

Université Stendhal Grenoble 3
DEA Etudes Anglophones

**A COMPARATIVE STUDY OF U.S. AND EUROPEAN IMPERIALISM IN
NIGERIA AND ITS EFFECTS ON THE PEOPLE OF THE NIGER DELTA**

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Sous la direction de
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Dedication

To my late parents, Peter and Beatrice NNAJIOFOR

“The seed that you planted is turning into a big tree”

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Introduction

Imperialism, colonialism, capitalism and domination are words that use to have different meaning to different people depending on which country and which region of the world you are from. People from the countries qualified as underdeveloped, less industrialized or third world countries, mostly located in the southern hemisphere of the globe were the ones mostly affected by the terms that we gave above. They were the ones that directly suffered the effects of colonialism, capitalism and imperialism. People from the developed, industrialized and shall we say 'first world' countries located in the Northern hemisphere did not experience the direct negative impacts of imperialism, colonialism, capitalism and outright domination by foreign powers. On the contrary, they enjoyed the profits made from the third world countries and saw a great positive metamorphosis in their standard of living. The result was the establishment of two worlds: one in continued economic progress and the other in a situation of continual economic regression. This was the world of the 19th and 20th Centuries.

Today, in our world, a lot has changed and the economic principle of diminishing returns is catching up with the people living in the 'first' world countries. The theory of Lenin that described imperialism as the highest stage of capitalism¹ seems to have been confirmed by history. However the difference between Lenin's prophecy and our observations is that contemporary imperialism is not as geographically divided as the imperialism during the time of Lenin. The new stage of imperialism that we are going to examine in this thesis is not a purely nationally-defined imperialism but an international imperialism at the head of which we have giant multinational corporations. This new imperialism knows no geopolitical borders, its drive is global and it touches both people in the southern and in the northern hemisphere. It is true that those in the underdeveloped world feel it more because they are more poverty-stricken as a result of the old nationalistic-oriented imperialism and do not have the necessary socio-political facilities to give them a relative measure of protection. But this does not disprove the fact that the ordinary man in the so-called rich economies in Europe and America is feeling the brunt of imperialism, which is coming from the multinational companies. The profit-oriented policies of these companies have introduced a new set of problems

¹ Vladimir Lenin, Imperialism The Highest Stage Of Capitalism, (1917) taken from internet site <<http://www.fordham.edu/halsall/mod/1916lenin-imperialism.html#bm3>> January 10, 2004.

that directly affect the citizens of the developed countries. Job outsourcing, unemployment, job insecurity and environmental degradation are no more strange phenomena that are exclusively reserved for people in the underdeveloped nations. They are progressively becoming basic problems in the developed nations.

Our inspiration for this work came primarily from the observation that we stated above and the fact that we are biologically attached to one of the regions in the southern hemisphere where the new imperialism practised by multinational companies from the northern hemisphere is causing inestimable hardship. Actually, the Niger Delta in Nigeria is one of the areas where the activities of giant multinational corporations are directly shaping the socio-economic and political life of the people and the Nigerian oil-based economy in its entirety. This is why we chose this area, which is a good working field for our study. The influence and effects of the activities of the innumerable multinational companies operating in Nigeria are quite enormous and in order to get a comprehensive analysis of the situation, we are going to limit the scope of our study to the petroleum industry. Our work is in the form of a comparative analysis of the multinational oil companies in Nigeria and the effects that their activities have on the communities in the Niger Delta and the Nigerian people in general. We chose to compare and contrast the activities of the American and European oil companies in order to show which of these two has a better proposition for the ailing Nigerian economy and is better disposed to assist the Nigerian people and government to attain the stage of relative socio-economic independence.

Our working hypothesis is that the multinational companies European and American compounded have no solution to the problems of Nigeria. Although they have an important share of responsibility for the causes of these problems, they do not however, aspire to help the Nigerian government or people to self-determination. The reason for this is that it is contrary to the principles that make up their *raison d'être* which is the control of the global economy through the monopoly of raw materials, its processing and distribution with the sole aim being the maximization of profits. In order to test this hypothesis, we used the theoretical method of collecting information from books, newspapers, internet resources, personal experiences and a host of other sources. The materials we are going to present in this thesis and the analyses we are going to make originate from writers, analysts, critics, journalists, who have written on this subject. We will present their findings and offer our own views and opinion on these issues. Tables, graphs and photos will be used when necessary to illustrate points of

technical importance in this work. The following is a brief summary describing how this presentation has been organized.

Chapter I *Definition of terms*, as the title indicates, we are going to review the various definitions given to the term imperialism and try to analyse them so as to formulate a working definition most suitable to our work in the light of current socio-historical situation. Chapter II *Ethnologic Structure and History of the Niger Delta* will introduce the Niger Delta, providing a brief history of the Niger Delta, and the composition of its population will be described in an explanatory manner. The locations of its population, their situation before colonial rule, their role during the slave trade, and the palm oil trade and their experience with the colonial masters will make up the highlights of the chapter. This chapter is designed to aid our understanding of the Niger Delta before the arrival of the Europeans.

The Discovery of Petroleum in Nigeria and the petroleum situation at Nigeria's independence in 1960 will be discussed in chapter III *the Discovery of petroleum in Nigeria*. The various petroleum policies of the federal government of Nigeria and the famous Joint Venture Agreements between the oil companies and the Nigerian state will be analysed in chapter IV *Petroleum policies of the Nigerian government*. The objective of this analysis is to familiarize the reader with the legal complexities inherent in the relationship between the Oil companies, the federal government of Nigeria and the people of the Niger Delta. Chapter V *Multinational oil companies in Nigeria* is a background study of the various multinational oil companies in Nigeria. Starting from the American companies with the Standard Oil Company under John D. Rockefeller around the late 19th Century, we are going to look at the formation of the major American Multinationals. Immediately after this will come the history of the European Companies with the Anglo/Dutch Shell at the head followed by Total and Agip. The history of these companies will help us to understand the mould in which they were cast and the principles that guide them. Chapter VI *the oil boom and the people of the Niger Delta* will look at the oil boom of the Seventies and the effects that it had on the people of the Niger Delta.

In chapter VII, we will look at the major oil disasters in the Niger Delta, which ranges from indiscriminate oil spills and gas flaring to the arbitrary dumping of toxic wastes by the oil multinational. These phenomena will be linked to chapter VIII *Economic Decline As A Result Of Oil Industry Activities*. Under this chapter, the economic situation of Nigeria in the early 1960s will be analysed in order to be able to

compare it with the current status quo. The effects of the activities of the oil companies on farmers, fishermen, hunters and market women in the Niger Delta will be demonstrated. These nefarious effects will explain the civil resistance movements that we are going to see in chapter IX *Multinational oil companies and the use of military force*. The indiscriminate use of military force that is often the response of the oil companies will be the subject matter of chapter ten. In chapter eleven, , we are going to study the influence of the Multinational oil companies in the Nigerian politics. In the last chapter of *multinational Oil Companies: A Mixture of Business and Politics* this work, that is chapter XII, we will see the position of the home governments of these governments on issues relating to them. A brief analysis of the privileged relationship between these companies, their home governments and the international agencies will be used to cap that chapter. In the conclusion, we are going to make a brief review of the entire work. We will make suggestions to the peaceful resolution of the problems facing the people of the Niger Delta and the Nigerian people in general. Let us now go to the first chapter of this work.

Chapter 1

Definition of terms

Imperialism, according to the Oxford Dictionary of English, is defined as “*a policy of extending a country’s power and influence through colonization, use of military force, or other means.*”¹ The most striking thing in this definition is the fact that imperialism is a policy coming from a country and designed to be used to influence and if possible subjugate another country by will or by force. Any means is acceptable in as much as the goal is achieved at the end. Colonialism, militarism, economic or political strategies are all possible arms at the disposal of an imperialistic state.

Imperialism is as old as mankind. The first manifestation of imperialism cannot be accurately specified but we know that every strong nation or civilization in history has, at one time or another practiced imperialism. The Egypt of great Pharaohs (established around 4000 B.C.)² was a good example of imperialism. The Egyptians practically conquered the entire Middle East region. The other nations were more or less colonized states, the only difference was that they do not all have Egyptians running their day to day activities, nevertheless, they know better than to go against the orders or the wishes of the pharaoh of Egypt. Most of these nations (Syria, Libya, Israel, etc) were vassal states of Egypt and they were made to pay tributes to the Egyptians. But Egypt was not the only nation with imperialistic aspirations in the ancient times.

At the other end of the globe, the Inca civilisation (1200 AD.) was a force to reckon with. The civilisation of the Incas was so great that their artworks, their scientific and technological inventions still remain a marvel to contemporary scientists, anthropologists and historians. In between these two aforementioned civilisations, we have the most famous of all the empires, the Roman Empire. Augustus established the Roman Empire in 27 BC. It was later on divided into two by Theodosius in AD 395. At the peak of its power, the Roman Empire ran from Armenia and Mesopotamia in the east to the Iberian peninsula in the west, and from the Rhine and Danube in the north of Egypt to the provinces on the Mediterranean coast of North Africa. The driving force of the Roman Empire was their sophisticated military force. The influence of this empire can still be felt in the world till date.

¹Catherine Soanes, Angus Stevenson, Oxford Dictionary of English, (Oxford: OUP 2003) 869.

²Larousse, Mémo Encyclopédie en 1 volume, (Paris : Edition Larousse 2001) 6

Various nations and rulers have at one time or another aspired to attain imperialism with considerable success. Among those that are worth mentioning we will include the Japanese and the Chinese Empires in Asia, Kanem-Borno Empire, the Fulani Empire, the Oyo and Benin Empires in Sub-Saharan Africa. Nazi Germany equally tried to claim imperialistic power, using its military force as the pivot. The Russian federation under the umbrella of the USSR was, undoubtedly, one of the Empires of the 20th Century. Equally worthy of mention are the Spanish conquests and the Austro-Hungarian Empires. The French Empire under Napoleon Bonaparte and the French colonial conquests are not to be neglected and the same applies to the English Empire which remains one of the most influential of all times. With its formidable naval fleet and mastery of warfare, the English Empire ran through all the continents of the globe. We must state here that it was on the foundations that were laid down by the European Empires that the present day American civilization constructed its influence. Empires are not yet history, the only change is that it is using other means to proclaim itself and this is why some pundits have failed to see that the American government is a full-fledged Empire. We will like to clarify this affirmation by looking at Emmanuel Todd's book Après l'Empire, Essai sur la décomposition du système américain.

Emmanuel Todd: Après l'empire

Saying that the United States of America is not an Empire and can never be one as Emmanuel Todd argues in his book Après l'empire, Essai sur la décomposition du système américain is not only unacceptable but also unfounded. With all the respect we have for the eminent scholar that he is, we will like to assert that Emmanuel Todd's affirmation does not take into account the socio-historical evolution of our time. In the world of the Twenty first Century, the comparison of an imperial state is not to be made following the criteria left by the former imperialist powers. Our world today is greatly different from that of before 1945. Evolutions in the technological and scientific fields have made it possible for our system of communication to undergo a thorough metamorphosis. Compared to the time of the roman Emperors, our world today is about a hundred times more complex. The composition of members of the international diplomacy cannot be juxtaposed to that of the Roman era. If the United States can exercise as much and almost unchallengeable power in our world today, despite all the technological and scientific advancements at our disposal, it then means that the power

of the United States government and military is supreme against all the rest. The meaning of power has greatly changed and if we are to live in the world of the Romans today, a lot of the countries that are considered slightly at the opposing position to the United States would have been erased from the map long time ago as was the case of ancient Carthage. In our world today, the interpretation of Power has changed and the most powerful institution is supposed to be the United Nations Organisation. But it will be superfluous for us to note that the United Nations was established to serve the interest of the United States of America and their junior partners in the U.N. Security Council. The United Nations and its various arms are substitutes of a new imperialistic machinery. Harry Magdoff rightly stated this in his book The Age of Imperialism, The Economics of U.S. Foreign Policy, when he observed that,

*“The organizing of the post-war imperialist system proceeded through the medium of the international agencies established toward the end of the war: the United Nations, the World Bank, and the International Monetary Fund – in each of which the United States was able, for various reasons, to exercise the leading role. The system was consolidated through the activities of UNRRA, the Marshall Plan, and several economic and military aid programs financed and controlled from Washington.”*¹

This statement supports our assertion that the criteria for the interpretation of power has changed and most especially it confirms that the United States of America conjured up the United Nations to be an institution at their disposal to be used and discarded at will. From their very beginning on July 24, 1944 at Bretton Woods, New Hampshire, Washington saw the International Monetary Fund and World Bank, originally called the International Bank for Reconstruction and Development, as a means to facilitate the domination of the global economy by the United States of America. The Bretton Woods agreement adopted the U.S. dollar as the international standard of payment and value. The IMF and World Banks headquarters were established in Washington, where they still remain today. According to Article 1 of the Bretton Woods Agreement, the purposes of the Bank are:

(i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive

¹ Harry Magdoff, The Age of Imperialism, The Economics of U.S. Foreign Policy, (New York: Monthly Review Press, 1969) 41

purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.

(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labour in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.¹

The summary of items (i) to (iv) is that the goals of the IMF and the world Bank is the facilitation of globalisation and free trade in order to create a world in which, according to the then United States Secretary of Treasury, Henry Morgenthau, “*international trade and international investment can be carried on by businessmen on business principles.*” quoted by Gabriel Kolko in his book The Politics of War: The World and United States Foreign Policy, 1943-1945. Kolko stated that Morgenthau and other government officials “*made it clear that they were referring first and foremost to U.S.*

¹ Yale Law School, Bretton Woods Agreement, The Avalon Project at Yale Law School, <http://www.yale.edu/lawweb/avalon/decade/decad047.htm> 20/07/2004

"businessmen."¹ The result of the new world was the new imperialism, which is mostly financial with the big corporations (mostly from the United States) in the shoes of the traditional emperors. The modern imperialism sees neither political nor geographic boundaries. Its guiding principle is maximization of profits and economic domination. In order to achieve this, all sources of raw materials, their exploitation and distribution must be brought under corporate control. Harry Magdoff, on the subject of the new imperialism explained that, "*the principal new feature is the concentration of economic power in giant corporations and financial institutions, with the consequent internationalisation of capital.*"² In other words, it can be said that the new imperialism is more or less under the control of giant corporations that are rather internationalised in nature than attached to a fixed nationality. In spite of the multinational attribute of these giant corporations, they are still supported by their home governments with whom they work hand in hand when necessary. The United States has the biggest number of giant corporations in the world and it had been able to exploit this advantage to impose its imperialistic policies on the international community.

The United States of America is not only an empire but also one of the biggest and the strongest of empires in the history of the world. Given the geopolitical dispensation of the global socio-economic relation, it is supposed to be practically impossible for any one state to defy the international community and carry out unilateral actions without the wrath of the entire world falling on her. But the international community is quasi-powerless when confronted to the "American Empire." Recent events at the international scene join up with others to support this view. The refusal to ratify the Kyoto Treaty, the unilateral decision to start military offensive in Iraq among others are examples of the power of the United States and the limits of the authority of the United Nations Organisation. Could Japan, France, Germany, China or any of the other nations defy the United Nations and go to war without any retaliatory and punitive measures taken against them from the United States or the International community *which is, of course, directed by the United States*. It will be a great and a fatal mistake to consider the United States of America as just another super power among others as Emmanuel Todd enjoins us to do.

¹ Gabriel Kolko, The Politics of War: The World and United States Foreign Policy, 1943-1945 (New York: Pantheon Books, 1990) 257

² Magdoff, 34

The post of the President and other key offices in the United States government should be a global concern. The effects of the decisions taken by holders of these offices reach the four cardinal points of the globe. That the decisions are economically oriented, political (internal to the United States or external), military or diplomatic do not make much difference. The fact remains that the policies of the United States, as of today, still dictate the rules to abide with to the other nations all over the globe. The wishes of the United States of America are more or less the command for the other nations. Our assertions can be backed with simple but undeniable facts and experiences in the world's political and diplomatic history. Military force has been one of the most important factors in the making of an Empire.

The United States has at her disposal a force that is two times that of all the other nations put together. The political and diplomatic pressure of the United States have always been considered by many as weak and most scholars and statesmen have qualified them as being disorganized and unplanned. But the United States ends up getting its way at the end of the day. The Vietnam war was considered as a failure by many and even the Americans themselves but when we count the military bases that the United States succeeded in establishing in that part of the world and when we know that the Vietnamese government and their neighbours still look up to the United States today for economic progress, we are forced to ask ourselves what was the real reason behind the Vietnamese war and who is the Victor and the Vanquished. A look at table 2 will help us to have a general idea of the extent of the power of the United States military and its dispensation in the world.

Table 1

Presence of the U.S. Army on Active Duty in Selected Regions/Countries 2002¹

| | |
|------------------------|--------|
| Europe | |
| Belgium | 1,458 |
| Bosnia and Herzegovina | 3,089 |
| Greece | 593 |
| Germany | 68,701 |
| Iceland | 1,665 |
| Italy | 12,466 |
| Macedonia | 146 |
| Netherlands | 629 |
| Norway | 123 |

¹U.S. Department of Defense, *Selected Manpower Statistics, Annual, Presence of the U.S. Army on Active Duty in Selected Regions/Countries 2002*, taken from Internet site <http://www.infoplease.com/ipa/A0883073.html> (21 June 2004) *This table contains only countries with more than a hundred U.S. military troops.

| | |
|---|---------|
| Portugal | 992 |
| Serbia/Kosovo | 2,804 |
| Spain | 2,621 |
| Turkey | 1,587 |
| United Kingdom | 10,258 |
| East Asia and the Pacific | |
| Australia | 171 |
| Japan | 41,848 |
| South Korea | 37,743 |
| Singapore | 167 |
| Thailand | 125 |
| North Africa, Near East and South Asia | |
| Afghanistan | N.A. |
| Bahrain | 1,560 |
| Diego Garcia | 548 |
| Egypt | 433 |
| Iraq ¹ | 211,028 |
| Kuwait | 567 |
| Saudi Arabia | 776 |
| Western Hemisphere | |
| Canada | 148 |
| Cuba (Guantanamo) | 549 |
| Honduras | 402 |

In total, the United States of America has approximately 450,000 troops strategically positioned all over the world and about a million soldiers in the United States. The current wars in Afghanistan and Iraq have given the United States a golden opportunity that she ceased and has used to enforce its military presence in the whole region. Today, this presence serves as a check on the Russian Federation; it equally serve to keep the oil rich nations of the Middle East in line. If we take a look at this excerpt from an article written by Sara Flounders and the declaration by a top official of the government of Kazakhstan, we will get a better grasp of the situation in that region:

“The role of the Pentagon as the enforcer of U.S. corporate globalisation can be seen clearly today in Afghanistan and throughout Central Asia. A whole string of new military bases is protecting the enormous economic stake of a few U.S. transnationals in the development, pumping and selling of Caspian Sea oil.

Kazakhstan, on the Caspian Sea, was the second-biggest republic of the former Soviet Union. It has the largest untapped oil reserves in the world--50 billion barrels. By comparison, Saudi Arabia, the world's largest oil producer, has about 30 billion barrels remaining, according to the Nov. 2 San Francisco Chronicle.” A Kazakh

¹ Data on Iraq is current and is subject to change depending on the demands of the war.

