deliberately prevaricated on issues of resource control and the derivation principle was not treated any differently. Instead, the government especially the military favored and in fact built a prebendal network which only satisfied the desires of a few people and by extension, states. For example allocation of 3.0% each to Plateau and Rivers states between 1990 and 1996 for instance is an indication that the Federal Government was not ready to compensate the oil producing states. The issue of uneven development in Nigeria (a veiled reference to the backwardness in non-oil producing states) has been used to justify successive governments’ actions in this regard.

The lack of political will on the part of successive governments towards addressing the problems of mineral producing areas is well known. For example, the Sani Abacha administration created the Ministry of Solid Minerals but little or no effort was made by the same government to promote the development of solid minerals exploitation from the Northern part of the country. The Federal Government kept closed eyes to the mining of
precious stones along Jos-Kafanchan road by the Hausa-Fulani ethnic group living along that road to the detriment of the Kataf ethnic group, the original land owners of the area. While the intention of the Federal Government, on paper, has always been to develop the country as a whole, the introduction of Sharia law in some states sometimes in year 2000 in the Northern Nigeria means that the money from oil would be used to prosecute the law. This affords some states with different priorities and divergent aspirations access to federal funds which are in fact derived from the Niger Delta. Some of these states almost pushed the country towards the brink of collapse, given the spate of violence and unrest which rocked the country between 2000 and 2003.

The same trend also prevailed in the allocation of the ecological funds, which accounts for 2% of the Federation Account. In the allocation of this fund the oil producing states are disadvantaged given the allocation principles highlighted above. Since this fund is used to address ecological problems, the oil producing areas are supposed to receive a greater share of the fund.43 The methods/principles adopted in revenue allocation have been at variance with the democratic principles of equity and justice. The oil-bearing communities suffer ecological devastation significantly; and the bulk of these funds should have been directed to alleviating the impact of environmental degradation.

In concluding this section, it is apt to note that the National Question has been given different interpretations by different government officials, statesmen and scholars. There is no agreement on what constitutes the National Question. It is however instructive to end with Uzochukwu's argument on the subject. He sees the ethnic problem in Nigeria as the National Question around which a great deal of our national problems revolves and in the name of which all sorts of crimes has been perpetrated against the nation.44 Therefore, “the driving force that led to the degree of fusion that engulfed our nationalities in their present configuration was the perceived interest of each nationality

43 C.O. Ikporukpo, *op. cit*
in the competition for social and economic amenities and political offices.”

Suffice to say that all these contradictions impinge on the current struggles in the Niger Delta as will be seen in this study.

**THE MILITARY, OIL AND ETHNIC MINORITIES OF THE NIGER DELTA**

The synthesis of oil with minority rights and agitation has to do with the oil communities’ right to self-determination, gainful employment, clean and safe environment, quality education, appreciable shelter and good amenities. The Nigerian state under military rule intensified the crisis of the Niger Delta in different dimensions. The coming of Major General Aguiyi Ironsi to power in 1966 led to the emergence of a unitary system of government. The revenue allocation principles of derivation and nationality were discarded and it became treasonable to agitate for such ideas. To suppress popular dissent that grew in response to the mismanagement of resources by the military, there was a massive high handed counter response in which the government demonstrated that it would not tolerate the agitation of the oil minorities of the Niger Delta.

This was much in evidence in the government’s response to the Adaka Boro led revolution that took place in the region in 1966.

Therefore, it will be right to conclude that military regimes’ policies in Nigeria actually suppressed the aspiration of the oil minorities (self-determination and the control of mineral resources) in the post independence era. The Adaka Boro revolution of 1966 and the hanging of ken Saro-Wiwa in 1995 are two major cases in this direction. The first organized protest for self-determination in the Niger Delta was championed by Adaka Isaac Boro, an Ijaw youth from Kaiama, an undergraduate and ex-policeman in collaboration with Dick Nottingham and Samuel Owonaru. The revolution which lasted almost 12 days was aimed at proclaiming and establishing an independent Niger Delta Republic, but this attempt was thwarted by the Federal Military Government. The revolutionists were subsequently tried for treason and later sentenced to death. Although Boro’s intentions were not clear enough, history has it that he and his group were

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dissatisfied with the Federal Government of Nigeria even though he eventually fought on
the Nigerian side during the civil war between 1967 and 1970. The sources of such
disagreement were not made known and there was no inkling that Boro had any face off
with the oil multinationals. But it must be stated that despite the involvement of Boro on
the Nigerian side the intention of group was very clear (the dissatisfaction with the
Nigerian state). One of the key members of the Revolution (Onwunaru) stated that:

