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The political-economy of oil exploration and environmental degradation in the South-South: Paradox of poverty and endowment

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Abstract

As a gift of nature, natural resources are universally but not uniformly distributed across continent and regions of the world. This is the same with resource distribution within a given state. In Nigeria oil was first discovered in commercial quantity in Oloibiri town in 1956. This made the Niger- Delta region an oil rich area of the larger Nigerian society. However oil extraction did not start until 1958 and since then exploration and exploitation has continued leading to environmental degradation due to less concern, neglect and disrespect of international law on environment by the major oil exploiters. The main thrust of this paper is to examine the activities of MNCs in the oil sector in Niger-Delta and its effect on the environment, poverty and food production. The paper used ecological theory to explain how MNCs devastate the environment in the South-South geopolitical zone. This paper is a conceptual one that relied heavily on qualitative approach. The paper concludes that the impact of petro-development on the land in Niger-Delta has given rise to sudden fall in agriculture and oil spillage affect the health of the locals this makes life vulnerable and unbearable for the people. The paper concludes also that the problem can be solved if there is sincerity of purpose by the government but because of corruption and politics of impunity the issue is always deteriorating and despite government initiatives produces little result. The paper established a thesis that the oil is a curse for the local communities in the region and a blessing to the MNCs and the government of Nigeria at large because it accounts for its major foreign exchange earnings.

Keywords: Environmental degradation, oil exploration, food production, agriculture

Introduction

As a gift of nature, natural resources are universally but not uniformly distributed across continent and regions of the world. This is the same with resource distribution within a given state. In Nigeria oil was first discovered in commercial quantity in Oloibiri town in 1956. This made the Niger- Delta region an oil rich area of the larger Nigerian society. However oil extraction did not start until 1958 and since then exploration and exploitation has continued leading to environmental degradation due to less concern, neglect and disrespect of international law on environment by the major oil exploiters, the Multinational Corporations in the area (Irughe and Iraghe, 2009) ^[6]. This raises concern because the world today recognises the importance of environmental sustainability for national development. One of the aims of Millennium Development Goal is to make sure environment is sustained for future use and reduce causes of environmental degradation especially for the well being of future generation.

The People of the Niger-Delta area are rural dwellers that depend on the fertile land to farm for subsistence living. United Nations report that more than 70 percent of the people in the area depend solely on the environment for living (UNDP Report, 2006) ^[17]. The geography of the area is favourable for crop production. Before the discovery of oil, agriculture is the chief source of income for the people. However oil exploitation destroys the environment thereby making the people vulnerable because of socio-political and economic exclusion. They are left with few choices about where they live without compensation both from federal government and the Multinational Corporation. Thus, they have to contend with the problem of natural hazards, biodiversity loss and forest depletion and pollution because of the activities of the MNCs in the oil sector (UNDP Report, 2006) ^[17]. Prior to Stockholm conference, issues of environment were seen as national issues having no connection at

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global level. But there was a shift in this thinking because most environmental issues are cross-border and some are caused by the MNCs. Therefore environment is a key area for global governance because it is transnational. Other scholars have concluded that MNCs are the major vehicle for large scale environmental degradation especially in the developing countries where they are largely unaccountable of their actions (Anderson, 2002) ^[3].

The activities of the MNCs have resultant effect of low productivity in the agricultural sector threatening the lives of people the community harbouring the area through poverty, unemployment, disease and hunger. The main thrust of this paper is to examine the activities of MNCs in the oil sector in Niger-Delta and its effect on the environment, poverty and food production.

Theoretical Premise

For the purpose of this paper, ecological theory is used to explain that the greatest challenges to human well being in this century and those to come are more likely to come directly from nature than any factors responsible for untimely death of people. Recently poverty, hunger and death as a result of environmental epidemic/degradation outpaced that of death from military incursion and civil strife (Pirage, 1997) ^[5]. The crisis on environment though natural but are cause as result of the activities of man and in this context the paper sees it from the point of MNCs activities as it affect the environment. A predictive theory of international relations that can account for this threat to security of human life including emerging infectious disease is best grounded in an ecological theory. This approach emphasise the evolutionary interactions among human population and their environment. Using ecosystem-environment relationship as a point of argument a theoretical framework can be developed that grounds theory in ecological realities. This relationship between ecology and international relations is important in assessing both the adverse effect of globalisation and the causes of environmental degradation and hunger in the midst of plenty. The activities of MNCs in the exploration of oil causes oil spillages that threaten the environment. Bradt (1980) argued that basic development objectives were threatened by irreversible destruction of the ecological system of a number of poor countries (Bradt Report 1980 in Redclift, 1984). Unless environmental crisis is resolved no other important social goal will be achieved. The inability of national government to resolve this crisis is because of the interest of the MNCs and that of their home government to maintain a North-South relationship in which the progressive destruction of the environment is an inevitable consequence (Redclift, 1984). Base on this premise, the activities of MNCs in oil exploration will be examined and the adverse effect it has on the environment and food production.