*government source quoted in the Jan. 20 London Observer said, "It is clear the continuing war in Afghanistan is no more than a veil for the U.S. to establish dominance in the region. The war on terrorism is only a pretext for extending influence over our energy resources."*¹

When we look at this excerpt, one is bound to ask why is the International community not doing anything to stop the United States? The simple reason is that, either by commission or omission, the international community is powerless when confronted to the United States. No matter what anybody might say, we know that any other country would have had multiple sanctions on her if she dares imitate the United States. We deliberately left out the situation in Europe after the Second World War because we think that it will be superfluous to argue the unarguable.

However, we will like to state a simple logic: Before the war, England was known as the world's most powerful imperialistic state. After the war, the situation automatically changed and the power of England was no more a certitude, in fact the former global number one and most of her western counterparts found themselves in a state of chronic socio-economic chaos. The United States intervened with their Marshall plan to save the Queen and her neighbours, this intervention, more than the military one during the war, was what placed the United States at the top of the world's political ladder. The vacuum left by the United Kingdom had to be occupied. And the United States government naturally filled up that vacuum and this occupation of the number one post was what led to the Cold war. Today, with the disintegration of the Socialist Soviet Union, we know that the number one position is not empty and there is no ambiguity about who is occupying it. Our line of reasoning follows thus: if England was an Empire before the war and after the war was no more one, and the gap left by her absence was filled by another that is more powerful than her. Is it not right to say that the newcomer is an empire?

Emmanuel Todd stated that the United States is more of a depleted system and that the European Union and the Asian countries are the ones that are leading the new world technologically and economically. Todd asserted at the beginning of his book that *"les Etats Unies sont en train de devenir pour le monde un problème. Nous étions plutôt habitués à voir en eux une solution."*² This affirmation of Emmanuel Todd can only confirm the fact that he has never looked at the global politics in an objective manner.

¹ Sara Flounders, PENTAGON BOOTPRINTS AROUND THE GLOBE
http://www.iacenter.org/expanding_empire.htm June 17, 2004

² Emmanuel Todd, *Après l'empire, Essai sur la décomposition du système américain*, 11

He has a European-oriented or can we say Euro-centric biased way of analysing the global situation. For people in Sub-Saharan Africa, the United States had never been a solution provider. Like their European counterparts so dear to Emmanuel Todd, the United States has been a problem right from the start.

The policies of the United States government is just a continuation of those of the traditional imperial powers of Europe made up of countries like England, France, Spain, Portugal, Germany, Italy and others in western Europe. In his assertions, he made mention of countries like Germany, France, Russia, Japan, China and even Turkey as the main powers in the new dispensation of world leadership. What he did not find important to specify was that Germany remains the country with the biggest United States military base in Europe, followed by Turkey. The German government has no real power over the United States government even if Germany is the number one industrialized nation in Europe. The military bases of the United States in Germany was used and is still being used as active relay stations in the conduct of the wars in Afghanistan and Iraq. Japan has sent contingents of its military force against all the outcry of the general public to support the offensive in Iraq even if we are made to believe that they are non-combat soldiers.

France and Germany that were at the leadership of the *United Front Against the War on Iraq*,¹ as was stated by Todd in this terms “*L’Allemagne, dont la soumission était tenue par les politiciens et les journalistes américains comme allant de soi, a dit non à la guerre, déclarant en quelque sorte le début du mouvement de l’Europe vers l’autonomie stratégique,*”² “coincidentally” happened to be the most important creditors to the regime of Saddam Hussein. Is it not idealistic to suppose that France and Germany refused to go to war in Iraq based on ethical reasons? Anybody with a little knowledge of the intricacies of contemporary international politics will agree with us that ethics is not a word that deters these two countries from going to war. If it is just a question of ethics, how come these two countries, at the capture of Saddam Hussein turned their coats to go and beg for participation in the reconstruction of Iraq? There are other reasons to their positions on the Iraqi issue. Their refusal can be linked either to their financial relationship with the defunct Iraqi government or to the simple fact that their respective economies cannot afford the financial obligations that a war at that scale requires.

¹ Phrase and emphasis made by us

² *Idem*, 288

It seems equally strange that Todd was not aware of the proposed construction of a brand new U.S. military base off the shores of Henoko-ward, Nago city, in the Okinawa prefecture of Japan. Drilling survey has started on the 19th of April 2004. This new base is to be used to facilitate the deployment of U.S. Marines to Iraq and to prepare for the “upcoming war” on North Korea. We should not forget that Japan and South Korea harbour the most important U.S. military bases in that region as we can see in table 2. We do not need to remind the reader of the political and diplomatic implications of this new construction nor do we need to paint a picture to explain the military interpretation of this project in all its ramifications on the authority of the Japanese government and the entire sub-region. Another point worthy of mention is the undisputable fact that the Japanese government remains the number one ally of the United States in the union against the “Chinese threat.” Thus, we are gradually witnessing the ever-progressive militarization of the Japanese forces, the gradual but definite change of its parliamentary legislations and policies, which were promulgated on the aftermath of the Second World War, to curb its ambitious military projects, All these are achieved with the unflinching support of the United States government.

Emmanuel Todd’s book is full of potential economic, political, and technological powers, we see nations that are rich and powerful without knowing it. Thus the United Kingdom ‘can’ defect from their relationship with the United States and join the other European nations, Japan can build up her military arsenal, which will be at the same level or more than that of the United States, when and if they want to, in order to challenge the United States. The European Union can impose blockades on the United States without any retaliatory action. France will not be punished for saying no to the war in Iraq.¹ It is a pity that Emmanuel Todd did not wait to witness, the red carpet reception given to President G.W. Bush on his visit to France, on the 6th of June 2004, at the commemoration of the 60th anniversary of the liberation of France by the United States; the widely televised ‘*mea culpa*’ speech made by President Jacques Chirac at that occasion and the meeting of the G8 in Georgia that closely followed, before writing his book.

What we would like to state at this juncture is that the **United States of America is an empire and will remain an empire in the foreseeable future.** But the point that is most important to our study is the economic imperialism of the United States’ giant

¹ Todd 291

corporations in alliance with the White House. We are going to compare and contrast this with that of the Europeans. Before we delve into this comparative analysis, we will like to briefly introduce the reader to the Niger Delta and describe the situation of the Niger Delta and its people before the imperialistic invasion and domination by the European and American multinational companies.

Chapter 2

Ethnologic Structure and History of the Niger Delta

Composition of the region

The Niger Delta is situated in the Southeastern part of Nigeria. It may be described as the area that lies between the Benin river on the west and the Cross river in the east. It occupies an area of about 434 kilometres along the coast of the Atlantic Ocean and 193 kilometres inland. River Forcados and River Nun are the two outlets of the river Niger that flow into the Atlantic. But these two rivers are linked together by a labyrinth-like network of rivers among which are the Benin river which had already been mentioned, the Brass river, rivers Bonny, Kwa-Ibo, the Cross, Escravos, Dodo, Ndoni, Ramos, and a host of other streams and lagoons all linked together to make one of the most important waterways in the world. After visiting the Niger Delta, Mary Kingsley wrote in her Travels in West Africa, “*I believe the great swamp region of the Bight of Biafra (another name for the Niger Delta) is the greatest in the world, and that in its immensity and gloom, it has a grandeur equal to that of the Himalayas.*”¹

The most important feature of the Niger Delta is that, in spite of its proximity to the ocean, most parts of the region have lands that were very good for intensive farming, contrary to the observation made by McGregor Laird in 1832 when he declared that the soil is too poor to produce a ton of oil.² The truth is that some of the inhabitants were simply not into commercial palm oil production. The reason is that though the geographical location of the Niger Delta makes it a natural capital of commerce because of its numerous sea ports, the inhabitants were more of subsistence farmers, hunters and fishermen at the arrival of the first Portuguese traders. But these observations notwithstanding, the Niger Delta became the greatest single commercial area in West Africa by 1830. The reason behind this economic success was the perfect location of the Niger Delta at a place where the rivers allow easy navigation. According to Onwuka Dike, “*A canoe could be taken from Badagry on the west coast of Nigeria to Rio del Rey in the east without going into open sea.*”³ This description is largely due to the fact that the labyrinth of rivers, creeks and streams makes transportation of goods

¹ Mary Kingsley, Travels in West Africa (1897) cited in K. Onwuka Dike Trade and Politics in the Niger Delta 1830-1885 (Oxford: the Clarendon Press, 1966) 19.

² This will be clarified when we are going to discuss the Urhobos at a later part of this chapter.

³ Kalu Onwuka Dike Trade and Politics in the Niger Delta 1830-1885 (Oxford: the Clarendon Press, 1966) 20

and human beings very easy in the Delta. The water network links together a great number of towns and villages, along the approximately 4,184 kilometres of the Niger valley. The importance of this network was not lost on the English colonialists and Sir Harry Johnston, a British Consul, wrote in 1888 that,

“The Oil Rivers (the Niger Delta) was chiefly remarkable among our possessions in West Africa because of the exceptional facilities which they offer for penetrating the interior by means of large and navigable streams and by a wonderful system of natural canalisation which connects all the branches of the lower Niger by means of deep creeks. There are hardly any roads existing in the Delta; the most trivial distance that a native requires to go, he generally achieves in a canoe. He concluded his report by declaring that, “this water system links the Delta with the markets and sources of production far inland.”¹

This quotation is one of the best descriptions that can be given of the Niger Delta in the terms of its topography. Today, after 116 years, the description still suits the Niger Delta, though there are a few bridges constructed here and there to facilitate transportation for companies in the oil sector, the only means of practical transportation remains the waterways. The strategic location of the Niger Delta was jealously guarded by the natives who were largely serving as middlemen between the European merchants and the people of the interior until 1830 when the Lander Brothers discovered that the creeks and rivers of the Delta can lead up to the river Niger. Leading up to the River Niger means going into the Nigerian hinterland and thereby meeting the people of the interior who produce the goods that are sold at the Delta. We will not go into this at this juncture, we will first like to look at the composition of the people of the Niger Delta.

The Population of the Niger Delta

The population of the people of the Niger Delta is highly complex just as that of Nigeria in general. Nigeria counts about 515 languages,² two of these languages are second languages without mother tongue speakers, eight are dead languages and 505 are living languages. In the Niger Delta, there are over 15 languages among which six:

¹ F.O. 84/1882, Memorandum by Consul H.H. Johnston on the British Protectorate of the Oil Rivers, Part II, cited in Onwuka-Dike, 20

² Ethnologue Organisation, Data from http://www.ethnologue.com/show_country.asp?name=Nigeria (May 16, 2004)

Efik, Ibo, Ibibio, Ijaw, Itsekiri, Urhobo, are demographically more important than the others. These languages have their cultures respectively and the people are not of the same origin. One will wonder how all these groups came to be together at this place. It is true that the Niger Delta was sparsely populated at the beginning of the 19th Century but the Atlantic trade between the Europeans and the people of the Niger Delta easily attracted a lot of migrants from the Nigerian hinterland and farther more, down to the coasts of the Atlantic ocean.

The Atlantic trade started around the last quarter of the 15th Century with the exchange of gold, malaguetta, spices and ivory on the part of the Africans for iron, textile, hot drinks and firearms¹ from their European counterparts (though mostly Portuguese at this time). But with the European colonization of most parts of the North American continent and later the West Indies, and the quest for cheap labour that this provoked, the commodity for the Atlantic trade gradually metamorphosed to the ignominious trade of human beings. The Slave trade that lasted for about 400 years and was followed by the Palm Oil trade greatly contributed to the population of the Niger Delta.

Most of the tribal groups in the Niger Delta trace their origins to the major ethnic groups surrounding them; Some trace their origin to the Benin kingdom, as it is in the case of the Ijaws who are among the groups that have settled in the Delta long before the coming of the first Portuguese merchants. The Ijaws were, and like most of the inhabitants of the Niger Delta, are still mainly fishermen, subsistence farmers and salt manufacturers. The Ijaws claim to have descended from the Benin lineage because their cultural beliefs and traditions share some similarities with that of the Binis.

The Itsekiris equally claim to be descendants of the Benin kingdom. According to them, the son of Oba Olua of Benin, Prince Ginuwa fleeing from the wrath of the subjects of his father who found him too hostile towards them, ran towards the coasts and settled at Warri with his guards and that was how the Itsekiri kingdom came to into existence. The Brass people claim to be descendants of a defeated Bini general who could not bear to go back to Benin out of shame and rather preferred settling down at Nembe on the banks of the Nun river. These accounts constitute the records of the first wave of migration to the Niger Delta. They mostly occurred before the 16th Century.

¹ We must mention here that slave trade was already in progress as early as 1450 with the Portuguese but not in a massive volume.

The second waves of immigrants were those that came as a result of the aforementioned Atlantic trade. Though some of these people like the Ibos must have been among the earlier inhabitants of the Niger Delta because of their geographical proximity to the Niger Delta, the influx of important population of settlers in the Delta was between 1480 and 1800. As a matter of fact, the Ibos made up the better percentage of these immigrants. They occupied all the strategic ports most especially that of Bonny. It is believed by the people of Bonny that the town was founded by an Ibo chief and hunter called Alagbariye, he realized on one of his hunting expeditions that the Bonny port was strategically located and can be very beneficial in the newly developing Atlantic trade. He then went home and brought his people to settle there.

Opobo is equally another town of importance founded by the Ibos but the history of Opobo is more recent than that of the other towns. The town was founded by King Jaja of Opobo, the Ibo slave boy that succeeded in becoming the leader of his former masters. This same era witnessed the founding of Old Calabar by the Efiks; according to ancient historical records, the Efiks that occupied the town of old Calabar were formerly staying in the territory of the Ibibios. But at the beginning of the Trans-Atlantic trade, they moved into the port town of old Calabar and settled down there. No serious study of the Niger Delta can be made without talking about the Urhobos.

The Urhobo tribal group is one of the indigenous inhabitants of the Niger Delta. According to A. Salubi in *The Establishment of British Administration in the Urhobo Country* (1958), the Urhobo people trace their origin to the Benin Kingdom, which they call *Aka*¹. But he however noted that other scholars have contested this history of the origin of the Urhobo people. He cited one of these scholars, Reverend Hubbard, who in his in his book *The Sobo of the Niger Delta* (1948) asserted that the Urhobos have three different origins namely, Ibo, Erowha and Ijo.² It is said that the Urhobos have been occupying their land in the Niger Delta long before the 15th Century. Like some of the other inhabitants of the Niger Delta, the Urhobos are basically subsistence farmers who practice shifting cultivation or bush fallowing. This is in order to preserve the fertility of their soil but it obliges them to move from one area to the other in search of fertile land for each farming season.

¹ The name "Aka" is believed to have been derived from "Egbeaka" the name of one of the former Obas of Benin believed to have reigned about 1370.

² Adogbeji Salubi, *The Establishment of British Administration in the Urhobo Country* (1891-1913) http://www.waado.org/Biographies/Salubi/Publications/British_Urhobo.htm June 20, 2004, Originally published in *Journal of the Historical Society of Nigeria*, Volume 1, Number 3 (December), 1958, pages 184-209.

The early European merchants knew almost nothing about this tribe until around 1839/1840 when, as narrated in Salubi (1958), Dr. Daniell and Mr. John Beecroft ventured up the Benin river and made the first contact with the Urhobos to whom they referred to, in their study, as the Subos. Dr. Daniell exposed his discovery in the following terms: "*The Subo (Urhobo) country consists of an extensive series of fertile plains, thirty miles above Reggio, beautifully ornamented with park-like clumps of trees and verdure of the freshest tint.*"¹ Another eminent Briton Sir Alfred Moloney, former Governor of Lagos, reiterated this description fifty years later in 1890. According to Sir Moloney, who was addressing an audience in London, a lot of information got to him about the Urhobos, who cohabit the Niger Delta with the Jakrys, the Binis and the Ijos. He declared that the Urhobo people were qualified as a tributary people, known for their industrious nature, they were classified as being mainly agricultural and oil manufacturers. Their language was said to be close to that of the Binis.

The most important thing in this section of our study is the socio-cultural dispensation of the people of the Niger Delta before the colonial era. As we have seen in the section, the people of the Niger Delta are relatively heterogeneous in origin and formation. The pertinent questions left to be answered are innumerable but we will like to start from the following. What sort of communities did the people of the Niger Delta have before colonialism? What was their main means of livelihood? What were their religion, their beliefs and their tradition?

The Niger Delta before colonial rule (the slave and the palm oil trades)

The people of the Niger Delta, like most of their neighbours in the southern part of Nigeria were mostly practicing the extended family system in which the nuclear family (a couple and their descendants) are but a part. In this sort of family structure, the uncles, aunts, cousins, nephews, nieces, grandparents and even the family-in-law are considered as being full members of the family. At the head of this big family is the eldest male who remains the highest authority in the family. In this system, it is the eldest male that represents the family at the village level where decisions concerning the

¹ Dr. William F. Daniell - *Sketches of the Medical Topography and Native diseases of the Gulf of Guinea West Africa* (1849) p. 47. Cited in Salubi (1958).

entire community are taken. The family is the centre of socio-cultural and economic interest of the people.

When the first Europeans got to the Niger Delta area, they met communities that were already well established. These communities had their own socio-cultural, economic and judicial systems that were based entirely on the family structure. Almost all the activities in the society were done according to the family order. Families were mostly known for their occupation. Thus a family known for fishing would have most of its members engaged in this trade. They go fishing together and most times the women would be engaged in the processing and the selling of the catch. Other families were known as good hunters and each member of the family would be known to the entire community as coming from the lineage of the hunters. The families thus serve as the main identifying factor for the members of these communities.

Most often, the families in the Niger Delta would be engaged in various economic activities that are determined by the geographical situation of these communities and the climatic changes that occur. It would be normal to have a family that go fishing and hunting during the dry season and get its members engaged in various agricultural activities like farming and animal rearing during the rainy season. The family is no doubt the most solid base that the people of the Niger Delta had before the coming of the Europeans because it used to serve a lot of functions from childhood to adulthood. Not having a formal education system, it remains the function of the family to train and educate the children and to even give them a professional training that they will use to earn their living. These trainings are mostly made for their subsistence. They had subsistence farmers as we have seen earlier on. They equally had fishermen, salt manufacturers, craftsmen, farmers and a couple of traders. The latter played a major role in the evolution of these societies across the years. The role of the traders in the Niger Delta can never be over emphasized on. They were the ones that structured the societies and left indelible marks that can be felt till date in that region. We will start from the Slave trade.

The Niger Delta and the Slave Trade

With the immense natural hydrographical network of the Niger Delta, its multiple natural sea and river ports, it was not a surprise that it served as a point of contact between the first Europeans and the people of the Nigerian hinterland. When the

quest for cheap labour that we mentioned at the beginning of this chapter started, the Niger Delta was one of the most important sources of slaves for the European slave merchants. The slave ships accosted at the ports while the slave traders go down to meet with their suppliers. They paid for the slaves with firearms, hot drinks, textile materials and so on. This trade established a new social order in the Niger Delta and the entire region. The Family structure metamorphosed from its traditional roles to a commercial one. It is worthy of note that an aggregate number of 350,000 slaves were transported from the Niger Delta with the Ibos representing about eighty percent of the total. The slave family system was so strong that when England abolished slavery, the Niger Delta middlemen continued to trade with the French and the Spanish slave ships till the last quarter of the 19th Century. At this time, the trade in other commodities among which the major ones were palm oil, cotton, groundnut and cocoa had gradually replaced the trade in human beings. In the Niger Delta, the main commodity that came to replace the economic vacuum left by the inhumane trade in human beings was Palm oil. This commodity gave the name The Palm Oil Rivers to the Niger Delta.