You don’t need to look far or search for what was responsible
for that action. The problem of marginalization, criminal
neglect of the people and degradation of our environment,
denial of our rights to self-determination, and so on. What
led to the struggle is still very much around and that is why
we still have flash points all over the place, and now more
than ever, there are a greater number of people who are
aware than when we started the struggle. …47

On the other hand, the trial and hanging of the Ogoni 9 by the military regime of General
Sani Abacha drew the attention of the international community to the plight of the oil rich
Niger Delta of Nigeria. The action of the Nigerian government was aimed at suppressing
the agitations and disruption of oil production in Nigeria but it led to the explosion of
social movements in the region with objectives similar to those of the Movement for the
Survival of Ogoni People (MOSOP).

The domination of the Niger Delta minorities by the majority ethnic groups whose people
have dominated the political landscape since independence has provoked resentment,
resistance and recurring violence in the Niger Delta especially in the 1990s. The present
crisis in the Niger Delta is underpinned by the inequitable social relations that under gird
the production and distribution of profits from oil, and its adverse effects on the fragile
ecosystem of the Niger Delta.48 In addition, the centralization of power by the Nigerian
system gave the dominant groups ample opportunity to oppress the ethnic minorities of
the Niger Delta. Eteng succinctly captures this subject thus:

The Northern dominance is reflected in the control of
strategic positions in the public service, the military,
virtually every other sector of the state’s coercive

47 The Punch (Lagos, Nigeria) 5 April 2004, P.14
48 C.I. Obi, op. cit. p. 433
institutions, supreme military council, judiciary, police, prison, internal security, customs and immigration…the Northern elites have also systemically developed the region with the nation’s oil wealth generated largely from the southern minorities…

The domination of the people of the Niger Delta by the larger ethnic groups was not unconnected with the latter’s considerable population size and it was virtually impossible for the minorities to upset the candidate of the majority in every election in the country. This fact also explains why political parties were formed along regional or ethnic lines in the First Republic. For example, the Action Group under the leadership of Chief Obafemi Awolowo dominated politics in the Western Region of the country; the Northern Peoples Congress was formed in the North by the Hausa /Fulani under the leadership of Sir Ahmadu Bello; and NCNC, though nationalistic in orientation had ethnic coloration with its stronghold being Eastern Region with chief Michael Okpara as Premier of the region. It is important to note that dominant ethnic groups in their regions not only formed the parties, but equally made it impossible for parties from other regions to make inroads into their respective domains.

Since the minorities like that of the Niger Delta were given minimal priority and were discriminated against in terms of access to political and administrative positions, they opted for protest as a panacea for political and socio-economic injustice in their region. Their protest led to the establishment of the Niger Delta Development Board, the Oil Mineral Producing Areas Development Commission (OMPADEC) and much more recently, the Niger Delta Development Commission (NDDC) but the extent to which these organizations were (or have been) able to address the needs of the region is another controversial issue, which this thesis will address in subsequent chapters.

Given the contradictions within the Nigerian state, Obafemi Awolowo contends that:

Nigeria is not a nation. It is a *mere geographical expression*. There are no “Nigerians” in the same sense as

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49 I. Eteng.: Minority Rights under Nigeria’s federal structure in Proceedings of the conference on Constitutions and Federalism held at the University of Lagos, 23-25 April, 1996.
50 O. Oyerinde, *op. cit.* p. 61
there are “English” “Welsh” or “French”. The word “Nigerian” is merely a distinctive appellation to distinguish those who live within the boundaries of Nigeria from those who do not.  

Therefore, the struggle of the oil minorities for over four decades hinges on the National Question and this practically involves the issues of minority ethnic groups and how their rights could be accommodated within the Nigeria state. It is on this note that the Federal Government should appreciate the underlying inequalities in order to avoid the persistent conflicts in the region.