Multinational Corporation and Oil Exploration in Niger-Delta Area

As mentioned above, oil was discovered in commercial quantity in 1956 in a village called Oloibiri in the present Bayelsa state. Since then the activities of exploration started in the area covering the South-South geopolitical zone of the country. After Shell British Petroleum, which discovered and drilled the oil at Oloibiri, joined the ranks of oil producers in 1958, exploration rights in onshore and

offshore areas adjoining the Niger Delta were later extended to other foreign companies such as Mobil, Chevron, Total etc. Total production from Nigeria's oil fields in the Niger Delta region increased from 308 million barrels in 1970 to 703,455 million barrels in 1991. The peak of its production came in the 1980s when the total output was 753.5 million barrels per annum (bpa), out of which 93 percent was exported overseas (Adejumo, 2013; UNDP Report, 2006; Igbokwe, 2019) ^[1, 17]. Total crude oil and condensate production for the year 2011 was 866,245,232 barrels giving a daily average of 2.37 mm b/pd. This is lower than the previous year by 3%. In the gas sector, a total of 2,400.40 Billion Standard Cubic Feet (BSCF) of Natural Gas production was reported by sixteen (16) Companies. This shows slight increase of 0.37% when compared with 2010 production. Of the quantity produced, 1,781.37 BSCF (74%) was utilized, while 619.03 BSCF (26%) was flared (NNPC, 2011) ^[11]. Despite major problems of civil unrest, political instability, corruption and poor governance, international oil companies have always seen Nigeria as an attractive area of upstream investment. Oil exploration has taken place in five major sedimentary basins, namely, the Niger Delta, the Anambra Basin, the Benue Trough, the Chad Basin and the Benin Basin. The most prospective basin is the Niger Delta which includes the continental shelf and which makes up most of the proven and possible reserves. All oil production to date has occurred in this basin (Adejumo, 2013) ^[1].

Impacts of the Oil Exploration on the Environment

The environmental degradation resulting from oil and gas production in the Niger Delta has attracted the attention of environmentalists and other experts, who look at the region within the larger context of globalization. The implications for livelihoods in the delta have been a major bone of contention; with quite intense fallout in localities where oil exploration takes place (UNDP Report, 2006) ^[17]. The exploration and exploitation of crude oil in the Niger-Delta has resulted to a number of environmental problems for the region. The productive and environmental consequences the explorations by these companies are on the increase on daily basis in the region without adequate compensation both from the government and the MNCs. The occupation of the land area by the MNCs is only five percent of the total land mass of the Niger-Delta but the externalities associated with the oil exploration are immeasurable affecting almost all the land in the area. The on-shore and off-shore oil drilling threat the environment and make the people vulnerable to much socioeconomic, political and ecological devastation (Eregha and Iraghe, 2009) ^[6]. One of the major causes of this is the oil spillage. See appendix 1.

Some scholars have characterised the oil and the activities of the MNCs in Nigeria as a blessing and curse. This is because oil has contributed immensely in financing economic growth and development of the country. The GDP grows by about 40% due to the price of oil in the international market (Eregha and Iraghe, 2009) ^[6]. However, the impact of this oil and its exploration which is mainly controlled by the foreign companies on the environment and food production is highly devastating to the inhabitant of the area. The environment is degraded leaving people in abject poverty and hunger because their arable land is destroyed due to oil spillage and lack of quick clean-up as depicted in the appendix 1. The oil-rich Niger Delta has long suffered the environmental degradation, social unrest, and rampant

corruption associated with the proverbial 'resource curse'. Since 1958, MNCs, especially Shell, Total, Agip, and ExxonMobil, have consistently disregarded the welfare of local communities, acting largely with impunity in enclave economies while systematically destroying the natural environment. Years of unmitigated oil spills have resulted in massive land and water pollution, destroying the local economies of fishing and agriculture and denying Delta residents access to clean drinking water. Port Harcourt, Rivers State, once the glistening hub of Nigeria's oil economy, is now a decaying, development nightmare. Armed gangs of marginalized, impoverished youths proclaiming ideologies of ethnic nationalism and self-determination roam the streets, sabotaging oil operations and kidnapping foreign workers in their desperate quest to obtain a slice of the "national cake" (Rexler, 2012)

The Nigerian government and the multinational oil corporations operating in the area have refused to come to terms with the fact that they are obligated to provide social amenities to the people of this region in reciprocation of the crude oil extracted from their backyard. Where these amenities are provided, they only facilitate the exploration of the oil as evidenced in the construction of access roads that link up their various oil and gas fields and not necessarily to develop the host communities (Azaiki, 2003 in Adejumo et al, 2013) ^[1].