The Palm Oil Rivers

In 1807, when Britain started withdrawing from the slave trade, the Niger Delta and the inhabitants strongly felt the wind of economic change on them and successfully adapted to the new commerce of palm oil. They continued serving as middlemen between the European merchants and the people of the Nigerian interior. The trade was so strong that the Niger Delta was known as the oil rivers in those days. These middlemen were known for their business acumen. They forbade the Europeans from dealing directly with the other natives and they had themselves organized in a union-like manner. They can successfully impose embargoes on oil ships that try to bypass their laws. This they actually did at many instances and succeeded during the days of the palm oil trade. But most times, the British merchants call on their government for military force in order to make the people of the Niger Delta tow the line of the European merchants. These military interventions claimed thousands of lives and sometimes resulted in the decimation of an entire village or town.

Another tactics used by the merchants to break down the resistance of the local middlemen was the method of instigation. Arms and ammunitions were given by the European merchants to one group to fight another. By so doing, the two groups were

maintained in a continual state of dispute and violence that makes it impossible for them to form a common front against their common adversary. Lord Clarendon in one of his reports to the English authorities on the 3rd of August 1871 noted that, “*if it were not for the interference of the Europeans, the dispute (between King Jaja of Opobo and other local chiefs) would have been easily settled.*” He went further in the same report to assert that, “*English traders have furnished the rival chiefs with guns and powder, as required, until war materials are a drug o the Delta market.*”¹ In this dispute, the final analysis made by Lord Clarendon remains very current and can be used to interpret the events in the Niger Delta today. In his analysis, he came to the following conclusion: “*Bonny agents have wished Jaja smashed, and all trade brought back to Bonny. Jaja’s allies favoured his blockade of the Bonny oil markets because it brought oil to them; and white traders in both rivers have sought for their selfish interests reckless of all others.*”² This system of direct military intervention and indirect instigation and funding of conflicts remained the order of the day until the Lander brothers found out that the Delta was the mouth of the River Niger.

The British discovery of the River Niger

In 1830, when the Lander brothers made an expedition up the River Niger, they discovered that the Delta was the mouth of the River Niger. This discovery brought about a radical change in the modus operandi of the Atlantic trade. The European merchants backed by their military force, battled their way into the Nigerian hinterland. The resistance of the natives and their refusal to cede their lands to the strangers led to the killing of a great number of them. If they refused to cede their lands, it is simply because in their tradition, land is not a personal property; It is a communal belonging. The chiefs and elders strictly serve as overseers and have no right to sell or dispose of the land. The native chiefs were forced to sign treaties in which it was written that they voluntarily ceded their lands to the British government. Many scholars have argued this point because the Chiefs, known for their respect for the tradition of their ancestors, could not have handed over their lands to the British without fiercely fighting for it. It is widely believed that the chiefs were made to believe that they were temporarily renting out their lands, a sort of lease. This version is more convincing since it is common

¹ Onwuka-Dike, 194

² Idem

knowledge that at the time, there was scarcely anybody that is bilingual enough to explain the clauses of the treaty to the Chiefs. This treaty was what brought about the establishment of the Royal Niger Company and there began the main foundation of the British colonization of Nigeria.

The economic situation and the dispensation of the existing social strata in the Niger Delta as in the other parts of Nigeria were totally dismantled during the ensuing colonial rule. The communities came to realize that their destiny as a people was no longer in their hands. They were no more active participants in the politics of their various communities but mere passive though unwilling subjects to the colonial power. During this era of colonial rule, there was a systematic and concerted effort on the part of Britain to disintegrate and destabilize the existing political and economic structure. The laws, religion and traditions of the natives were considered inferior and discarded. A set of British laws was enacted and the colonists removed most of the local chiefs who were against their domination and replaced them with stooges. A good example of this was clearly demonstrated by the case of Prince George of Bonny. He was trained in England and brought back to Bonny where he was imposed on the people by the British government but the Prince found himself alienated from his people and their culture.

The British equally controlled all commercial activities. The natives lost their commercial right to fix the prices for their goods and to bargain. Prices were fixed by the British government and imposed on the natives. At many occasions, the British companies in connivance with their government used forced labour to achieve their colonial goals. This situation, unfortunately, was to be the situation of things all through the colonial period till independence in 1960. But just before independence, a discovery in a remote town of the Niger Delta was to change the fate of the whole country. This was the discovery of petroleum in commercial quantities in 1956 at Oloibiri in the Niger Delta.

Chapter 3

The discovery of petroleum in Nigeria

The petroleum situation at Independence

Before granting independence to Nigeria, the British government managed to lease the newly discovered oil fields and all right of petroleum exploration to the Anglo-Dutch company Royal Dutch Shell known as Shell BP in Nigeria. This company was to be the major player in the Nigerian petroleum sector and it remains one of the major players till date though it has changed its name and had merged with other companies. Before going into the making of the Nigerian petroleum sector, we will like to analyse the economic situation in Nigeria at her independence in 1960.

At independence in 1960, Nigerian economy was highly based on the agricultural sector. Nigeria held the number one position in the production of palm oil, which was the backbone of its external commerce in the later part of the 19th century and early 20th century. Nigeria still remains the world number one in this field. In other agricultural products, especially in the cash crops sector, the Nigerian economy was known for its exportations. Cocoa beans, groundnuts, rubber, cotton and tobacco used to be major export crops in Nigeria. Their production was so massive that the country was always among the top ten global producers and exporters of these crops. Agriculture and agricultural products remained the backbone of the Nigerian economy till around 1966. As from this date, oil exploration and production took centre stage in the economy. Rents and royalties from the oil sector gradually overtook the agricultural exports and by late 1967, petroleum became the main foreign exchange earner for the country. The importance of petroleum in the Nigerian economy was to be fully shown by its undeniable role in the outbreak of the Biafran war and the part that it played in the duration of the war.

We are not asserting here that petroleum was the sole reason and cause of the Biafran war. It will be an understatement to say that there were serious problems in Nigeria before the war. The political crises that led to the state of anarchy in which the country was thrown into just before the civil war has been in the making even before independence. The Nigerian nation as it was at independence was an artificial nation. By this, we mean that the people, the tribes and the ethnic groups that made up Nigeria were never meant to be together. Before 1914, the Northern and the Southern Nigeria

were separate and distinct regions inside which there are multiple independent states with different cultures, languages and historical backgrounds. The two regions were protectorates of the British government with an equal status, they were independent of one another and each of them was directly responsible to the Colonial Office. The amalgamation of Northern and Southern Nigeria in 1914 by Lord Frederick Lugard, like the unification of the various tribes that composed them, was just an arbitrary but organised measure hatched up by the British government to achieve their imperial quest. The amalgamation made the task of governing easier for the British administrators and went a long way to assure that the economic interests of the British government was protected. Indirect rule and separate development policies were maintained in the two regions, with the central administration based in Lagos. This system produced two different nations, each with different social, political, economic, and cultural backgrounds and development. According to Sir Hugh Clifford, the Governor General of Nigeria from 1920 to 1931, Nigeria was *"a collection of independent Native States, separated from one another by great distances, by differences of history and traditions and by ethnological, racial, tribal, political, social and religious barriers."*¹ The people that made up the Nigerian federation at independence did not have anything in common. They neither came from the same ancestors nor have the same historical experience. Their cultural and religious differences were great and these made it rather difficult to get them under one roof called the Nigerian Federation. Thus, serious problems were already in existence among the various groups in the country even before independence.

The English colonial government, aware of all these, did not bother to settle them. They went ahead with their grant of independence without finding a solution to a good number of essential issues that were going to undermine the efforts of the then newly established government to forge ahead. Among the main difficulties to face the young nation was the issue of representation in the federal superstructure. The colonial government, in their hand- over plan, appointed Dr. Nnamdi Azikiwe (from the South East) President of Nigeria while Abubakar Tafawa Balewa (a Northerner) was made the Prime Minister. Under the guise of equitable representation, a lot of governmental functions were filled with people that were not qualified to occupy those posts. The military elite was made up of northerners and people from the Middle Belt region. Another bone of contention was the inequality inherent in the development of the

¹ Nigeria Council Debate. Lagos, 1920, quoted in Onwuka-Dike Kalu

Northern and Southern Nigeria. The people of the South were highly educated while the people of the North were not. The right solution, in our own point of view, would have been to grant independence to the four regions that were created prior to independence Northern, Western, Mid West and Eastern regions or regroup them into two main units The North and the South and grant them independence as separate and independent states.



Four Regions, 1963

We must mention that the northern leaders wanted the date of independence to be shifted to a later date in order to have enough time to train people from the North, competent enough, to occupy the various administrative and political posts in the government. When we look at the map above, we can see that the northern region was more than half the size of the remaining regions and in order to appease them and make them accept independence, the British government granted them 52 percent of the seats in the national legislature.

We believe that the British government deliberately merged the Northern and Southern Nigeria in order to be able to monitor and covertly retain their power on the economy of Nigeria. This assertion seems the most plausible since the Southerners were considered too intelligent, nationalistic and dynamic by the British government. From the experience that they had from their system of indirect rule, where the Northerners,

with their advanced system of central authority and the high respect given to the ruling Hausa/Fulani were easier to govern, whereas the southerners, most especially the Ibos who practiced direct democracy and neither recognized any King or warrant chief nor pay allegiance to any authority not established by them, as the case may be, were very difficult to administrate. The British knew that the Southerners would not accept the dictates of the British government. So merging the two nations was, to the British, the sole option in order to maintain their stronghold in the Nigerian economy. This affirmation was eventually proved by the support given to the Northern-led Nigerian government by the British during the Biafran war. In spite of all these socio-cultural problems in the Nigerian nation, the Biafran war would not have erupted at the time it did or would it have lasted so long if not for the fact that the discovery of huge reserves of petroleum had been confirmed in the Eastern part of Nigeria.

The discovery of petroleum in Nigeria changed a lot of things in the country. The following table shows the percentage of total government revenue that accrued from the petroleum sector from 1958, the first year of commercialisation to 1990, the last year of information from our source.

Table 2

Percentage of Nigerian government revenue from the petroleum sector¹

| Year | Percentage |
|-------------|-------------------|
| 1958-59 | .08 |
| 1962-63 | 7.31 |
| 1966-67 | 18.26 |
| 1970-71 | 25.99 |
| 1974-75 | 80.81 |
| 1978-79 | 66.30 |
| 1982-83 | 67.00 |
| 1986-87 | 75.80 |
| 1989-90* | 97.24 |

*Last year of information on the source.

From the table presented here above, we can see that revenue from the petroleum sector which came in the form of royalties paid by oil companies in Nigeria had

¹ Adapted from data in Eghosa E. Osaghae, *Crippled Giant Nigeria Since Independence* (Bloomington: Indiana University Press, 1998). 20

increased from .08 percent of total revenue from petroleum in the fiscal year 1958-59 to 7.3 in 1963, the year in which the Nigerian Republic was proclaimed. By the 1966-67 fiscal year, revenue from the petroleum industry into the coffers of the Nigerian government represented 18.26 percent of total government revenue. At this point, it was clear to everybody that the petroleum sector was not to be neglected and agitations for the control of this revenue and its allocation among the different regional governments began to take a more important and often vicious turns in the parliament. When Colonel Odumegwu Ojukwu declared the secession of the Eastern Region on the 15th of May 1967, after the massacre of Easterners mostly Ibos in the Northern region, the Nigerian government strongly refused to accept this proclamation and war erupted simultaneously. We are not going into the details of the war. What is interesting for our study is the role that petroleum played in that war.

At the beginning of the war, the international community most especially the super powers, were highly interested in the progress of the war. They were quick to respond, each government taking sides with one of the adversaries and sometimes sitting on the fence. The British government, former colonial master of Nigeria, and co-proprietor of Shell-BP generously provided weapons and logistic support to the Nigerian side. These provisions went a long way to help maintain the embargo imposed on the Biafran government by the Nigerian side. We will like to present excerpts from an article written by an eyewitness of this tragedy. This article written by Michael Leapman after the release of the cabinet papers of the British government on the Biafran war portrays the real motives behind the British government actions during this war. In one of the passages, Leapman stated that Britain, the former coloniser of Nigeria and its main supplier of arms, could not escape involvement (*in this war*). As the outcry over the famine grew, Harold Wilson's government came under attack at home and abroad for providing the weapons that tightened the noose on Biafra. He went ahead to proclaim that the interest of the Nigerian people was not considered in any way important to the British government and in his words,

“Cabinet papers for that year, just released, show how the decision to continue arming Nigeria was not based on arguments for or against secession, or on the interests of its people, but on backing the likely winner. It is a case study in realpolitik. As one Commonwealth Office briefing document to the prime minister put it: “The sole immediate British interest is to bring the [Nigerian]

*economy back to a condition in which our substantial trade and investment can be further developed."*¹

But what is more interesting in this article is the fact that this is not an exceptional case, it was rather a common and habitual 'modus operandi' for the British government and the other superpowers. This is very interesting for our comparison of American and European imperialist systems and their operations in Nigeria. When the Biafran War was ravaging the young Nigerian nation, the British government that was responsible for the amalgamation of Northern and Southern Nigeria and the socio-political policies that led to the war, and which most of all, stands in the best position to help alleviate the suffering of the Nigerian citizens, if not stop the escalation of violence, was only interested in its selfish interests. As the cabinet papers have revealed, the British government was only interested in the Nigerian oil industry, its Shell B.P. contracts and maintaining the hard grip that it has on the Nigerian economy.

Thus, the government was ready to support the two sides until the winning side is determined. It was ready to pay £250,000 through Shell BP to the Ojukwu led Biafran side for oil shipments while at the same time sending military personnel and equipment to the Nigerian side. The strategy of the British government was best stated by the Commonwealth Office note to Harold Wilson about their mission to Lagos. The message was explicit: *"If Gowon is helpful on oil, Mr Thomas will offer a sale of anti-aircraft guns."* Gowon ended up getting his delivery of 12 jet fighter-bombers, six fast patrol boats and 24 anti-aircraft guns. Soon after these deliveries, the Nigerian side was able to impact great damages on the Biafran side and the embargo on the Biafran region was total. When it was certain that the Nigerian Army was heading to victory. George Thomas, Minister of State at the Commonwealth Office wrote to his government in the following terms: *"It seems to me that British interests would now be served by a quick Federal victory."*² He urged his government to increase the delivery of arms to the winning side. All these add up to confirm that oil was the main reason why the Biafran War lasted so long and we strongly believe that it was the ulterior motive behind the war. Without oil reserves in the East, the secession of Biafran would not have taken the international turn that it did. We should note that the strategies of the other superpowers

¹ Michael Leapman, British Interests, Nigerian Tragedy, - *THE INDEPENDENT*, Sunday January 4, 1998

² Ibid.

are not different. The French government was covertly in support of the secession of the Biafrans. They did this because they needed to get their hands on the oil wealth of the nation, which was being more or less monopolized by the British companies.

At the end of the war, the British government, having supported the victor, was able to maintain its domination of the Nigerian oil sector and most of its trade. Shell B.P. was able to maintain its various holdings with the Nigerian government. Our conclusion to this chapter is that petroleum played a major role in the Biafran civil war. We equally like to make a very important remark concerning our study; the words and actions of Shell BP and the British government during the war serves as a mirror to the motivations of European enterprises around the world. We will try to verify if this information tallies with the functioning of the American corporations in our analysis and comparison of European and American imperialism in Nigeria. But before going into the crux of this study, we would like to look at some of the petroleum policies of the Nigerian government and how they affect the petroleum companies and the communities living in the Niger Delta.

Chapter 4

Petroleum Policies of The Nigerian Government

The Mineral and Petroleum Acts

The origin and nature of the policies of the Nigerian government in the oil sector can be traced to the pre-independence era. During the period of colonialization, the British government made a lot of laws in order to be able to control the Nigerian economy. One of these laws was to be the cornerstone of the petroleum policies in Nigeria before, during and after independence. This law is that which regulates the ownership of lands. The land ownership law was formally promulgated in 1914 and was known as the Mineral Act of 1914, it vested all ownership of land and minerals in the Nigerian State which was of course under Her Royal Majesty's control. This law was what made it possible for the colonial government to be able to confiscate lands from citizens with little or no compensation. The people that have the 'unfortunate' luck of owning a land that have mineral deposits or are in the areas where mineral deposits were found or might be found were automatically demanded to quit their lands. This law was put into effective use by the colonial government in 1937 when it invoked the colonial Mineral Ordinance, which permitted it to grant the entire onshore and offshore exploration and prospecting rights to Shell BP. It was this law that made it possible for Shell B.P. to acquire vast portions of land under lease that lasts for a minimum duration of 99 years. This was equally the foundation of Shell's monopolistic hold on the Nigerian oil industry which continued years after independence. This Mineral Act of 1914 was what was adapted into the Nigerian constitution and was termed the Petroleum Act of 1969.

The major policy of the Nigerian government towards the petroleum sector is the famous Joint Venture. Under this agreement, which is between the Nigerian government and the petroleum companies, the Nigerian National Petroleum Corporation (NNPC) which is the government's company established in 1977, is a full-fledged partner in the contracts and accordingly, it has a percentage on the petroleum contracts awarded to oil companies operating in the country. NNPC, according to the laws establishing it, has *sole responsibility for upstream and downstream developments, and is also charged*

*with regulating and supervising the oil industry on behalf of the Nigerian Government.*¹ However, in spite of all its supposed supervisory roles, these joint venture operations are wholly managed by the oil companies. The Nigerian National Petroleum Corporation is more or less a passive partner in the business. Let us take a look at the main clauses in the Joint Venture Agreement.

1. Partners share in the cost of petroleum operations in the proportion of their equity shareholding.

2. Each partner can lift and separately dispose of its interest share of crude oil production, subject to payment (to Government) of petroleum profits tax, and royalty.

3. One of the partners is designated as the operator of the joint venture.

4. The operator prepares and proposes programmes of work and budget of expenditure, for approval by NAPIMS, the major shareholder.

5. The operator has freedom of action in specific matters, and each party can opt for, and carry out sole risk operations.

6. The contractor pays no corporate tax on its profit.

7. NNPC reserves the right to become operator.

*8. The commercial aspects of the agreement are covered in the Memorandum of Understanding (M.O.U.). The current M.O.U. provides the companies: A guaranteed minimum profit of \$2.30 per barrel after tax and royalty on their equity crude. A reserves addition bonus, in any year that a company's addition to oil and condensate ultimate recovery exceeds production for that year.*²

We will prefer to discuss the implication of these clauses in details in the subsequent section of this chapter but it will suffice us to state at this juncture that the agreement is highly profitable to the operator. When we look at some of the clauses of this agreement we can see that the agreement was not meant to promote the

¹ Nigerian Oil and Gas Journal Online, *Nigerian National Petroleum Corporation* taken from internet website <http://www.nigerianoil-gas.com/upstream/nnpc.htm> (09.05.2004)

² Nigerian Oil and Gas Journal online, *Major Joint Ventures* taken from internet site http://www.nigerianoil-gas.com/upstream/nnpc_operator_agreements.htm (09.05.2004)

participation of the Nigerian party. Clause number two made it clear that what is most important to the government is the collection of tax and royalties. But the paradox of this clause is that it is somehow in contradiction with clause number six which clearly states that the contractor that is the oil company pays no corporate tax on its profit. This means that the oil companies pay royalties to the government but get part of their money back by not paying corporate taxes.

Clause number three states that one of the partners is designated as the operator of the joint venture. To the best of our knowledge, the partner that has been operating the contracts has been and remains the foreign oil companies. The list of companies participating in the joint ventures is provided below and we can see that the Nigerian side is not an independent operator in any of the ventures.