It is very important to note that federalism recognizes the right and differences of all the ethnic minorities within a state but as Usman Bugaje argues “[if] the essence of federalism is to recognize and appreciate our cultural and religious diversity and therefore the differences in our value systems and world-views, we have already destroyed it by our straight jacketing and regimentation in matters of law, economy and politics…” In attempting to tackle the problem of the minorities in the Niger Delta within the context of Nigerian federalism, the military took some remarkable steps to whittle down the impact of the dominant ethnic groups on the minorities in the areas of local government and states creation. However the extent to which these steps resolved the issue of the minorities is questionable. Bugaje contends that:

The proliferation of states and local governments will not be of any avail, for as long as it is not accompanied with an autonomy, which will allow for a substantial reflection of local culture and values. Our federalism is to say the least phantom and the local autonomy evidently bogus. One indeed is tempted to dismiss the Federal Republic of Nigeria in the same way Voltaire, the French philosopher and father of French revolution, dismissed the Holy Roman Empire, when he said it was “neither holy, nor Roman nor an empire.”

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51 This was quoted in I. Elaigwu: Federalism: The Nigerian Experience, HSRC, Pretoria, 1996, p. 6. For details on this issue see O. Awolowo, Path to Nigerian Freedom, London, 1947, pp. 47-48
52 U. Bugaje, “Questioning the National Question”, Citizen, 5 October, 1992
53 Ibid.
Therefore, the rationale for the ethnic minorities’ struggles in the Niger Delta region of Nigeria is located within the state’s law, and the greediness of the dominant ethnic groups in Nigeria (Ibo, Hausa/Fulani and Yoruba), as well as the role of the multinational oil companies which aggravated the plight of the ethnic minorities of the Niger Delta in the process. In this regard, Ken Saro-Wiwa argues that, “I already knew how successful the mobilization movements in Nigeria had been once they were based on ethnic group.  Awolowo, Azikiwe and Ahmadu Bello had successfully mobilized their kinsmen: the Yoruba, Igbo and Hausa /Fulani respectively. I thought I could do the same for the Ogoni.”

The Nigerian state has witnessed more of military rule than a civilian/democratic arrangement of any sort and this of course has implications on the Niger Delta as well. It is very important to mention the fact that the regimes of General Babangida and Abacha were very repressive and violated human rights in the country. These regimes also deepened the contradictions and crises of the Nigerian state with their policies in the late 1980s and 1990s as power was concentrated in the hands of very few through their system of prebendalism. Thus these individuals promoted ethnic tension through the use of the ethnic factor in the distribution of social goods and scarce resources, invariably resulting in polarization and division among ethnic groups in the country. For instance there were unprecedented inter-ethnic, religious and communal conflicts between the 1980s and the 1990s. Said Adejumobi captures the foregoing in the following words:

> From the North to the South, communities and religious groups, which had hitherto lived together in harmony, suddenly took up arms against each other. ... It occurred in places such as Ilorin, Kafanchan, Kaduna, Funtua, Kano, Zaria, Ile-Ife, Zangon Kataf, while virtually all the oil producing communities of the Niger Delta were the epicenters of communal conflicts.

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55 S. Adejumobi, Ethnic Militia Groups and the National Question in Nigeria, Social Science Research Council Working Papers, March 2003. It was also perceived in Nigeria that the regimes of Generals Babangida and Abacha were hostile to the Western region of the country with the annulment of 12 June, 1993 Presidential election and the subsequent imprisonment of the winner until his death. Secondly, was the issue of a coup d'etat that was framed up to implicate high-ranking military officers from the same region. It is interesting to note that President Olusegun Obasanjo, the head of the present civilian regime of the country was implicated in the coup. These actions were aimed at weakening the position of the Yoruba
It should be noted also that a militarized state is one with an overwhelmed psyche. It losses the capacity to mediate contradictions already noted within the system. Besides, its subjects become insulated and alienated and its government becomes fretful to the slightest of criticism. In the Nigerian situation, the majority of the senior military officers were from the Northern part of the country. This created an avenue for the appointment of rulers who determined what, when and where to allocate resources. This explains why successive military regimes gave priority to the Northern region in revenue allocation despite little contribution from the region to the state’s total revenue, and the Niger delta was worse for it. The emphasis here is to highlight the tremendous nepotism and favoritism that were freely displayed during military rule in Nigeria especially during the years that fall within the scope of this work.

REGIONAL HEGEMONY AND THE MINORITIES STRUGGLE IN THE NIGER DELTA

Despite the need to address the aspiration and interests of the minorities in the pre-colonial and postcolonial period with series of provisions inserted in the Constitution, the dominant ethnic groups were reluctant to offer the minorities the necessary conditions that would allow them achieve their goals. The Constitution lays claim to the people as its source but this is far from the truth. In reality, the Constitution was handed down by the military. The opinions of the people were never considered before its enactment. Ironically, its preamble reads: “We the people of the Federal Republic of Nigeria having and solemnly resolved to live in unity and harmony…provide for a constitution for the purpose of promoting the good government and welfare of all persons in our country, on the principles of freedom, equality, justice, and for the purpose of consolidating the unity of our people. Do hereby make, enact and give ourselves to the… constitution.” The Constitution’s theoretical declaration is far from implementation as it does not promote justice and equality that it was set to achieve in its preamble.