Povert in the Rich Oil Zone

The existence of multinational oil Corporations in this region does not show any sign of true development. They only exist to maximize profit, as their main concern is to explore and produce crude oil profitably. This view corroborates the thinking of Bamet and Muller in Adejumo et al (2012) as they stated that the unfortunate role of the global corporation in maintaining and increasing poverty around the world is due primarily to the dismal reality that global corporations and poor countries have different, indeed conflicting interests, priorities and needs. The primary interest of the global corporation is worldwide profit maximization. The wealth of nation comes from the region by 90% however the people according to 2011 poverty index are leaving in abject poverty (NBS, 2012). People are hungry because there are no fertile lands to farm for foods and they cannot afford to buy it because of the poverty level. Also there is no employment of the local people in this oil companies leaving people with no option than to engage in social vices (Eregha, 2001). The statement above shows the link between unemployment and poverty as it affects the region that account for the main source of foreign exchange earnings for the country. It is no doubt to state that if oil sector sneezes the country will catch cold. This emphasized what the Niger-Delta region means to the country. So, the issue of poverty cannot be overemphasized in the region. The contextual meaning of poverty is really

emphasized and defined to a lay man by the environment and the ways of life of the people. The incidence of poverty is at the increase in the region. Poverty has become a way of life due to economic stagnation, unemployment, malnutrition, poor quality of life as well as unhealthy environment in the region (Eregha and Irughe, 2009, Adejumo, et al, 2013) ^[6, 1]. According to National Bureau of Statistics (2010) ^[10] the south-south geopolitical zone relative poverty is 59% and food poverty is put at 55.9%. This figure is a clear indication of poverty in the midst of plenty.

Consequences Of Poverty Incidence

Having lost their traditional subsistence lifestyle to pollution and other drastic changes in their immediate environment, many oil-producing communities are now forced to buy their food. This puts local people at an immediate disadvantage in comparison to the purchasing power of salaried company employees, many of whom come from other parts of the Nigeria or from abroad (Trip Report, 1999) ^[16]. Also, corruption helps tremendously in impoverishing the people of the area. Therefore the Nigeria's oil belt, the Niger Delta region is embroiled in resistance against the Nigerian state and the Multinational Oil Companies. The region is generally restive, with cases of insurrection and armed rebellion. Decades of oil exploitation, environmental degradation and state neglect has created an impoverished, marginalized and exploited citizenry which after more than two decades produced a resistance of which the youth has been a vanguard. A regime of state repression and corporate violence has further generated popular and criminal violence, lawlessness, illegal appropriations and insecurity. The Niger Delta is today a region of intense hostilities, violent confrontations and criminal violence (Ikelegbe, 2005) ^[7].

The conflict in the Niger Delta is basically an oil-related conflict, which is being played out at different levels of relationship. At one level, is the confrontation between the local communities and the oil companies. At a corresponding level, you have the confrontation between the local communities, especially militant youths, and the Nigerian State authorities. In all of these levels of conflict, the main instruments of violence have been the marginalised and alienated youth groups in the region. The activities of the aggrieved youths, in the form of pipeline vandalisation, oil bunkering, piracy, hostage taking and inter-community hostilities, have often provoked counter-violence of a more destructive type from the country's security forces, such as the one that took place in Odi in Bayelsa State, which led to the complete sacking of the town and the loss of many lives and of properties worth billions of Naira (Imobighe, n.d, Irughe and Aragha, 2009) ^[6].



Sourced: Friends of the Earth, 2006.

Appendix 1: oil spillage and gas flaring in the Niger- Delta.

Conclusion

The consequences of oil exploration by the MNCs have been explained in the paper exposing environmental degradation and its attendant socio-economic and political effect. The impact of petro-development on the land in Niger-Delta has given rise to sudden fall in agriculture and oil spillage affect the health of the locals this makes life vulnerable and unbearable for the people. The paper is able to establish that the problem can be solved if there is sincerity of purpose by the government but because of corruption and politics of impunity the issue is always deteriorating and despite government initiatives produces little result. The paper establishes a thesis that the oil is a curse for the local communities in the region and a blessing to the MNCs and the government of Nigeria at large because it accounts for its major foreign exchange earnings. For a proper solution to the problem in Niger-Delta, the government must be sincere in all the programme intended to bring hope and development to the people. Corruption must be eradicated at all levels and government official found to be corrupt should face the full wrath of the law. All laws concerning environment must reflect the earth submit resolution of Rio de Janeiro. Environmental NGOs should be given free hand to expose illegal operations of the MNCs in the region with views to reduce their externalities. In addition, the concept of community participation must be deeply entrenched in the local communities. A bottom-top approach should be a strategy so that things will be done with the consent of the people.

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