The Major Joint Venture Agreements

Shell Petroleum Development Company-(SPDC) - this is a joint venture operation, managed by Shell Petroleum. The shareholding structure comprises NNPC (55%), Shell International (30%), Elf Petroleum (10%), Agip Oil (5%). This is the largest producing operation in Nigeria, and accounts for almost half of the country's daily production (approximately 900,000 barrels per day) and reserves. The company has 2 operating units: the eastern division, based in Port Harcourt, and the western division based in Warri. SPDC's corporate headquarters is in Lagos. The company has more than 100 producing oil fields, and a network of more than 6,000 kilometres of pipelines, passing through 87 flow stations. SPDC operates 2 coastal oil export terminals, Forcados and Bonny. SPDC has also recently incorporated 2 subsidiary operations- Shell Nigeria Exploration and Production Company Limited (SNEPCO), and the Shell Nigeria Gas Limited. SNEPCO was incorporated to operate the deepwater blocks, which were granted to Shell in 1993. These are production-sharing contracts, and the blocks are located in water depths of between 400 and 1,400 metres. SNEPCO also operates three onshore blocks located in the north of Nigeria.

Mobil Producing Nigeria Unlimited (Now ExxonMobil)- a joint venture that is now the second largest operation in the country. This Joint Venture is owned by NNPC (60%), and Mobil Oil (40%). Most of Mobil's production is from shallow water offshore fields, with its operating unit based in the southeast location of Eket. The company operates a crude oil terminal there known as the Qua Iboe Terminal (Q.I.T.)

The Company's total daily production is now in the region of 520,000 barrels per day. The Company's output was also boosted by the development a few years ago of the OSO condensate field, now producing about 100,000 barrels per day.

Chevron Nigeria Limited (CNL)-This joint venture is owned by NNPC (60%) and ChevronTexaco (40%). The Joint Ventures has its head office in Lagos, while its operational base is in Escravos, producing a crude stream of the same name. Chevron's operating unit is based in Warri, and its crude oil terminal is located at Escravos. The company's head office is located in Lagos. The joint venture operates 25 fields, covering an area of 5180 square kilometres offshore and 2,590 square kilometres onshore. Current daily production is about 420,000 barrels per day.

NIGERIAN AGIP OIL COMPANY (NAOC) - The fourth largest Joint Venture oil producer in Nigeria is owned by NNPC (60%), Agip Oil (20%), and Phillips Petroleum (20%). Current production is about 145,000 barrels per day, from 146 producing wells. The company operates an export terminal at Brass, and has its operational base in Port Harcourt. NAOC is a partner in the Liquefied Natural Gas project, and is developing an Independent Power project in Rivers State of Nigeria.

ELF NIGERIA LIMITED (Now Total) - The Joint Venture between NNPC (60%) and TotalFinaElf (40%) produces about 125,000 barrels per day, from 12 onshore and offshore fields. ELF has its operational base in Port Harcourt. The company has no export terminal, and operates with a floating production unit. Currently, production is split evenly between offshore and onshore fields, and Elf plans to shift most of its production offshore with the development of a number of offshore concessions acquired recently by the company.

Texaco Overseas Petroleum Company Nigeria (Topcon) - Texaco is the operator and owner of a 20% interest in 6 oil mining leases covering an area of 606,000 acres offshore in the Delta basin. The other joint venture partners are the NNPC (60%) and Chevron (20%). Texaco, (now ChevronTexaco) has been involved in exploration and production of Nigerian crude oil resources since 1961. Over 473 million barrels of oil have been produced since that time. Texaco has its operational base at Warri, and its headquarters in Lagos.

The following table puts these joint ventures in a simple format:

Table 3¹

Joint Ventures in Nigeria

| Participants | Percentage in the venture | NNPC |
|---|---------------------------------------|-------------|
| SPDC | Shell – 30% Elf – 10% Agip – 5% | 55% |
| Exxon Mobil | 40% | 60% |
| Chevron | 40% | 60% |
| Agip | Agip – 20% Philips – 20% | 60% |
| Elf | 40% | 60% |
| Texaco Nigeria Overseas Petroleum Company | Texaco - 20% Chevron – 20% | 60% |

From this table, it seems clear that the Nigerian government, through its representative NNPC, has the biggest shares in all the joint ventures. One might be forced to ask “But where is the problem?” The problem is that the Nigerian government is just an ‘official’ partner, that means a partner on paper. The real functioning of these joint ventures has been and remains under the strict control of the oil majors. Chris Hajzler, in his paper on the Nigerian oil industry², noted that the contracts set up by the Nigerian government between NNPC and the multinational companies were geared towards the improvement of Nigeria’s control of the oil industry. These ventures were supposed to have the effect of obliging the companies to sell up to 60 percent of their equities to the state. But this ambitious goal of the Nigerian government were never met

¹ Table prepared by us based on the information from the Nigerian Oil and Gas Journal online website

² Chris Hajzler, Nigerian Oil Economy: Development or Dependence, taken from internet site <http://arts.usask.ca/economics/skjournal/sej-3rd/hajler3.htm> (2004-06-04)

because of various reasons among which are the domestic economic crises, political instability and the inevitable pressure from the international economic agencies (International Monetary Fund, the World Bank and their financial partners) that are crusading for privatisation. The issue of privatisation, political instability and the internal economic crises in Nigeria and their relationship to the petroleum sector will be duly treated in chapters eight and eleven of this work. However we must state here that it will be an understatement to say that Nigeria as a country has made but little profit out of its petroleum wealth. The foreign firms are the ones that are controlling the Nigerian petroleum sector and that are making most of the profits.

A lot of scholars are of the same view and have pointed out that, contrary to the general expectation, the Nigerian nation has not gained much from its oil wealth. The joint ventures that were supposed to accrue huge revenues to the country were far from bringing the country out of its economic downfall. Daniel Omoweh¹ noted that the agreement between the Nigerian state and Shell Petroleum Development Company could not be properly considered a joint venture since there is no equity participation involved, and Shell is still 100 percent owned by the parent company. The state has been, for the most part, unable to contribute the financial and technical cooperation that, in theory, recognizes Shell only as a partner. Thus Shell is, in practice, the sole technical operator of oil production, covering the entire costs. These costs are then calculated in terms of quantities of crude oil and its equivalent is subtracted from total revenues. Whatever is left is then shared according to the agreed ratio. In another article Omoweh asserted that though the Nigerian state 'officially owns' the oil and gas sector, it lacks the technical capacity to operate them, thus making its control of the oil companies highly impossible. Incapacitated by a weak technological base, and lack of efficient energy and mining policies, "*the state has only intervened into the petroleum industry largely to collect rents.*"² We must note here that the joint venture between NNPC and the Shell Development Company is not an isolated case. The situation is similar in the other joint ventures between NNPC and the multinational conglomerates in the Nigerian oil sector.

¹ Daniel A. Omoweh, "Shell, Environmental Pollution, and Health in Nigeria" in Africa Spectrum (vol.30). 1995. 125.

² Daniel Omoweh, "Shell and Land Crisis in Rural Nigeria: A Case Study of the Isoko Oil Areas" in the Scandinavian Journal of Development Alternatives and Area Studies (Vol. 17), 1998. 23

Clause number four states that the operator prepares and proposes programmes of work and budget of expenditure, for approval by NAPIMS, the major shareholder. This clause highlights the fact that the Nigerian government has no technical authority over the oil companies. The companies are the ones that prepare and propose not only the programme of the way the industry should function but also the budget of expenditures to be made. This actually renders the government utterly passive in the running of the petroleum sector. This passivity is equally inherent in the other agreements between the government and the oil companies.

To sum it up, we can say that the main problem with the Joint Venture contracts is that the Nigerian government has not been capable of keeping its own side of the necessary financial capital. This financial weakness strips it of its authority as a formal partner. The result is that the oil companies are the ones that shoulder the entire cost of production, and as it must be expected under such circumstances, most of the revenues accruing from the business go into their coffers. They end up paying only royalties to the government.

After the joint venture agreements, the next type of petroleum contract between NNPC and the oil companies is called the “Production Sharing Contract” (PSC). Under this contract, the two parties are supposed to be equal partners in the business and they share the profits at the end of the day. We will like to present the main clauses of this contract in order to be able to analyse it critically.

1. The contract areas for the OPL's are located in deep offshore or inland basin.

2. The term of the P.S.C. is for a period of 30 years, inclusive of a 10-year exploration period.

3. The contractor bears all the cost of exploration, and if oil is found, also bears the cost of subsequent development and production operations. If no oil is found, the contractor is not reimbursed for exploration expenses.

4. Crude oil produced is allocated as follows Tax Oil - This is to offset tax, royalty, and concession rentals due to the Government - Cost Oil - This is for reimbursement to the contractor for capital investment and operating up to certain limits. -Profit Oil - The

balance after deduction of tax oil and cost oil elements, will be shared between the contractor and NNPC.¹

Clause number three states that the contractor bears all the cost of exploration and if oil is found, it equally shoulders the cost of development and production. The contractor is not reimbursed his exploration expenses if no oil is found. At first look, one might say that the risk is too high. But when one knows the Nigerian oil industry and the way it functions, one understands that those risks exist only on paper. An oil company continues exploration until oil is struck. When this oil is found, all the expenses made from the beginning are retrieved with profits. The Nigerian government still has no means of independently knowing how much was incurred by an oil company in its exploration and production. The government is highly dependent on the oil companies for its technological facts. The oil companies are the ones that say what is obtainable and what is not. They are the ones that say that a field is operational or not. They are the ones that determine the quantity of oil found in a given field. The oil companies are the ones that tell the government how much oil it has in its reserves. To prove this point, we have to make a little digression.

The recent recalculation and re-categorisation of Shell's reserves is a good example that supports our affirmations. Late last year, the Royal Dutch Shell, which is the parent company of Shell Nigeria Plc, suddenly announced that its reserves were miscalculated. The effect was an automatic diminution of the Nigerian oil reserves. Why was that possible? It is very simple, only Shell knows and can tell how much oil that its 'Joint Venture' with the Nigerian government represents. The following is an excerpt from a Nigerian newspaper on this issue:

"Nigeria's crude oil production and plans to grow the national reserve to 40 billion barrels by 2010 has suffered a severe set-back following the reclassification of about one billion barrels of crude oil reserves from proven to probable, by the largest upstream oil industry operator in the country, Shell. Specifically, the company at the weekend cut its estimates of proven reserves by a fifth, declaring that 3.9 billion barrels of crude oil reserve addition booked between 1996 and 2002 are probable reserves and not proven

¹ Nigerian Oil and Gas Journal Online, *Production Sharing Contracts* taken from Internet site <http://www.nigerianoil-gas.com/upstream/nnpc_operator_agreements.htm> June 20, 2004

reserves. ... The company disclosed that of the 3.9 billion barrels that have been re-categorised, about half had been booked in Australia and Nigeria.”¹

From this excerpt, we are undeniably convinced that the estimates of the oil companies are taken at their face values by the government. If the Joint Ventures and the Production Shared Contracts are what they are supposed to be, the Nigerian government, through its various agencies, is supposed to know how much oil it has in its reserves. The government would have been able to make a statement on this issue. But the technical impotency of the government permits the oil companies to play God in the petroleum sector. Let us now go back to our line of argument before the digression

Most economic analysts in the oil industry unanimously agree that the control over the operating costs of production is the main determining factor in the large profits made by the multinational oil conglomerates. This factor remains constantly on the positive side even during periods of serious economic depression. Jędrzej Fyrnas noted that *“while production sharing contracts do not require the government’s investment in oil exploration and production, the state forgoes a considerable portion of revenue, accruing as little as 20 percent of corporate profits.”*² The main point in these two types of contracts that we have seen above is that the oil companies always end up on the winning side no matter the policy in place. When we compare the Joint Venture and the Production Shared Contracts, we can see that the results of the two contracts are the same. The summary of the contracts can be simply stated as “more profits and control to the foreign multinational oil companies; less independence and authority to the Nigerian people and government.

The latest step taken by the Nigerian government in the awards of oil contracts was the licence given to various indigenous companies. These companies are supposed to be owned by Nigerians. And the drive was meant to encourage the participation of the Nigerian private sector and thereby lead to the development of the Nigerian oil sector with Nigerians competing with the foreign oil companies. This laudable initiative

¹ Hector Igbikiowubo, *Vanguard Newspaper Online Edition*, Shell Cuts Reserves, <http://www.vanguardngr.com/> Monday January 12, 2004

² Jędrzej Fyrnas, *“Political Instability and Business: Focus on Shell”* in *Third World Quarterly* (Vol.19 - no.3) 1998, 468.

was designed to help diversify the oil sector and to give the indigenous companies an opportunity to acquire the technological know how needed in the oil exploration and distribution business. It is meant to help the indigenous oil industry keep abreast with the new scientific and technological discoveries in the petroleum sector. An agency was assigned the responsibility of monitoring the investment of indigenous companies in the oil sector. This agency known, as the National Petroleum Investment Management Services (NAPIMS) is the government agency that manages the upstream investment of the federal government, it monitors the performance of existing investment in the sector and encourages harmonious working relationship between oil operators and host communities. We will like to note here that about 38 Nigerian ‘oil companies’ have been given the licence to operate in the petroleum sector. Their licence permits them to go into the upstream sector (exploration and production) and equally into the downstream sector (refining, distribution and marketing). The following is the list of Nigerian companies that obtained the licence:

Table 4 List of Independent Licensees in Nigeria¹

| NO | COMPANY NAME | LICENSE (OPL) |
|-----------|-------------------------------------|----------------------|
| 1 | ALFRED JAMES PETROLEUM | 302 |
| 2 | ALLIED ENERGY RESOURCES | 210 |
| 3 | AMNI PETROLEUM DEVELOPMENT LIMITED | 469 |
| 4 | ASARIS | 236 |
| 5 | ATLAS PETROLEUM | 75 |
| 6 | AZENITH (NIG) LTD. | 458 |
| 7 | BRASS PETROLEUM | 203 |
| 8 | CAVENDISH PETROLEUM | 453 |
| 9 | CONSOLIDATED OIL | 113 |
| 10 | CRESCENT OIL | 234 |
| 11 | DUBRI OIL | OML96 |
| 12 | DUNIA OIL | 241 |
| 13 | EXPRESS OIL & GAS | 74 |
| 14 | FAMFA OIL | 216 |
| 15 | FIRST ARIES | 235 |
| 16 | GENERAL OIL | 304 |
| 17 | INTERNATIONAL PETROL ENERGY COMPANY | 202/229 |
| 18 | INTOIL NIGERIA LIMITED | 214/237 |
| 19 | LAMONT OIL | 207 |

¹Nigerian Oil and gas Journal online, List of Independent Licensees, http://www.nigerianoil-gas.com/upstream/independent_producers_list.htm

| | | |
|----|----------------------------|---------|
| 20 | MAREENA | OML12 |
| 21 | MLM PETROLEUM | 454 |
| 22 | MONCRIEF OIL INTERNATIONAL | 471 |
| 23 | MONI PULO LIMITED | 230 |
| 24 | NOREAST PETROLEUM | 215 |
| 25 | OPTIMUM PETROLEUM | 310 |
| 26 | ORIENTAL ENERGY | 224 |
| 27 | PACLANTIC OIL COMPANY | 204 |
| 28 | PEAK PETROLEUM | 460 |
| 29 | PETROLEUM PRODUCTS LIMITED | 233 |
| 30 | QUEENS PETROLEUM | 135 |
| 31 | SEAGULL | 467 |
| 32 | SOLGAS NIGERIA LIMITED | 226 |
| 33 | SUMMIT OIL INTERNATIONAL | 205/206 |
| 34 | SUNLINK PETROLEUM | 474 |
| 35 | SUPRA INVESTMENTS | 203/452 |
| 36 | ULTRAMAR ENERGY | 227 |
| 37 | UNION SQUARE PETROGAS | 201 |
| 38 | YINKA FOLAWIYO PETROLEUM | 309 |

The federal government has set specific local content value as minimum of 40 per cent by 2005, 50 per cent for supplier, materials and engineering and construction contracts. What then is the problem with the local companies will be the question on everybody's lips. The problem is that these local companies, in most of the cases are just fronts being used to cover-up. The following companies are reported by the Nigerian oil and Gas journal as having established functioning production facilities.

1. Amni International Petroleum Development Company
2. Allied Energy Resources
3. Atlas Petroleum International Limited
4. Consolidated Oil Limited
5. Dubri Oil Company Limited
6. Express Petroleum & Gas Company Limited
7. Yinka Folawiyo Petroleum Company Limited
8. Famfa Oil Limited

The finance and technology needed for successful exploration of oil is out of the reach of over 80 percent of these licensees. What do we have then? Most of these

licensees are yet to start any serious business, many of them sub-contracted their own licence to foreign companies and the other ones established partnership with foreign companies in order to become operative in the nearest future. Most of the ones that are already engaged in oil drilling are scavenging on abandoned oil wells left by the multinationals because of the simple fact that they are no more profitable. And the most disturbing aspect of this matter is that these new licensees do not have any real incentive from the government to make them become integrated oil companies in the near future. We say this because they wholly depend on the grace of the multinational petroleum companies for their business. They look up to contracts from the big companies in order to remain in business. The Group General Manager of NAPIMS, the governmental agency that monitors the oil sector that we have already mentioned earlier on, confirms this fact in one of his statements. Mr Osa Chris Ogiemwonyi, proclaimed that the failure of the multinational oil companies to pay for jobs done six months after the completion and delivery of such jobs posed a challenge to the resolve of the government at increasing and promoting the local content more than four decades after oil exploration and production began in the country. He continued by asserting that and we quote:

“One of the greatest problems that we face now is getting the multinational oil companies to pay local contractors for the jobs they have done for them. It is sad that local contractors are owed contract sum six months after job completion, ... NAPIMS had been inundated with reports and complaints of such failures in recent times.”¹

This is, in reality, the state of the Nigerian local petroleum industry. If the foreign multinationals cease their meagre contracts to the local contractors, the local participation automatically dies. Under this chapter, we have seen the history of the Nigerian oil policies; the implications of the deliberate act of informal but “officialized” lease of the first oil field orchestrated by the colonial government and handed over to Shell BP. We have seen the terms of the lease and we have enumerated the advantages and the disadvantages of this lease to both contracting parties. This is very important, as it is the beginning of the Nigerian petroleum policies. It went a long way to pave the way for the following contracts and policies thereafter. These later policies, which were structurally analysed, added to our knowledge and permits us to have a comprehensive understanding of the Nigerian petroleum industry today.

¹ Lucas Ajanaku, *Foreign Oil Firms Sabotage Local Content*, Daily Times Newspapers Nigeria online edition, taken from internet website <http://www.dailytimesofnigeria.com/> December 15, 2003

From all that we have seen in the preceding section of this chapter concerning the policies of the Nigerian government in the oil sector, we can conclude by saying that the policies of the government are not adequate to counter the ills of the oil sector. Another method of approach must be devised if the government truly wants the oil sector to respond to its aspirations and attain its expectations. The next set of questions that we must ask is:

1. Will the multinational oil companies be it American or European tolerate competition with the Nigerian local oil companies?
2. Will the multinational oil companies assist the local companies to grow?
3. Can the independence of the indigenous Nigerian companies be welcomed?

Before answering these questions, we will like to know who these foreign oil companies are and how they function. Thus, in the next chapter, we are going to study the oil companies in Nigeria and their history respectively.