Thus, this section will examine the role of the big three ethnic groups vis-à-vis the plight of the Niger Delta people, and how the Nigerian law has given the big three opportunity to dominate both the political and economic space of the country before independence. This exercise will be undertaken against the background of constitutional development in Nigeria.

As earlier discussed, historically, the Richard Constitution of 1946 established the division of the country into three regions with each dominant group in the North, East and West. The policies of these dominant ethnic groups in their region was responsible for the agitations that took place in the Niger Delta because the people were denied various opportunities in the region especially access to oil wealth, provision of social amenities, distribution of political appointments and other privileges in the region.

Due to the small size of these minorities, it was virtually impossible for them to form political parties that could win political power to control the centre. The dominant groups were at the helm of affairs in the post independence period so it was impossible for minorities to muster enough political clout necessary to tackle the more established three dominant groups. In the First Republic, Chief Obafemi Awolowo (Yoruba) was the Premier of the Western Region, Sir Ahmadu Bello (Hausa/Fulani) the Premier of Northern Nigeria and Chief Michael Okpara (Igbo) the Premier of the Eastern Region. They were all from the dominant ethnic groups within Nigeria and this had serious implication for the minorities. For a certainty, “the minority areas were accorded very minimal priority even though the appropriations that were deployed to development projects that favored the big three [were] also derived from the resources and taxes of the minorities.”

Besides, the willingness of the Igbo to dominate or control oil supply in the East underscored the resolve of Ibo to break away from Nigeria. This was better played out

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during the civil war that engulfed the country for almost thirty months. Similarly, the other dominant ethnic groups like the Yoruba and Hausa/Fulani, having realized the importance of oil to the political economy of the country, fought ceaselessly to reintegrate the region. The importance of oil in the civil war calculus was substantiated by the decision of Odumegwu Ojukwu (the secessionist leader) on 4 June, 1967 after the proclamation of Biafra that all oil multinationals operating in the Niger Delta should pay rents, royalties and other affiliates to his government. This decision drew reaction from the Federal Government by warning the oil multinationals against Ojukwu’s proposal to the companies. However, the Federal Government went further to create twelve states out of the four regions of the federation as an attempt to decentralize the power of the Biafra government. This seemed to the elites of the Niger Delta and the masses alike that succor was not far away. Thus, the oil minority elite actively supported the Federal Government in frustrating the efforts of Biafra to hold on to the Niger Delta and it was in recognition of this that Ken Saro-Wiwa was appointed Administrator for Bonny and later a Commissioner in Rivers State.

The new development was believed to have empowered the oil minorities. Obi argued that “the abrogation of the problematic regions and the creation of twelve states in 1967, [was] partly to ensure their support, [the] minorities emerged from the war as a more vocal and assertive group, conscious of their role in the federation.” But the redefinition of the Nigerian federation never gave the oil minorities power over their resources. Obi further asserted that: “[even] if the minorities of the oil-rich Niger Delta emerged as a more assertive group at the end of the Nigerian civil war, they had not won the power over “their” oil. Neither did they enjoy the same privileges and influence as the northern minorities who had played a prominent role in the military effort to stabilize the Nigerian state. This consideration played a role in the various intra-ethnic and intra-communal

60 C.I. Obi, op. cit., P.25
conflicts which erupted in the region as each group sought to assume some form of dominance.

The people’s hope of controlling oil after the civil war was dashed as a result of the following reasons cited by Obi: the transfer of the military command structure to the federal-state relations. On this note, the state henceforth would be under the Federal Government. The strategic role of the northern minorities in the 1966 counter coup and their role in successfully overcoming the Biafra soldiers, centralization of the collection of oil revenues in the Federal Government, the vesting of all ownership and right to produce oil in the Federal Military Government and the de-emphasis on derivation as a sole principle of revenue allocation in favor of population and the equality of states were salient issues thrown up by the counter coup.61