Chapter 5

The first American companies (ExxonMobil, ChevronTexaco, Gulf etc.) and their European counterparts, (Shell, BPAmoco, Total and Agip).

In this chapter, we are, first of all, going to look at the history of the major foreign multinational oil companies operating in Nigeria. We are going to see their country of origin, their establishment; we will look at the history of their proprietors when this might help us to understand their business principles. We follow their way from their very beginning to their position today at the top of the oil sector (financially). We will equally try to see the business tactics, strategies and practices that they employed in order to get to the top. We will like to start this study in a chronological order. Thus, we are going to deal with the American oil companies first and thereafter, we will treat their European counterparts. The first company in our list is the Standard oil company. We prefer to retain the name of the parent company that gave birth to a good number of the biggest multinationals. That will help us to understand the evolution of these companies and their interdependence even till date. This will equally help us to avoid unnecessary reiteration since these companies had the same proprietor and the same history at the beginning. We will, however, treat them as separate companies that they have come to become, from the period of their disintegration.

When Edwin L. Drake, on the 27th day of August 1859 struck oil at Titusville in Pennsylvania, after a long time of prospecting and endurance, nobody realized that this was a discovery that is going to change the American economy and that of the entire world. A lot of people rushed into Titusville to make money out of the oil wells. Daniel Yergin in his book The Prize likened the activity in Titusville after this discovery to the Gold rush.¹ That was the real beginning of the American oil business. At this stage, the business was more or less a disintegrated sector where everybody can go in or go out whenever they feel like. The situation continued like this till around 1865. This was the year that Maurice Clark and John David Rockefeller, the two senior partners in one of the biggest oil refineries in Cleveland Ohio decided, after a dispute, to hold a private auction of their business. This auction made it possible for John D. Rockefeller to acquire the company at the sum of seventy two thousand dollars. This transaction was what gave birth to the Standard Oil Company.

¹ Daniel Yergin, The Prize, (New York: Free Press), 1991, 29

Standard Oil Company

Founded by John David Rockefeller, the Standard Oil company gradually grew to become, as it was rightly written by Daniel Yergin, one of the world's first and biggest multinational corporations.¹ This qualification sounds great. The problem is that on the way to the top, the Standard Oil company and John D. Rockefeller threaded on a lot of people, disobeyed the law and had but a driving force that was their sole objective: make as much money and profits as possible. The actions of the company were so destructive to its competitors and the general public that it did not take long before a general attack was launched against it. One of the major topics of contention was the railway rebates and drawbacks. According to Daniel Yergin, "*A competing shipper might pay a dollar a barrel to send oil by rail to New York. The railroad would turn around and pay twenty-five cents of that dollar back, not to the shipper, but to the shipper's rival, Standard Oil.*"² This arrangement was made between Standard oil and the Railway companies. The result was that a lot of Oil companies had no other option but to sell out to Standard Oil or go bankrupt. In one of the excerpts from Ida Tarbell's book on the Standard Oil Company, she had this to say of the company's head Mr J. D. Rockefeller:

*"Now, it takes time to secure and to keep that which the public has decided it is not for the general good that you have. It takes time and caution to perfect anything that must be concealed. It takes time to crush men who are pursuing legitimate trade. But one of Mr. Rockefeller's most impressive characteristics is patience. There never was a more patient man, or one who could dare more while he waited. The folly of hurrying, the folly of discouragement, for one who would succeed, went hand in hand. Everything must be ready before he acted, but while you wait you must prepare, must think, work. "You must put in, if you would take out." His instinct for the money opportunity in things was amazing, his perception of the value of seizing this or that particular invention, plant, market, was unerring. He was like a general who, besieging a city surrounded by fortified hills, views from a balloon the whole great field, and see how, this point taken, that must fall; this hill reached, that fort is commanded. And nothing was too small: the corner grocery in Browntown, the humble refining still on Oil Creek, the shortest private pipeline. Nothing, for little things grow."*³

¹ Yergin 35

² Yergin 39

³ PBS, American Experience, taken from internet website
http://www.pbs.org/wgbh/amex/rockefellers/sfeature/sf_7.html July 15, 2004

This passage is very interesting for our work because this is the description of the man that established the Standard oil company and we all know that it was the Standard oil group that made the American oil industry what it is today. It was from Standard Oil, as it was moulded by John David Rockefeller, that the contemporary multinational and modern oil companies took their example. Much did not change in the fundamental philosophy of the oil companies from the days of Rockefeller. We will like to look at three major points that guide the oil companies today and try to compare it with what we have seen in the quotation here above. The three main factors that remain crucial to the oil companies are:

1. Acquisition of raw material (crude oil) wherever it may be.
2. Protection of the market and harnessing (refining and transportation) the raw materials
3. Making as much profits as possible from it

It is a well-known fact that the person that controls the supply of raw materials virtually controls the market. The importance of the availability of raw materials in any given industry is so important that companies without reliable supply of raw materials is at the mercy of the supplier or the producer. Harry Magdoff wrote that *“the most obvious first requirement to assure safety and control in a world of tough antagonists is to gain control over as much of the sources of raw materials as possible – wherever these raw materials may be, including potential new sources.”*¹ He explained that this control over the sources of raw materials could be used as a weapon against rivals and business opponents. It can equally be used to prevent new entrants into the market. The Standard Oil Company understood this from the very beginning and made use of it to dissuade any competition. This will, in part answer the first question that we asked at the last chapter. The multinational oil companies in Nigeria will never allow any local company to compete with them, no matter how small the company or its participation might be in the Nigerian oil market. The reason is that nothing is too small for them, because as we have seen in the principles of Rockefeller, small things can grow thus they are threats to the giant Corporations.

The next thing that is most essential is the refining and distribution of this raw material. This was where the Standard Oil Company excelled in the early days of the

¹ Magdoff 35

Oil industry. The Standard Oil Company dominated the refining and distribution sector of the American oil industry. It is worthy of note that the Standard Oil Company, at its establishment as the Standard Oil of Ohio in 1870, owned the biggest and the most sophisticated of refineries in Cleveland. Even at that early stage, the company was already controlling 10 percent of the refining business in the United States making it United States number one in the refinery business. It was the United States first largest corporation with a million dollar worth of stocks.¹ As we have seen earlier, Standard Oil Company made deals with the Railway companies in order to get rebates and “drawbacks”. The first of these deals was made with Jay Gould, owner of the Erie Railroad. The monopolistic control of the transportation of oil made it possible for the Standard Oil Company to drive other companies out of business forcing them to sell their businesses to Standard Oil.

The third and most important factor is the profit factor. Oil companies are in business to make as much profit as possible. This is the golden principle of the Standard Oil Company. This rule, which was made ‘sacred’ by J.D. Rockefeller, was to remain his legacy not only to the American oil industry, but also to the entire global oil sector. When we look at the global oil industry today, we can see that the it is still towing the line drawn by the old Standard Oil Company. Every effort is made to acquire crude oil at its source. Even potential sources are acquired before hand as a strategic precaution against the future. This is in line with Ida Tarbell’s description, in 1902, of the functioning of the Standard Oil Company: *Nothing has been too big to undertake, as nothing has been too small to neglect*² What do we have today? We have seven multinational corporations with businesses in over 100 countries, in all the continents. Companies like ExxonMobil and ChevronTexaco have oil reserves in Saudi Arabia, not too big to undertake, as well as in Equatorial Guinea, not too small to neglect. What is important in the history of the Standard Oil Company for our study is that it was from this company that three out of the former seven largest oil companies, called the “seven sisters”³ started.

Actually, on May 15, 1911, the Supreme Court of the United States of America, after a long judicial process, ruled that the Standard Oil Company must be disintegrated.

¹ PBS, American Experience, taken from internet website <http://www.pbs.org/wgbh/amex/rockefellers/timeline/index.html> July 16, 2004

² I. M. Tarbell, *The History of the Standard Oil Company*, excerpts from the McClure Magazine, 1902 taken from internet website <http://www.bilderberg.org/whatafel.htm#Ida> July 16, 2004

³ Anthony Sampson, *The Seven Sisters*, 1975

This disintegration was what gave birth to thirty-four different companies. Among these new companies, we can count three that were the largest of them all. They are Standard Oil of New Jersey, Standard Oil of New York and Standard Oil of California. Standard Oil of New Jersey, across the years, changed and became known as Exxon or Esso depending on which geographical region one is. Standard Oil of New York formerly known as SOCONY, merged with Vacuum to become SoconyVacuum and later changed its name to become Mobil. Standard Oil of California metamorphosed and became Chevron. The metamorphoses of these companies are never-ending. In 1999, Exxon merged with Mobil to become ExxonMobil, the global number one in the oil sector. On the 9th of October 2001, after a long time of negotiations, Chevron officially merged with Texaco and became ChevronTexaco, world number six in the energy sector. At this point, we will like to give a brief history of the Texaco Company.

Texaco and Gulf

Established in 1897 at Spindletop in Beaumont, Texas, by Joseph Cullinan popularly known as Buckskin Joe, a former Standard Oil pipeline employee, Texaco made its mark in the American oil industry as a leading participant because of its aggressiveness in the oil sector. This aggressiveness shown in almost all the countries where it has had operations in, was to remain with it all through its history and continues after its merger with Chevron in 2001. The most glaring example of its aggressiveness can be seen in Ecuador.¹ Their actions against the people of the Niger Delta is another of their 'hallmarks'.

Another American oil company doing business in Nigeria is the Gulf Oil Company. Gulf Oil Company started as a twin-combine uniting Guffey petroleum and Gulf refining both founded in 1901. Owned by the famous Mellon family, the bankers, Gulf petroleum was to rise from a state of mismanagement under James Guffey into one of the world's major oil companies. We will go into the actions of Gulf, Texaco and the other companies that we have seen at a later chapter of this work. But it will surprise us to say at this juncture that these oil companies never actually function independently. They have always had links, accords and compromises amongst and between them. The fact that we did not mention the other members of the former Standard Oil Trust does not mean that they are unimportant or that they are no more active in the oil industry.

¹ We will discuss the ChevronTexaco/ Ecuador case in Chapter 12 of this work.

We reserve the analysis of their activities and what they became to the section of this work that will treat the interwoven structure of the oil companies and their mergers. Now we will like to look at the European oil companies and see how they came into being.

The Royal Dutch Shell¹

The first European company to dominate the oil sector is the Royal Dutch Shell Company. This company popularly known by its simple form Shell has been a dominant group in the European and global oil market for more than a century. The history of Shell is different from that of the American companies. The Shell Company was founded by Marcus Samuel, son of an Anglo-Jewish merchant who made his fortune selling seashells. The main distinguishing factor between this company and the American ones is the fact that the latter has a rich technical and professional background in the oil sector whereas the former was more or less a novice at the onset in this industry. Marcus Samuel's main attribute is that he is an intelligent trader that knows a good business opportunity when he sees one; thus when he had an opportunity in the late 19th Century to enter the oil market, he seized the opportunity and made all efforts to convince the Rotschids of Paris to back him up financially. This alliance between the Rotschids and Samuel Marcus was what made the foundation of Shell Petroleum possible.

At the beginning, the Shell Company had a great difficulty on their way to the Petroleum world. That obstacle was the Standard Oil Company. Samuel Marcus and the new Shell company were, however ready to confront any opposition. Their new company ended up winning customers in Asia and even threatened the Standard Oil's business in that region. But Standard Oil was not the only obstruction to the aspirations of the Shell Company. There was another obstacle on Shell's way to the top and that was the Royal Dutch Company. Founded in 1890, after a decade of relentless efforts of Aeilko Jans Zijlker, the Royal Dutch Company was seen as one of the fastest growing oil company of the time. It enjoyed the protection of the Dutch King, William III, who granted it the title "Royal" By the end of the 19th Century, approximately 20 years after its establishment, its progress had made it a player that must not be ignored in the international oil market and the two most powerful companies of the time, the Standard

¹ Our source of information on the history of the Royal Dutch Shell was mainly adapted from D. Yergin's The Prize

Oil Company and Shell were desperately making moves to acquire it. These moves culminated in the signing of an agreement, in June 1902, by Samuel Marcus of the Shell Oil Company, the Rotschilds of Paris and the Royal Dutch company. This agreement is virtually the first international major merger in the oil industry and that was what gave birth to the British Dutch Shell, though it was called the Asiatic Petroleum Company at the time. Unlike the Standard Oil Company, the English and Dutch governments were from the start always supporting the Royal Dutch Shell. So when the Standard Oil group was disintegrated in 1911, the Royal Dutch Shell became the second major player in the global oil industry.

The hold of the Standard Oil group and the Royal Dutch Shell on the oil industry had always been an issue of great discontentment for the other European nations, most especially the Western European countries. The reason for that was that it was quite obvious, even at the beginning of the 20th century, that petroleum resources and its control have become an inevitable prerequisite to industrialization. With its diversified use in the energy industries and the automobile sector, Petroleum has proved to be a must have for any country aspiring to have a place in the rapid industrial progress of the 20th Century. This realization made other countries to create their own oil companies in order to protect their interests in the oil sector.

British Petroleum

England started by ceasing the Deutsche Bank-owned petroleum company operating in England for years under the name of British Petroleum. This seizure done during the First World War went a long way to aid the successful execution of the war by the British forces. The Anglo-Persian Company founded by William Knox D'Arcy later bought this company and with the acquisition of the British Petroleum Company, Anglo-Persian equally acquired its name. We must note here that the British government was the first to make a national oil policy and that this policy presented by Winston Churchill to the British House of Commons on the 17th of June 1914 and overwhelmingly adopted by the parliamentarians made it possible for the British government, through its injection of £2 million,¹ to acquire 51 percent, more than half of the stock of the Anglo-Persian Oil Company thus making it the first national oil company in the world. British Petroleum will end up merging with one of the Standard

¹ British Petroleum taken from BP Corporate Website:
<http://www.bp.com/genericarticle.do?categoryId=2010123&contentId=2000904> July 12, 2004

Oil companies, the Standard Oil of Indiana known as Amoco. This merger, which took place in 1998, brought the company to the third position in the world energy sector. We must affirm here that British Petroleum and the Royal Dutch Shell, in spite of their apparent differences, never stopped working in conjunction with each other whenever it is necessary. The case in Nigeria where they had a common front known as Shell BP is just one of their endless alliances.

After the First World War, and the effects that the supply of petroleum had on the execution of the war, the other European countries that were not yet into the petroleum business, realized that ignoring the oil market will be to their greatest disadvantage and will lead to their detriment in the case of a new war and can even undermine their efforts to modernise their industrial sector. This was the driving force that led to the establishment of several national oil companies in Europe. France, Belgium and Italy were the three other European countries that made considerable impacts in this national oil company venture with the TotalFinaElf on the French and Belgian side and Agip on the Italian side. We will first look at the French/Belgian oil companies in the international oil sector and then we will conclude with the Italian group.

Total

The French oil conglomerate, as we know it today, was formally launched in 1924 after the concerted efforts of former Prime Ministers, Georges Clémenceau, Raymond Poincaré, Alexandre Millerand, a French industrialist Ernest Mercier and a host of French bankers and business enterprises. The aim of this company was like that of most national oil companies, to gain independence in the energy sector. At its establishment, the French government decided that the company should be neither a public enterprise belonging to the state nor shall it be a complete private company. This decision was taken because the parliamentarians that voted for its formation did not want it to become a state monopoly and on the other hand, they did not want the company to be a private enterprise because it will deny the government the control that it needed in order to regulate the oil industry and be able to monitor its activities. Most of all, the state wanted to use the company to protect itself against foreign oil companies especially those of the large Anglo-Saxon trusts like Standard Oil or British Petroleum.

However, we should note here that, the fact that the Compagnie Française du Pétrole was the first concerted effort from the French government to actively participate

in the international oil industry does not mean that there were no considerable French interest in the oil sector heretofore. The Rothschilds family and their chain of finance houses have had a great and often decisive impacts on most of the oil deals in Europe from the earliest days of the European oil market.¹ Thus at its establishment, the Compagnie Française de Pétrole had financial support from a good number of French banks and companies, in all, there were investors from ninety different businesses. In 1928, the French government; through a legislation passed in March of that year was able to gain direct ownership of 25 percent of the company and clauses in the legislation were made to protect the company and French refineries from foreign investors and competition.

According to Daniel Yergin, “*CFP was ready in the words of a French deputy, to become “the industrial arm of government action.” And the French government had now positioned itself as a major contender in the struggle to obtain the oil riches of the Middle East.*”² Actually, that was exactly what happened. The French companies in the petroleum sector were well protected with tariffs and they were assured of steady supply of petroleum products from the CFP. By the late fifties, CFP had become an active and successful player in the international oil market. Immediately after the Second World War, the French government established a new group of companies called Bureau de Recherches Pétroliers (BRP). This group almost entirely owned and controlled by the French government was assigned to explore for oil all over the world most preferably in the areas that the government has considerable control. The group ended up striking oil in Gabon after several years of exploration. The mission of the French government at this stage, according to Yergin, was “*to have French oil production around the world at least equivalent in volume to France’s own consumption, thus helping the balance of payments and promoting security*”³ The discovery of petroleum in Algeria in 1956 was a great boost to this enterprise, more so because the CFP was engaged in a tough battle with the other oil majors in Iraq and the entire Middle East region. The Algerian oil was discovered by a new group of French government-owned companies by the name of Régie Autonome des Pétroles. And they were the ones to run the oil business in Algeria.

The BRP and the RAP were to continue as the French government’s arm in the international petroleum sector until 1965 when the French government decided to merge

¹ See *Supra* 44

² Yergin 190

³ Yergin 525

the two groups. That merger gave birth to the first largest French group in the oil industry and it was baptised *Entreprise De Recherches Et D'activités Pétrolières* (ERAP). Elf was added as a prefix to this name in order to retain the popularity that the name 'Elf', which formerly belonged to one of the products of the groups before the merger, had achieved in the petroleum sector. With time, the main name ERAP became an unpopular suffix and ended up being dropped. Elf was retained as the popular identification of the French group. This group gradually grew to become one of the oil majors and it subsequently started having joint ventures with the other majors, this is usually a sign of acceptance into the exclusive 'club' of majors. Through its growth, it was known as Elf –Aquitaine and this would remain its name until the great merger. This is not the end of the history of the French companies.

Compagnie Française de Pétrole continued its battle in the Middle East with the other majors. It won the Iraqi oil contract, making it the major foreign company in that country and confirming its presence in the oil sector. It gradually started establishing its branches throughout the globe and gaining more power and influence through its various acquisitions. Among the companies that were adopted into the fold were, *Hutchinson Mapa* (1974), *CSX Oil & Gas* (1988), the *Spontex* group (1989), *Orkem* (1990). Meanwhile the French government gradually started releasing its grip on the company. In 1992, the government reduced its share in the company from 31.7% to 5.4% and in the following years, it kept on with its release of shares and went down in 1996, to its present 0.97% in the company.¹ Total still made a number of acquisitions in the United States, in Spain and in Brazil before its merger with the Belgian number one petroleum company, *PetroFina* in 1999. We will not go into the history of *PetroFina* but we will like to note that at the time of this merger, the Belgian company founded in Anvers, Belgium by a group of businessmen in 1920, had already made its name to be widely known in the international oil scene, especially with its activities in Congo, Angola, Canada, Egypt, and Mexico to mention but a few. After the merger in 1999, the group then known as *TotalPetrofina* was still enlarging and in the year 2000, the former CFP, then *TotalPetrofina* achieved one of the biggest mergers in Europe and in the global oil industry. That was the fusion of *TotalPetrofina* with *Elf-Aquitaine*. This merger was designed to reinforce the influence and power of the French group in the global oil sector and this brought the new company *TotalFinaElf* into existence and

¹Total S.A., taken from internet website <http://www.totalfinaelf.com/ho/fr/profile/history/index.htm> (20/06/ 2004)

gave it the honour of occupying the fifth position in the ranks of the largest oil companies in the world. The group on the 6th of May 2004, after a unanimous vote by its shareholders in Paris changed its name and readopted the old name Total.¹

The Agip establishment

Azienda Generali Italiana Petroli (Agip) was created in the 1920s by the Italian government in response to the demands of the time. It was to help Italy to be competitive in the oil market and to help it protect itself from the foreign oil companies that was dominating the Italian oil market. On the domestic scene, Agip was able to make its presence felt as early as 1930 but on the international scene, Agip was more or else in a dormant situation until Enrico Mattei was nominated to manage its affairs. Mattei was the one that changed the company by the creation of ENI Ente Nazionale Idrocarburi in 1953. This brought all the government owned petroleum companies and agencies under one corporation and under one director. Mattei's main objective was to get Agip and the Italian government into the exclusive club of multinational oil nations. He wanted Agip and Italy to become major players in the international oil market and was ready to go all the way in order to achieve this objective.

In spite of all his shortcomings, Mattei was able to push Agip and the Italian government into the international oil circle. He attacked the International majors and was the one to nickname their cartel "Sette Sorelle"² 'the seven sisters' that was later to be used as the title of Anthony Sampson's powerful masterpiece on the international oil cartel the Seven Sisters. Mattei was the one to break, though temporarily, the oil majors hold on the producing nations. This he did by making a deal that granted seventy-five percent of returns to the Iranian government. This had great and devastating consequences on the fifty-fifty arrangement that the oil majors had up till that time with the producing countries. But the most important impact of Mattei's incursion into the oil world was that his actions and his deals made it possible for the producing nations to react and demand a better proposition from the oil companies and later led to the formation of OPEC. Agip under the ENI umbrella ended up making itself a comfortable place in the oil market. By the late sixties, Agip/ ENI has already made its mark in the international oil sector. Today it is one of the global multinationals and has its full membership in the exclusive international oil companies where it is listed among the

¹ Total was the brand name given to one of the most popular products of the CFP in 1954

² Yergin 505

first twenty companies in the global energy sector. We will just remark here that Agip's membership in the oil majors' group has assured it the same treatment like the other majors. It has multiple Joint Venture agreements with the other oil majors and it operates in more than seventy countries.

After the brief histories of the above American and European multinationals in the global oil market, we have seen that there exist a lot of differences in their origins and formation. First of all, we noted that the American companies had a greater advantage because of their long experience in the oil sector. They have acquired a great influence and power through their multiple confrontations between them and their clients and most especially between them and the United States Government. The fact that the United States had an immense reserve of oil is another factor that should not be neglected when making a comparative study of these companies. It was this advantage that made it possible for the American oil companies to dominate the world oil market because they were formerly the main producers and suppliers of petroleum products to the other countries. Another point that should not be neglected in the development of the companies is the size of the American domestic market compared to that of the other countries.

On the side of the European companies, the most important asset that they had from the beginning was the support of their respective governments. In spite of the fact that this can sometimes be a disadvantage, it is a well-known fact that without the strong support of the British government, British Petroleum would not have been able to attain the heights that it did in the international oil market. Even the Royal Dutch Shell depended highly on the British and Dutch governments for its protection in its various affairs overseas. The French government was the pillar on which the French oil companies depend for their support. At the beginning of the European oil companies, we might say that the quest for domination of the oil sector was prompted by a justified reason, which is simply the natural human response to a threat. In this case, the scarcity of petroleum was a threat that no country at the turn of the Twentieth Century would have ignored. And the next reason for the implication of governments in the oil industry was pivoted by the drive to protect and maintain the domestic economy and insure its security. "Petroleum at its early days had proved to be a weapon with which the controller can hold the buyer at ransom. This would be proved in the two World Wars and later on in the early days of OPEC when the producing countries successfully used it against the non-producing ones.

But the above reasons was gradually overshadowed by the profiteering factor that was the main motivation of the first American companies. The European companies gradually dropped their nationalistic motivations to embrace the main principle of the Standard Oil Company: the maximization of profits. They so excelled in this field that they became successful participants in the international profit oriented oil industry. The various mergers between these companies and the American Standard oil affiliates are good attestations to their success. We will conclude this chapter by saying that the drive for maximum profits is the main common feature between the American Oil companies and their European counterparts. We will try to prove the verity of this statement in the course of this work and we will start the next chapter with the effects of this profit-oriented business objectives on the people of the Niger Delta during the oil crises of the 1970s.

Chapter 6

The Oil Boom and the People of the Niger Delta

In this chapter, we will like to look at some of the activities of the major multinational oil companies in the Nigerian Niger Delta region and see the differences that exist between the European companies and the American ones. In order to do this in a comprehensive way, we will like to start with the era of the beginning of intensive oil exploration and production in the Niger Delta: the oil boom years. We chose to start with this period because it was the period that marked an epoch in the history and lives of the people of the Niger Delta and their environment.

The discovery of oil in the Niger Delta was in itself, a phenomenon that changed the history of Nigeria as a country and that of the Niger Delta and its inhabitants in general. But the effects of this discovery were not apparent until after the Nigerian civil war. The reason for this was that the exploration for oil and its production was at a low key before the war and immediately after it. However, the world has greatly changed and the international economy and diplomacy had already taken the route towards the trend of globalisation. This situation was to change at the end of the war because of the Six Day war between the newly proclaimed state of Israel and its Arab neighbours led by Egypt under the leadership of Nasser. This war made the Arab countries to impose embargoes on the United States and the United Kingdom. The result of this embargo was a drastic shortage of oil supply, but the embargo did not achieve its aims because there were other sources of oil that can replace the supply of oil from the Arab countries. The main crisis in the petroleum sector was to come at the beginning of the 1970s.

Actually, the great scientific and technological innovations and the modernisation in the industrial sector that followed it made the material comforts of life more accessible to a great number of people, this in turn increased the consumption of energy ergo the scarcity of oil was one of the consequences. The demand for oil suddenly outgrew its supply. Daniel Yergin noted that the “*free world petroleum demand rose from almost 19 million barrels per day in 1960 to more than 44 million barrels per day in 1972.*”¹ The reserves of the United States were stretched to its limits in order to maintain supply, but in March 1971, the peak of United States oil production

¹ Yergin 567

was reached at 11.3 million barrels per day. The alarm has been sounded. Alternative solutions will have to be found in order to protect the United States reserves. Importation of oil was the only solution and the demand was not only high in the U.S., Western European countries were equally badly hit by this scarcity as well as Japan. The result was one of the biggest oil scarcities since the history of the petroleum industry. The effect of this crisis was not the same for oil producing countries.

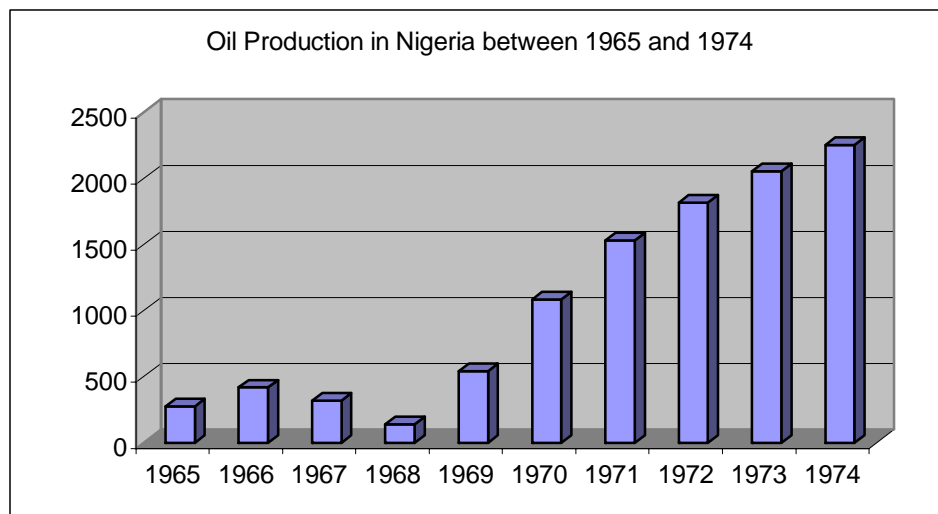
In Nigeria, the oil crisis of the early seventies was a great event. The reason for this was that the country was just coming out of a three-year war. So the oil crisis was called the oil boom in the Nigerian press. It was really a great boost for the ailing economy. It diminished the rate of adverse impacts that the war had on the economy and it helped the government in power to re-establish its authority over the nation. The revenue from the boom was used to undertake the construction of the infrastructure that were destroyed during the war that lasted over three years. The question here is if all these were done, where was the problem then?

The main problem was that the people from the Niger Delta area, the oil producing communities were not satisfied with the policies of the government and they started making their dissatisfaction known. They reported that they did not get enough financial allocation from the federal government. Their argument was that the oil sector was becoming the main source of revenue to the Federal Government of Nigeria and they, the people from whose land that oil was being produced should get a better treatment from the federal government. A look at the table 2 that we presented at chapter three of this work shows that the federal government revenue from the oil sector increased dramatically during the years of the oil crisis. Revenue from the oil sector that represented a mere 18.26 percent of total federal government revenue in the 1966/67 fiscal years rose to 80.81 percent of total government revenue in the 1974/75 fiscal years.¹ The next major effect of the oil boom on the Niger Delta and its people was the fact that the oil crises made the search for new sources of oil in Nigeria to become more urgent and exploration in the Niger Delta was increased.

In the following graph, we can see the rate of oil production in Nigeria between 1965 and 1974. In that graph we see that oil production in Nigeria in 1965 was below 500,000 barrels per day, the exact figure was 240,000 barrels per day. In 1966, Nigeria

¹ See Supra Ch. 3, 23

produced 418,000 barrels of oil per day. In 1967, 319,000 barrels per day was produced and at the height of the war in 1968, oil production in Nigeria dipped to 141,000 barrels per day. By 1969, when the war was getting to an end, the level of production increased remarkably and went beyond the rate of 500,000 thousand barrels per day. In that year, Nigeria's oil production was 540,000 barrels per day. From that year onwards, the production soared because of the global oil crisis. In 1970, Oil production in Nigeria attained the one million barrels per day mark. Production for that year was 1,084,000 barrels per day. In 1971, Nigeria got to the one and a half million mark in our graph producing 1,531,000 barrels of crude oil per day. In 1972, Nigeria's production increased to 1,818,000 barrels per day. The two million barrels mark in our graph was attained in 1973 when oil production was 2,056,000 barrels per day. 1974 was the record breaking year in the Nigerian petroleum industry with 2,265,000 barrels per day. That was the peak of Nigerian oil production during the petroleum crisis and it remained one of the highest production years second only to 1997 with its 2,303,000 barrels per day.



Graph 1¹

We can see from the graph that crude oil production in 1965 in Nigeria was almost a tenth of the production in 1974. This graph corroborates the data that we presented in table 2 of chapter three which showed that the revenue from the oil industry which constituted 18 percent of the Federal government revenue in the 1966/67 fiscal year jumped to 80.81 percent of total federal revenue in the 1973/74 fiscal year.

¹ Information on this graph was adapted from the BP *Global Oil Statistics Report* taken from internet site http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/publications/energy_reviews/STAGING/local_assets/downloads/spreadsheets/statistical_review_of_world_energy_full_report_workbook_2004.xls July 15, 2004

With this heightened production and revenue that accrued from it, came the elevated rate of hazards from the activities of the petroleum industry. The reason for this was that more exploration was done and oil exploration is highly drastic on the environment and on the people. The people of the Niger Delta started at this time to denounce and condemn the unhealthy activities of the oil companies and its effects on them. The outcry of the people of the Niger Delta dates back to the early days of oil exploration on their lands and waters. The problems that made the people unhappy are innumerable. We will try to list some of them and try to analyse the most prevalent and how they affect the people and their environment. The question that most people ask is: why were these people (Niger Deltans) unhappy when the oil boom was yielding enormous income?

The situation in Nigeria is not the same with some of the other oil producing countries like the United States where land is owned by the citizens. In Nigeria, we can say that all land belongs to the Federal government although the legal intricacies of the constitution might make one to believe otherwise. The land decree that we have described in chapter four of this work makes it impossible for the ordinary Nigerian citizen to wholly possess a piece of land since the federal government can decide at any time that the land is needed for the benefit of the country. This clause in the constitution is not novel; it is obtainable in other countries especially in case of *force majeure*. One is forced to ask *but where is the problem?*

The problem is that in other countries lands are not seized arbitrarily as is the case in Nigeria most especially in the Niger Delta. Under normal legal process, the federal government is supposed to justifiably indemnify or compensate the people that their lands are confiscated. The problem in the Niger Delta is that the reputation of federal government on this issue has never been trustworthy. Most cases are not treated at all because the lands in question are not owned by individuals but by the community, as it is common in Nigeria. This makes it legally difficult for the members of the community to have individual legal claims to their lands. The federal government and the multinational oil companies exploit this legal weakness to expropriate the citizens of their lands.

In other cases, the individuals that have legal claims to their lands are inequitably compensated for their lands. In one of the reports of a fact finding mission on Nigeria by the Human Rights Watch Organisation, the non governmental organisation noted that it is very difficult for individuals to obtain any tangible

compensation for their lands because of the simple fact that all the processes involved are regulated one way or the other by the oil companies. In this report, it was noted that,

“Often, the Nigerian government effectively entrusts the oil companies themselves to provide the facts on such matters as land claims and valuation, environmental impact assessments, agreed terms of compensation for property and labour, assessment of sabotage, and damage claims. Most negotiations for compensation are bilateral, between the community affected and the oil company concerned, although government structures may play a nominal monitoring role. The process of valuation, negotiation, and payment is therefore in practice controlled almost entirely by the company. The affected communities, without effective government support or technical assistance, are in an unequal bargaining position, largely obliged to accept whatever compensation is offered by the companies in such situations.”¹

In a situation like this, it is not surprising that the people are protesting against the system because since it is in the power of the oil companies to evaluate, negotiate and compensate, it becomes impossible for the landowners to be justifiably indemnified for the loss of their lands to the companies. In most cases, the multinational companies have refused to compensate members of the community and these community members have no other means of asking for redress. Since there is no means of asking for a third party expert evaluation of the properties in question, and we know that the oil companies are highly profit oriented, it becomes unlikely that the oil companies will compensate the landowners in a just manner. In some cases, the local landowners try to protest, or engage independent lawyers to defend their interests but the Nigerian security forces who, as a matter of fact works with the oil companies harass these legal practitioners. The Human Rights team has this to say concerning this issue:

Protests—or even the presentation of claims—are routinely disrupted by violent police actions and arbitrary arrests. Although there are independent lawyers and environmental groups attempting to monitor oil company compliance with the law and assist the oil communities in pressing their claims, their activities have in the past been seriously

¹Human Rights Watch, *THE ROLES AND RESPONSIBILITIES OF THE INTERNATIONAL OIL COMPANIES* on Nigeria taken from internet website http://www.icaionline.org/xp_resources/icai/oil_companies/roles_and_responsibility.pdf 5 20/06/2004

*hindered by security force harassment, office raids, detentions, and other repressive measures.*¹

These harassments, raids of offices, illegal detentions and other repressive measures make most of the lawyers to refuse to represent the local individual landowners and the communities in cases against the oil companies. This is among the various reasons why during the oil boom, the Niger Delta region and its people did not see any important positive change in their lives or in their environment instead the changes were negative and devastating for their welfare. The oil boom and the consequent revenue that accrued from it never reached the Niger Delta people. The benefits of the oil boom were shared between the Oil companies that made immense profits from it and the Federal Government of Nigeria. It will be more accurate to say between the oil companies and the high officials of the federal government of Nigeria. We make this affirmation because various studies done in relation to that period showed that the gains of the oil boom largely went to the private foreign accounts of the officials of the government. And when in some cases the government made a show of initiating projects, these projects were mostly not beneficial to the Nigerian people because the contracts were channels of siphoning government funds into private pockets and these contracts were awarded to foreign multinationals.

The construction of the refineries in Port Harcourt and Warri in the Niger Delta and Kaduna in the Northern part of Nigeria was done by foreign multinational companies of course and are currently being managed by them. NNPC is supposed to be the owner and manager but due to its lack of expertise and finance, most of the activities of the refineries were sub-contracted out to multinational companies. In the recent plan to rehabilitate the Warri refinery, Shell Manufacturing services (SMC) a subsidiary of Royal Dutch Shell was commissioned in 1990 to evaluate the refinery and to act as a consultant after its rehabilitation. It should be noted that most of the supplies of equipments and their installations in the Warri refinery were initially done by Snamprogetti, the Italian engineering company. The Turn Around Maintenance contract for the Kaduna refinery has been awarded to Chiyoda Corporation, a Japanese engineering company. Plans are underway for the privatisation of all the national refineries and there is no doubt that they are going to be acquired by the multinationals.

¹ Human Rights Watch, THE ROLES AND RESPONSIBILITIES OF THE INTERNATIONAL OIL COMPANIES ON NIGERIA taken from internet website http://www.icaionline.org/xp_resources/icaioil_companies/roles_and_responsibility.pdf 5 June 20, 2004

In some cases, the claims for compensation by the local communities have resulted to the tragic deaths of the local landowners. The Human Rights Watch report that we mentioned earlier noted that in one of the cases at Elele, Rivers State, in which Elf Petroleum company was concerned, a young man that went to demand compensations for the family land on which oil production activities were being carried by Saipem, the contractor working for Elf, got detained and beaten by military men. Elf made no attempt to assist the youth.¹ In another of the various incidents in which Elf Petroleum Company was implicated, five members of the landholders' family in Obobura, Rivers State were detained and charged for sabotage following their demand for compensation from Elf. The demand was made because there was an oil leakage on their land which was caused by Elf activities. After their detention, their demand for compensation were rejected based on an analysis made by Elf. Examples like this abound in the relationship between the oil companies and the oil producing communities

The oil boom equally made it more dangerous to live in the Niger Delta because of the increased level of exploration and production of crude oil as we have noted earlier. These two activities destroy the Niger delta and its environment and put the people in a perpetual state of despair. To cap it all, the federal government made no attempt to alleviate the plights of the Niger Delta people during this period. Various studies by different organisations and associations have shown that the cost of living has been on the increase in the Niger Delta and that most people living in the Niger Delta are living below poverty level. This situation is worsening from day to day but the main cause of it came from the oil boom period. If not for the oil boom, most areas of the Niger Delta would have escaped the hardships that they are currently undergoing. We state this because without the oil boom, intensive exploration in the Niger Delta would not have taken place and its intensity would not have attained the level that it did.

We have to note here that in spite of the problems that the Nigerian nation faces due to the misappropriation of public funds from the oil sector and the plights of the people of the Niger Delta, the oil companies were the ones that made the most of the profits from the oil boom. And in this particular case as in other ones, the profits like

¹ Human Rights Watch, *THE ROLES AND RESPONSIBILITIES OF THE INTERNATIONAL OIL COMPANIES ON NIGERIA* taken from internet website http://www.icaionline.org/xp_resources/icaioil_companies/roles_and_responsibility.pdf 5 June 20, 2004

their actions were general, both the European and the American companies made large profits out of the oil crises.