What the foregoing suggests is that the unity of the country depend on oil and the minorities were stripped the opportunity to control their resources with the legitimatization of this act through Decree No. 51 of 1969 which “…vested in the Federal Military Government the entire ownership and control of all petroleum in, under or upon any lands in Nigeria; [and] under the territorial waters of Nigeria.”62 The military also enacted other decrees to have total control of resources to the disadvantage of the oil minorities, one of which is the Land Use Act of 1978. Therefore oil became the basis of the Nigerian state as Falola argues: “For as long as oil continues to flow, Nigeria may stay united as a country, although internally fractionalized. The federal system will be preserved because it allows those in power to divert resources to their region and pocket.”63

It therefore becomes clear from the foregoing and from earlier discussion that the explosion of social movements in the Niger Delta in the 1990s was not unconnected with the internal contradictions within the Nigerian state as examined above. However, the struggle which assumed a new tone from the 1990s was championed by the youths because the elite that had coordinated the struggle since the 1940s were considered to

61 Ibid, p. 25
62 Ibid, pp. 25-26
have been co-opted by the Federal Government and multinational oil companies as a result of the benefits they derived from them. Since then, violence has toned the means of engagement between the people and MNOCs and the people and the state forces.

Given credibility problem facing the elites in the Niger Delta, the youth in most cases became flexible and youthfulness in the region now lasts longer in this area than any other part of the world. This partly explains the decision of the Ogoni youth to murder four prominent Ogoni leaders which in turn led to the execution of the Ogoni 9 by the Federal Military Government of Nigeria on 10 November 1995. This also accounted for the Pan-Niger Delta Summit in 2001 which called for a competitive federalism where federating units will have 100% control of resources in their domain and pay taxes to the central government. They also asserted that obnoxious and unjust laws in the country’s statutes such as the Land Use Act of 1978, the Petroleum Act of 1969 (as amended), Land Title Vesting Decree of 1993, National Inland Waterways Authority Decree 1997, the Mineral Act and others which have been used to deprive the Niger Delta of amenities be abolished.

Conclusively, the history of the federal system of government as put in place by the Nigerian government is a total departure from the basic tenets of federalism. This is because successive central governments in Nigeria have always controlled the resources of the country for personal enrichment and used same for the development of leaders’ states of origin and region. Before independence when the principle of derivation was in place, the three major regions of the North, West and East were developed at their own pace. This accounted for the development of Western Region ahead of the other two regions.

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64 The researcher’s field work to the Niger Delta confirmed that in most of towns and villages visited between April and June, 2003 the ages of youth in this areas were between 30-47 years. It is very interesting to note that virtually every community (Afiesere, Uzere, Oleh ,Ozoro, Odiomu,and others between April and July ) visited has youth forum for the discussion of the impact of oil exploration on the people of their community and in my interview with the elders of the Uzere on the 10 July 2003 community they confirmed that the activities of the past elites in the town has forced the youths to take upon themselves the struggle to minimise the impact of oil exploration on the people of the town.

65 The Guardian, 20 October, 2001
The General Aguiyi Ironsi government that introduced the unitary system of government could be said to be the architect of ‘unitary-federal’ system of government. The military, benefited from this high central command structure where orders flow from the very top to the bottom in the ladder- from the Head of state to the head of the federating units that’s governors. It was unthinkable for any military governor to deviate from the military head of state’s whims. Although Commissions such as OMPADEC and NDDC were set up by different governments in Nigeria to look into how more resources could be diverted to the Niger Delta, the composition of these Commissions made it impossible for the government to achieve its objectives. As discussed above, the members of these Commissions were the representatives of the national government even though some were from minority communities within the region, with the aim of supporting Abuja guidelines.

The (perceived) non-involvement of the people of the Niger Delta in crucial decision-making and policy implementation organs as well as in critical executive positions as our analysis of military state governors showed– partly derived from Nigeria’s ersatz federalism – has engendered alienation on the part of the oil minorities thereby leading to virulent expressions of frustration. This chapter ties in with the overall theme of this study in that it depicts the ramifications of Nigeria’s geopolitical structure for the Niger Delta in which case the region has been plagued by violence on a grand scale.
PART TWO: THE ROLE OF MNOCs AND OTHER ACTORS IN THE NIGER DELTA

Remember, O Lord, what is come upon us: consider, and behold our reproach.

Our inheritance is turned to strangers, our houses to aliens

We are orphans and fatherless, our mothers are as widows.

We have drunken our water for money; our wood is sold unto us

Our necks are under persecution; we labor, and have no rest. (Lamentations 5:1-5)