We will conclude this chapter by saying that the oil boom was not only detrimental to the people of the Niger Delta but also was the main source of the current hardships that they are facing. Among the main problems that was aggravated by the oil boom are Gas flaring which leads to pollution and acid rains, bribery and corruption in the government and politics and great environmental hazards caused by the arbitrary dumping of toxic wastes by the oil companies and so on. We will analyse these problems in the subsequent chapters of this work. We will start from the disasters caused by the oil companies in the Niger Delta in the next chapter.

Chapter 7

Nefarious practices of American and European oil companies on the Niger Delta

Environment

The major oil disasters and their impacts on the environment

Oil exploration, its production and transportation have always been a risky business from the outset. The first oil disasters in the history of the petroleum industry took place in the United States of America. The town of Cornplanter in Pennsylvania which was later renamed Oil city was the first place that petroleum explosion claimed lives in a big number. This town which was among the first in the United States where oil was explored and produced in great quantities had their first disaster when, in April 1861, the people that were drilling for oil suddenly struck it in a new way. The difference between this discovery and the other ones was that this strike had to do with a flowing oil well. The oil from the well was gushing at about three thousand barrels per day. The force of this flow was so much that the gas accidentally got ignited and detonated a great explosion. The fire from this explosion claimed the lives of nineteen people and as was reported by Daniel Yergin in his book The Prize, the inferno lasted for three days before burning out.¹ Cases like this abound in the oil industry but the most common and the most destructive is the oil spills.

Oil Spills in the Niger Delta

Since the beginning of oil exploration in the Niger Delta, various oil-related disasters have affected the people of the Niger Delta. But none of these disasters can be compared to the harm done by the spillage of oil on the environment. The report by World Bank Environment Specialist David Moffat and Professor Olof Linden of Stockholm University says that: “*even official statistics suggest that every year the delta is polluted by 2.3 billion cubic metres of oil from some 300 separate spills, almost one a day, but that the true measure may be 10 times higher.*”² The rate of oil spills have been so tremendous in the Niger Delta that even the Nigerian Federal

¹ Yergin 30

² Geoffrey Lean, in *Oil Bringing Untold Hardship in the Niger Delta*, taken from internet website <http://archive.greenpeace.org/comms/ken/onsla001.html> (July 20 2004)

Environmental Protection Agency which under normal circumstances works for the oil multinationals, protecting their interests was forced to make a public statement on the issue through their Director Mr Evans Aina who declared that the operations of the oil industry in Nigeria has led to extensive environmental degradation. A report of the Green Peace Organisation on the Niger Delta declared that 2,796 oil spills was registered in Nigeria between 1976 and 1990. These spills have released some 2.1 million barrels of oil.¹ The accident of the giant oil tanker Exxon Valdez that took place on Friday March 24, 1989, when the oil tanker collided with the rocks at Bligh Reef in Alaska, will be nothing when compared to the spills in the Niger Delta. For information purposes, we will like to state that the Exxon Valdez accident released 240,000 barrels of petroleum into the seas. The result was disastrous; it was tagged one of the most disastrous oil spill in the history of the oil industry. More than \$2 billion was spent in order to clean up the spill but without success. The effect and marks of the spill still remains till date. If we compare the Exxon Valdez accident to the oil spills in the Niger Delta, we notice that it will take 8.75 times the spill of Valdez to meet the spills recorded in the Niger Delta just between 1976 and 1990.

It is important to note that these spills in the Niger Delta are caused by the multinational companies European and American alike. The situation is so difficult that almost nothing can be done by the poor local landowners when confronted with the great multinationals Jędrzej Fyrnas writes in his book Political Instability and Business: Focus on Shell, that:

*“Legal action against Shell has been futile in most cases, primarily because the company has been able to put the blame for oil spills on incidents of sabotage, for which no compensation is paid. In 25 percent of the legal trials during the 1989-94 period, Shell convinced the courts that environmental damage was the result of sabotage.”*²

The Nigerian constitution makes it impossible to fine a company if it is proven that there was sabotage in a case of oil spill. Thus the oil companies are always using that law as a means of evading compensation for damages caused by their activities. It

¹ Jed Greer, Mobil Greenwash Snapshot: A case study in oil pollution, a biodegradability scam, “green collar fraud,” and sham recycling, Green Peace international, 1992 taken from internet site <http://www.ecologycenter.org/iptf/plastic_types/bioscam.html> November 29, 2003

² Jędrzej Fyrnas, “Political Instability and Business: Focus on Shell” 464.

was noted in the studies done by Human Rights Watch that we mentioned earlier that 60 percent of all oil spills recorded in 1996 were attributed to sabotage, and in 1997, the figures rose to 80 percent.¹ The reason for this increment is that the oil companies are using the sabotage clause to evade prosecution. The report made by the West Central African Department of the World Bank in 1995 stated that *oil spills are generally caused by the oil companies themselves, with corrosion of equipment and pipelines being the most frequent cause.*²

What is more difficult for one to digest is that in most of the remaining cases where Shell is condemned to pay for damages, the Shell company has been able to include the fines as a production expenditure in its Joint Venture contracts with the Nigerian government. And as we have noted in chapter three of this work, we know that the terms of the contract between the NNPC and the oil companies makes the profits of the joint ventures and production sharing contracts to be shared between the government and the oil companies only after the expenditure made in the course of production must have been subtracted. This in other words means that Shell and the other multinational companies, even when prosecuted and forced to pay for oil spill damages, do not pay from their pockets. This compounds the situation for the people of the Niger Delta because the Nigerian government, aware that the fines and compensations imposed on the oil companies are deducted from the companies' purse under production expenses are doing all that is possible to make sure that the companies do not pay. What we are trying to state in simple words is that the fines and compensations are not paid by the oil companies but by the Nigerian government. And this was what prompted Chris Hajzler's stance on this issue when he stated that: *"the government is picking up the tab where compensation to local communities is due, as such transfers are deducted from taxable profits as a production expense. This means that any legal action seeking compensatory payments is, in essence, a demand made upon the government, raising the question of whether any truly objective decision on the matter can be made."*³

Examples abound in the Niger Delta to justify Chris Hajzler's observation. For instance, in June 2003, an oil spill from a pipeline belonging to the Shell Petroleum

¹ Human Rights Watch, *The Price of Oil*, p.82.

² World Bank, *Defining an Environmental Development Strategy for the Niger Delta* (Vol. 2). Washington: West Central Africa Department of the World Bank, 1995. 75.

³ Chris Hajzler, *Nigerian Oil Economy: Development or Dependence*, taken from internet site <<http://arts.usask.ca/economics/skjjournal/sej-3rd/hajler3.htm>> June 29, 2004.

Development Company (SPDC) in Karama village under the Local Government Area of Okordia/Zarama of Bayelsa State in Nigeria caused great economic and environmental damage to the area and extreme hardship to its inhabitants. The spillage was not properly cleaned and the oil company did not evacuate the indigenes. There was an allegation by the community leaders of the village that SPDC did not do an effective job in order to clean the spill and the result was fires and seepages, which end up destroying the ecosystem. The Federal government neither condemned Shell for this nor did it compensate the Karama people.

Now, if we go back to the issue of sabotage, it is understandable that there may be a possibility for a few cases of sabotage given the attitudes and actions of the oil companies on the local community. But it is not possible that 80 percent of oil spills can be written off under sabotage acts. Chris Hajzler in *Nigerian Oil Economy: Development or Dependence*, writes that “*environmental damage due to sabotage by indigenous protestors cannot be ignored as a violation to the company’s (Shell) operations.*” But he continued and declared that “*It is doubtful, however, that Shell’s claims of sabotage-induced oil spillage are as extensive as the courts have provided.*” He concluded his observation by stating that, “*There is little benefit for community members that pollute their own farmlands, especially in consideration of the low chance of compensation.*”¹ Saying that sabotage is the main cause of oil leakages and spillage in the Niger Delta cannot be accepted given the reputation of these companies in the world. It is not only in the Niger Delta that these companies operate and the environmental hazards that are caused by their activities are common in other places.

In the United States where most of these companies have their headquarters, there are numerous cases of spillages and leakages emanating from the operations of the companies. A good example of this that can be used to support our point of view is the rupture of Mobil's pipelines in Los Angeles in 1988, this rupture spilt 130,000 gallons of oil that contaminated the Los Angeles River and killed hundreds of fish and dozens of birds. At that incident, the Los Angeles Department of Transportation declared that it was the sixth time there was such a rupture in the city since 1973. Most interesting is that the city of Los Angeles charged Mobil with negligent maintenance, the company was obliged to replace 75 miles of leaking pipelines in California in 1990. A Green Peace article reported that, “*Mobil's refinery in Torrance, near Los Angeles, has*

¹ Idem

experienced many accidents, spills, and violations. At least two Mobil's workers died and about fifteen injured between 1987 and 1989 from four major explosions and several fires at the facility.¹ These tragedies were what prompted the Torrance City Council to order an independent review of the refinery. At the end of the review, the experts concluded that **extreme carelessness and failure to follow safety guidelines on the part of Mobil were to blame for the incidents.** Between 1988 and 1989, Mobil has been obliged to pay \$34,000 in Occupational Safety and Health Administration fines for 105 safety violations. In the light of these information, we can see that the cases in the Niger Delta are neither exceptional nor isolated cases. They fall into the modus operandi of the oil companies and can be added to their proclaimed "corporate responsibilities."

The main effect of oil spills is environmental pollution. Agricultural farmlands and waters are the most hit by these spills but sometimes, oil spills can turn into an immediate and devastating tragedy. This was what happened in October 1998 at Jesse town when a broken pipeline caught fire and killed more than a thousand people. The cause of the fire has remained a mystery till date but a lot of studies done on that incident by various non governmental organisations confirmed that the oil companies and the NNPC were aware of a leakage in the pipeline even weeks before the inferno but they did not intervene to repair the pipelines until the accident happened. The government and the oil companies claimed that the cause was an act of sabotage. Instead of sending aid and rescue teams to help the victims of the inferno, they sent soldiers to go and arrest the supposed culprits. Till date, nobody has been held responsible or prosecuted for the incident.

Though the Jesse incident was the most terrible in the history of oil fires in Nigeria, that does not mean that it is the only pipeline disaster to kill villagers. In July 2000, pipeline fire killed 250 people close to Warri in Delta State. Barely six months after the Warri incident, a pipeline explosion in December 2000 claimed the lives of 60 people in Lagos State. On the 26 of June 2001, another pipeline belonging to the Shell Petroleum Company exploded and spilt thousands of barrels of oil into the Miniamu River. The most touched was the Ogbodo community who depend on River Maniamu for their drinking water and fishing. This time, Shell could not deny that the explosion was caused by negligence on its part because the pipes were worn out and rusted.

¹ Jed Greer Green Peace, 1992

Nevertheless, Shell managed not to live up to its responsibilities. It never fully compensated the community for their loss. The most recent of the disasters is the Amiyi Uhu explosion in Abia State. This explosion, which occurred in the year 2003, claimed the lives of 120 people. There are a lot of other disasters like this that are caused by negligence but their size not being as big as the aforementioned ones, end up not making the news headlines.

What is most interesting for our study is that the European and American oil companies have their fair shares respectively in these explosions and oil spills. The first position on our list of companies with the largest record of oil spills is Shell Petroleum Company, followed closely by Mobil and at the third place is Total while ChevronTexaco gets the number four position. Other companies on this list are Agip and ConocoPhillips. We must state, however, that this list is not exhaustive and was prepared by us from information on occurrences that we have been able to collect. Now that we have seen the problems caused by oil companies through the spillage of petroleum products on the environment, we will like to look at another of the nefarious activities of the oil companies in the Niger Delta. This is the problem of gas flaring. We will like to treat the issue of gas flaring first followed by the dumping of toxic waste.

Gas Flaring

Petroleum in its natural reserve is stocked with natural gas. At production, the natural gas in the well comes out at the same time as the crude oil. To get the crude oil, the natural gas needs to be separated from the oil. There are various ways of extracting the accompanying natural gas.

1. It can be separated from the oil and used as fuel for domestic needs, as energy for automobiles and industrial machinery.
2. It can be re-injected into the well and the force is used to facilitate the pump of oil to the surface.
3. It can be burned up into the atmosphere by flaring.

In the three possibilities that we listed above, number one and number two are the most useful and they are being practised in petroleum facilities in the Northern Hemisphere of the globe. Petroleum companies in the United States have converted their facilities to be in conformity with the laws of the United States since a long time ago. Accompanying natural gas from oil wells is recuperated and either used as fuel as in

possibility number one or re-injected into the oil wells as in possibility number two. Gas flaring is a thing of the past over there. The same is the case in the wells owned by the United Kingdom. But in Nigeria, all the companies that are operating there, be it American or European has refused to apply possibilities numbers one and two in their operations in the Niger Delta. They prefer possibility number three. We must underline here that it is the same companies that are in the United States and in Europe that are in the Niger Delta. ExxonMobil, the richest of all the oil companies in the world and Shell its European alter ego have united with their younger sisters Total, ChevronTexaco, Agip, Gulf, ConocoPhillips and a host of others to refuse possibilities numbers one and two on the basis that they are too expensive. We must note here that possibilities numbers one and two are solutions to the environmental crises that are the natural consequences of oil production whereas possibility number three is not a solution but a great and dangerous problem on its own.

The issue of gas flaring has been one of the dominating and disturbing issues in the activities of the multinational oil companies in Nigeria. We cannot continue with this work without stating that Gas Flaring is dangerous for human health. The nefarious effects of gas flaring ranges from optical illness, cancerous diseases to acid rains and irreversible environmental pollution. Heavy emissions into the atmosphere of carbon dioxide, Methane and a lot of other toxic gasses are the immediate results of gas flaring. These dangerous emissions highly contribute to Global warming as was shown in the Kyoto protocol. It was proposed in the late eighties by the Nigerian government that oil companies should stop gas flaring but this proposition was rejected by the oil companies and the government withdrew its proposition and in its place, a fine of 50 kobo was fixed for every cubic feet of gas flared. The irony of this case is that it is just like that of spillage that we saw earlier. Every expenditure incurred during production of petroleum in Nigeria, under the production sharing contract, is underwritten by the oil multinationals but subtracted before the profits are shared between the government and the oil companies. Another important thing is that the Nigerian fifty kobo is less than a cent of the American currency and that of the Euro zone. In other words, the fine is insignificant.

After a series of condemnation from a plethora of international non-governmental organisations, the Nigerian government created a ministry in charge of the environment. It was this ministry that proposed the second measure from the government against gas flaring in Nigeria. In 2001, Dr. Imeh Okopido, the then

Nigerian Minister of Environment, proposed a plan to put an end to gas flaring in the Nigerian petroleum sector. His plan was to stop gas flaring by oil companies in Nigeria by the year 2004. Dr Okopido stipulated that any company that does not abide by this policy would have its licence nullified.¹ But the oil companies were not to be ‘pushed around’ and they vehemently protested and forced the government to shift the date to 2008. Their main argument was that the infrastructure needed to make the policy feasible was too expensive for them to acquire in such a short notice.

What we learnt from these two measures attempted by the Nigerian government and the response of the oil companies is that the oil companies were not planning, at least as of 2001, to make efforts to stop gas flaring. They find it too expensive to be done in the Niger Delta. The main reason for this refusal is that flaring is cheap and the driving force of the oil multinationals is making as much profits as possible. Facts have shown that the multinational oil companies will do anything possible to avoid spending money on things that they consider not profitable to their business. They will use all their strategies to buy time in order to make the most of profits possible from the Niger Delta. They will only try to change their environmental policies as the last resort when every other means have been exhausted. Shell Petroleum development Company in a recent report from the company has indicated that it will not be able to respect the 2008 deadline fixed to bring an end to gas flaring. In this report released in 2003, it was stated that Shell’s target of eliminating all routine flaring by 2008 “is becoming tight.” The company said that it would review the list of resources necessary to achieve it. This seems to be promising but a New York Times article revealed that “*that many [new Shell] oil field projects [in Nigeria] did not include plans to gather natural gas, and that ‘oil production would have to be shut in’, or stopped, unless the company found away to use the gas.*”²

Another important point is that the oil companies are the ones who really decide what happens and when it should happen. The multinational companies themselves make laws in the Nigerian oil industry as in those of most of the other oil producing countries. Before closing this section on gas flaring, we will like to note that Nigeria has the largest reserve of natural gas in Africa; this represents 180 billion cubic feet of proven reserves and is about 78 percent of natural gas in the whole of Africa. Nigeria

¹ Imeh Okopido, Delta Today Newspaper, July 26, 2001, 1

² Jeff Gerth and Stephen Labaton, ‘Shell Withheld Reserves Data to Aid Nigeria’, New York Times, 19th March 2004.

flares 76 percent of her gross production of natural gas and is at the top five gas flaring countries in the world. A report in the Independent Newspaper stated that gas flaring from oil production emits some 35 million tons of carbon dioxide and 12 million tons of methane a year, making it the world's largest single contributor to global warming. Some of the gas flares in the Niger Delta have been burning non-stop for the last thirty-four years and the inhabitants of these areas know no nightfall. These flares release hydrogen sulphide, which produces sulphur oxide in the atmosphere. It is the sulphur oxide that at contact with oxygen in water results into the devastating acid rains that are constant in the Niger Delta region. In the next paragraph, we will look at the actions of the multinational oil companies in regard to toxic wastes.

Arbitrary dumping of Toxic Wastes by the Oil Multinationals

In the production of oil, most especially at the stage of drilling, an array of toxic chemicals is used in order to enhance extraction. These chemicals mix up with the waste that comes out from the drilling of oil and it is called drilling mud in the oilmen jargon. This mud is highly toxic and its disposal is very problematic. It is supposed to be diluted and disposed of in an area where it will not come in contact with human beings and animals. The problem is that in order to do this properly, money must be spent and great care must be taken. The American oil companies and their European sisters do not really like spending money when they can avoid it and in Nigeria, there is no efficient environmental agency to check on these oil companies thus cases of arbitrary dumping of toxic wastes are tantamount.

On the websites of all the oil companies that are operating in the Niger Delta, there is always a section that is devoted to praising the companies for their invaluable contribution to the protection of the environment. And espousing their commitments to an ethical and honest manner in the conduct of their business. But the reality is highly different from the well-formulated and enticing words used on the websites and public utterances of these companies. It was reported on Delta Today Newspaper of April 9, 2001, that Shell Petroleum Development Company was caught dumping poisonous chemicals in farmlands in Oyibo, Rivers State of Nigeria. Ironically, this illegal dumping occurred the same week that Mr. Harriman Oyoyo, a spokesman for SPDC made a speech extolling the virtues of the company in matters relating to environmental protection and community development. Shell petroleum Development Company is however not the only company that is involved in this deliberate act of dumping of toxic

waste. All the other companies are as guilty as Shell in this crime. On the corporate website of ChevronTexaco Nigeria limited, it was stated by the company on their pages dealing with the activities of the company in the Niger Delta that the company disbursed \$4.3 million on eighty-two environmental fines and settlements in 2002. It declared that this sum is primarily attributable to settlements in the United States. In their own words, it was stated that:

In 2002, ChevronTexaco paid 82 environmental fines or settlements for a total of US\$4.3 million. Although the number of individual fines and settlements decreased from 2001, the total dollar amount paid out increased significantly. This is attributable primarily to settlements in the United States. Significant fines and settlements in 2002 included: US\$1.55 million for groundwater contamination near the El Segundo Refinery in California; US\$750,000 for environmental violations at upstream operations in Rangely, Colorado; US\$869,992 for environmental violations in Aneth, Utah, upstream operations; and US\$250,000 in penalties associated with a fire at the Aneth gas plant. In 2002, we also paid 196 fines or settlements for non-compliance with health and safety regulations at our facilities. The total dollar amount associated with these fines or settlements was relatively small.¹

What is most interesting in this extract is that the company itself declared proudly that the fines and settlements in 2001 was primarily attributable to condemnations in the United States of America. This confirms our affirmations at the beginning of this chapter where we stated that the oil companies in Nigerian literarily go scot-free in environmental cases against them. The fines are largely attributable to cases in the United States because there is a relatively stronger administrative and judicial system through which victims can seek redress.

We will conclude this chapter by saying that the fact that oil companies in the Niger Delta are not held responsible for their acts does not mean in any way that the company is more effective in the Niger Delta than in the United States nor that its operations in the United States is more prone to error than those in the Niger Delta. Cases of groundwater contamination and other environmental hazards are legion in the Niger Delta as we have tried to show in the preceding sections of this work but the oil companies exploit the weakness of the government and succeed in not paying or in paying insignificant sums of money for their actions. It is disconcerting to observe that

¹ ChevronTexaco Corporation, Environmental Expenditures and Fines, taken from internet website <http://www.chevrontexaco.com/cr_report/environmental_issues/environmental_expenditures.asp> January 18, 2004

the negative effects of ChevronTexaco's activities on the environment is highly increasing despite their claim to continually improved methods that resulted in their self-provided figures of decreasing number of fines and settlements that they made. Now that we have seen the various ways through which the oil companies conduct their business in the Niger Delta and the effects that they have on the environment, we would like to look at the effects that they have on the Nigerian economy in the next chapter.

Chapter 8

Economic decline as a result of oil industry activities

Revenue from the oil industry represents almost 98 percent of the income of the Nigerian federal government. Without the oil industry in Nigeria today, the Federal government will simply go bankrupt. Successive administrations, civilian and military alike have depended solely on the revenue from the oil industry to run the activities of the federal government. One is bound to think that Nigerians are lucky to have oil reserves beneath its lands and waters. Some people go further to say that Nigeria is blessed because of its oil reserves. The problem is that the petroleum resources in Nigeria have been a source of great dilemma for the Nigerian people from day one. Ethnic rivalry, tribalism, nepotism and widespread corruption have been exacerbated because of the activities of the oil industry. The Nigerian economy is the worst hit by the repercussions from the activities of the oil industry. We will try to prove these affirmations in this chapter with relevant facts and arguments. In order to do this, we will first look at the economic situation of Nigeria before the income from the petroleum industry started dominating the revenue board. Then we will look at the reasons why the petroleum industry undermined the progress of the other economic sectors. We will conclude with the problem of corruption that we believe is closely linked to the petroleum industry.

Nigeria's Economic Outlook in the Early Years of Independence

Nigeria was one of the richest of developing countries in the world at independence in 1960. The agricultural sector was the main source of income at that time. Various cash crops like cocoa, groundnuts, palm produce, cashew nuts, rubber, etc once placed Nigeria at the head of the list of export market in the developing world. These cash crops were great sources of foreign exchange and the economy of the nation was encouraging. The following graph shows the performance of the agricultural sector from 1965 to the year 2000. In 1965, the Nigerian agricultural sector represented almost 70 percent of the GDP. It was the major source of revenue for the federal and regional governments. But that was to be the golden age of the agricultural sector because as we can see from the graph below, the agricultural sector was on a continual downfall since 1965.

However, in spite of the decreased production in the agricultural sector, the place of agriculture in the economy was still relatively secure until around 1974. It was at this time that revenue from the petroleum sector started dominating the Nigerian economy. Actually, at the early years of the oil boom, the income from the oil industry increased enormously. From barely 18 percent of the total federal government revenue in the 1966-1967 fiscal year to more than 80 percent in the 1973-1974 fiscal year.

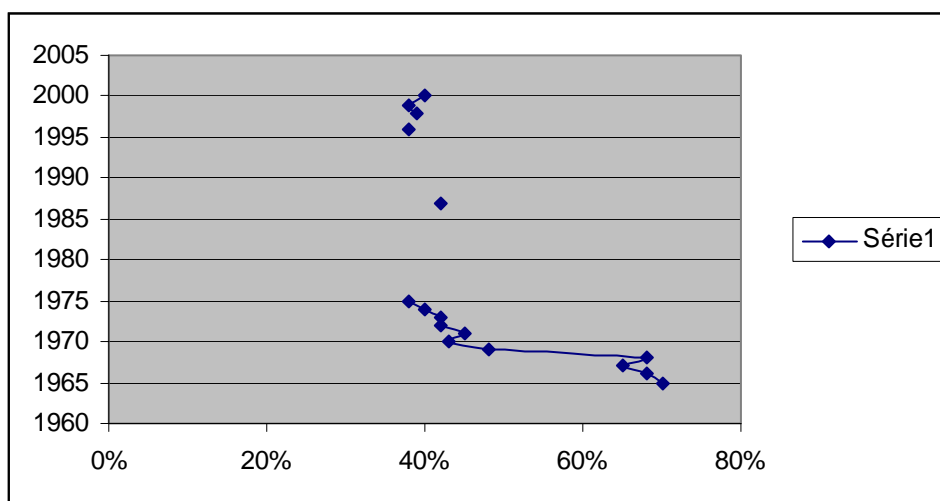


Figure 1 Share of the Agricultural Sector in the Nigerian Economy from 1965 to 2000¹

Revenue from the oil sector gradually surpassed that of the other sectors of the Nigerian economy. We understand that the revenue from the oil sector was important for the Nigerian government. But the problem with oil revenue is that it had a strong detrimental effect on the other sectors of the economy. Agriculture was one of the sectors that heavily felt the impact occasioned by the growth in oil revenue. As we can see from the graph, by 1974, when oil revenue had climbed to 80 percent of the total federal revenue, the revenue from the agricultural sector had descended to below 40 percent of GDP. The direct effects of this was that the agricultural sector started regressing. The income from the oil sector rendered the activities of the agricultural industry inferior. A lot of people engaged in the agricultural sector started looking for other means of livelihood. The mass migration of peasant farmers from the rural areas to the urban areas was mainly prompted by the regression in the agricultural sector. Another major factor in the downturn of the agricultural sector was the lack of

¹ This graph was adapted from Xavier Sala-i-Martin and Arvind Subramanian, *Addressing the Natural Resource Curse* I.M.F. working paper July 2003, taken from internet site <<http://www.imf.org/external/pubs/ft/wp/2003/wp03139.pdf>> June 7, 2004

mechanization in the industry. The Nigerian policy makers, urged by the International Bank for Reconstruction and Development and the International Monetary Fund neglected the agricultural sector. This neglect reduced the sector to a vast collection of subsistence farmers with little or no mechanisation. We should note that the agricultural sector engages more than 40 percent of the total work force in Nigeria while the oil sector represents less than 1 percent of the Nigerian labour force. The problem is that the people engaged in the agricultural sector are mostly rural area dwellers as is the case in the Niger Delta. Most of the population in the Niger Delta are subsistence farmers. They depend on their lands and waters for their livelihood. The most difficult problem facing these farmers is the activities of the oil sector operations in their communities. We are going to look at the effects that the activities of the oil sector, which is dominated by the European and American multinational oil companies, have on the farmers in the Niger Delta.

Multinational oil companies and Farming

In chapter 2 of this work, we talked about the Urhobo people of the Niger Delta whose country was described by Dr. Daniell, as “*an extensive series of fertile plains, thirty miles above Reggio, beautifully ornamented with park-like clumps of trees and verdure of the freshest tint.*”¹ This description of Urhobo land is now part of history. The rich soil of the Urhobo people like many others in the Niger Delta has lost its fertility to the activities of the oil companies. The Urhobo people who were qualified by Sir Moloney in 1890 as an industrious community that specializes in Agriculture and Palm oil production have witnessed the loss of their land’s fertility and sometimes, the physical confiscation of their lands by the oil multinationals. As we have seen in chapter 4 of this work, the Land Use Act of 1978, accords direct control and management of land to the state governor, or the local government in rural areas. The Land Use Act makes it possible for the oil companies to acquire the statutory rights of occupancy to any land, and this method has been used to expropriate farmlands from many a farmer in the Niger Delta and these expropriated lands are used by the oil multinationals. According to the Human Rights Watch article that we quoted earlier, it is approximated that “*over 10,000 families from each of the six major oil communities in the Niger Delta*

¹ Dr. William F. Daniell - *Sketches of the Medical Topography and Native diseases of the Gulf of Guinea West Africa* (1849) p. 47. Cited in Salabi (1958).

have lost their farmlands to claims on areas for oil production and transportation alone, while further displacement results from area pollution.” This article goes further to state that at the end of 1995, *“an additional 900 hectares of land not previously lost to exploration had been destroyed by Shell’s oil wells and flow stations. This translates into another 4,500 people removed from their traditional means of subsistence.”*¹ These people that were mainly known, in the past for their wealth and industriousness have been reduced to poor and unemployed people by the European multinational oil companies and their American counterparts. The rampant spilling of oil and the dumping of toxic waste by the oil multinationals have turned the lands of the Urhobo and the entire Niger Delta farmers from one of the most fertile in the Eastern part of Nigeria to the most unfertile. The farmers have no other option than to abandon their profession and look for other things to do in order to earn their living and to feed their families. The youth of the community like most of their contemporaries in the Niger Delta are massively migrating to other parts of the country in search of greener pastures. Farming is no more the main profession of the Urhobos and the same goes for the other communities in the Niger Delta. Most of the farmers have metamorphosed to fishermen in order to survive but fishing as an occupation in the Niger Delta is no more a solution to the tribulations of the communities. It has become a dangerous activity.

Fishing in the Niger Delta

Most of the communities in the Niger Delta are widely known as professional fishermen. The reason for this is that the Niger Delta is situated at the most important network of rivers in Africa. From time immemorial, the people dwelling on the banks of these rivers have always depended on their waters as an unfailing insurance against famine and poverty. The rivers represent the main source of income for the communities, but its function is not limited to that. One can say that the rivers are the lifeblood of the people of the Niger Delta because almost all they do is linked to these rivers. The fastest and affordable means of transportation in most parts of the Niger Delta is the waterways. The rivers are the only source of drinking water to most of the people of the Niger Delta. And a large part of the population depends on the fishes and other seafood of these rivers to feed themselves and their families. But the situation in

¹Human Rights Watch, *The Price of Oil*, 75, quoted in Chris Hajzler, *Nigerian Oil Economy: Development or Dependence*, taken from internet site <<http://arts.usask.ca/economics/skjjournal/sej-3rd/hajler3.htm>> June 29, 2004.

the Niger Delta is making it almost impossible for the communities to make use of their rivers.

Just like the Land Use Act of 1978, permits the oil multinationals to acquire statutory rights of occupancy on the lands of the people of the Niger Delta, so does it grant exclusive rights of control to oil multinational companies on the waters of Niger Delta. Vast areas of water in the Niger Delta are marked off limits to the Niger Delta fishermen. These areas are controlled by the multinational oil companies for their operations. Access to these areas is highly restricted and trespassers are severely dealt with by the security agents of the oil multinationals. This limits the access to fishing sites and thus brings down the quantity of fish caught by the fishermen. Another factor that impedes fishing activity in the waters of the Niger delta is the numerous oil spills and the arbitrary dumping of toxic wastes by the oil multinationals into the rivers in the Niger Delta. Petroleum at its crude stage, and even after its processing, is a highly toxic chemical. When there is oil spillage into the rivers of the Niger Delta, the inevitable result is the destruction of marine life. The fishes and other sea animals die. For the Niger Delta fishermen, this is catastrophic because it is their only means of livelihood that is being destroyed. But the destruction does not stop there because the rivers, as we mentioned earlier, is the only source of drinking water for a large part of the communities living in the Niger Delta. With the rampant spilling of petroleum crude and the arbitrary dumping of toxic wastes into the rivers. The only source of drinking water is filled up with highly toxic materials and the people have no other option than to continue drinking it. It will not be surprising to us that water borne diseases are very high in these areas.

For the fishermen, there has since been a great regression on their catch. The salinization of the rivers as a result of acid rains, which is caused by gas flaring, compounds the already difficult situation. In the face of all these, most of the fishermen have abandoned their canoes and their fishing materials and have left their communities in search of a better living. Others have no other option so they keep on with their trade though they never get to make ends meet. It has been reported by several environmental watch organisations that the fishes and all the other animals from the rivers are highly poisonous and not safe for human consumption. But the fishermen and most of the people have no other alternative. So they continue fishing and consuming the products of the rivers. In summary, the activities of the European and American oil companies are a source of great desolation to the fishermen and the entire community in the Niger

Delta. Their activities are not only detrimental to the farmers and fishermen but it equally touches professional hunters and market women, as we will see here below.

Hunting profession and the oil companies in the Niger Delta

Hunting has been one of the oldest professions for the inhabitants of the Niger Delta. Though almost everybody engages him or her self in this activity, as it is mostly a seasonal activity, an important number of people are, however, full time professional hunters. These people depend on the game of the forest for their livelihood. However, with the contamination of the forests and the environment in general and the widescale clearance of forests for diverse petroleum exploration and related operations. The wild animals are no more as many as they used to be. Most of the species like Grass cutter, antelope and the deer which used to be very plentiful in the Niger Delta, are now close to total extinction. It is widely advised in the media that these animals, where they still exist in the Niger Delta should not be used as food since they are most likely contaminated, thus like the aquatic products, they are highly toxic and dangerous for human consumption.

The scarcity of wild game and the contamination of the few that could be found had dealt a bad blow to the hunting profession. The hunters like their counterparts in the agricultural and fishing industry have been forced out of business. Most hunters are now out of job and the profession is no more a viable one. We must not forget that the important number of wild animals in the area, once made famous hunters to come from afar to hunt in the Niger Delta. A good example of this was the founder of the town of Bonny, Alagbariye¹ that we saw earlier at the beginning of this work. Alagbariye made hunting expeditions to various parts of the Niger Delta before settling down at Bonny. Once again, we have seen the negative effect of the operations of the European and American multinationals on the economy and people of the Niger Delta. Before concluding this chapter, we will like to look at the condition of one of the most important economic sector of the Niger Delta, the Market Women.

Market Women and the Oil Sector

Among all the different professions that make up the economy of the people of the Niger Delta, market women as they are popularly called in Nigeria are perhaps the most important professional players in the economic balance of the Niger Delta. The reason for this is that traditionally in the Niger Delta, the society was wholly patriarchal.

¹ See 15

Activities were strictly shared between the male and the female members of the community. Men were generally given the task of fending for the family while the women help out in the chores of the family like taking care of the children and keeping the house. Men were supposed to be the ones that go to the farm, go fishing and hunting. They were equally the soldiers that defend their communities from external aggressors.

Women, on their part, were engaged in some of these activities but it is traditionally not their own share of the labour division. Their main job starts where that of men stops. It was the women that generally and single-handedly take care of the economy of the family. They are the ones that go to the market to sell the excess of the products of the family and to buy those products necessary for the upkeep of their respective families. The role of the women in this commercial field can be explained by the fact that being the ones in charge of the domestic chores of the family, they were in the best position to know what is necessary for the running of the family and what the family is lacking. This, coupled with the prejudicial opinion of the men which contends that men do not talk vainly and that women talk a lot made the commercial activity, which naturally involves a lot of haggling and bargaining, to be left for the womenfolk.

The result of this was that the women gradually became full time businesswomen in all the ramifications of the term. They were real traders that engage in all the economic activities of the society. The market women in Nigeria in general are a great economic force that can never be neglected in the economic dispensation. Just a look at any open market in Nigeria is enough to prove this assertion. The case of the market women in the Niger Delta is not an exception. Today, the difference between the situation in the Niger Delta and that of the other parts of the country is that the market women of the Niger Delta seems to be forced out of business. More than the farmers, the fishermen and the hunters that we have seen above, the market women are the worst hit by the activities of the Multinational oil companies. The reason for the gravity of the situation of the market women is that they depend wholly on the former three professions in order to remain in business.

A situation whereby the farmers can no more produce a reasonable amount of food, the fishermen are threatened by the oil companies' security agents and the contamination of aquatic life and the hunters can no more hunt, the result is that there is no more commercial articles to be traded by the market women. Most of them had to change their areas of specialisation from locally produced foodstuffs to expensive

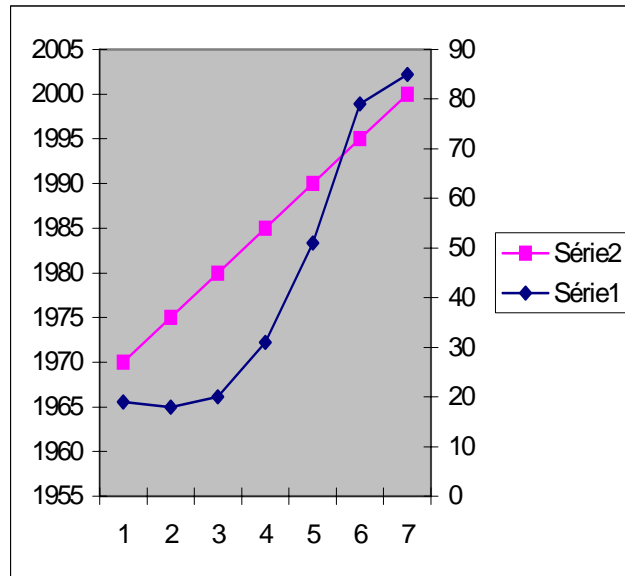
imported ones. It will be superfluous to remark that this metamorphosis can only be undertaken by a limited number of the market women. The reason for this being the important financial investment that is required to establish such businesses. A good number of women have been forced to migrate to other regions with their families in order to survive. Today, in Nigeria, it is noticeable that the Niger Delta women are among the women groups at the forefront of the inter-state commerce. In order to survive, most of the women have to undertake long distance travels in order to acquire the goods, mainly foodstuffs that have become scarce in their areas. We cannot omit to mention that a lot of the Niger Delta women, most especially the younger ones, who at the face of all the difficulties in their daily lives, especially that of unemployment, have been forced into prostitution. This is because prostitution helps them to make some money because of the fact that a great number of men who are engaged in the oil industry (expatriates and Nigerians from the other regions alike) are not there with their family ergo making prostitution a thriving business. This phenomenon and others like it makes us to talk about cultural destabilisation and a strong feeling of injustice that have led to public outcry and sometimes to violent demonstrations by the people.

At this stage, we will like to state that the economic situation of the people of the Niger Delta has been on a continual regression since the advent of the multinational oil companies in the Niger Delta. The Niger Delta region is considered as one of the poorest regions in the country. James Whittington of the British Broadcasting Corporation (2001, December 28) rightly described the economic dilemma of the region in the following terms: *“The oil region in Nigeria seems to be stuck in a time warp, with little real change since oil was discovered 45 years ago. Away from the main towns there is no real development, no roads, no electricity, no running water and no telephone.”*¹ When we look at the economic situation of Nigeria as a country, it is easier to imagine the level of poverty in the Niger Delta. The table below shows the rate of poverty in Nigeria in the last three decades.

¹ James Whittington, British Broadcasting Corporation, December 28 2001 cited in Torulagha 2003

Graph 2: Poverty Count in Nigeria between 1970 and 2000 (in millions)

| | |
|------|----|
| 1970 | 19 |
| 1975 | 18 |
| 1980 | 20 |
| 1985 | 31 |
| 1990 | 51 |
| 1995 | 79 |
| 2000 | 85 |

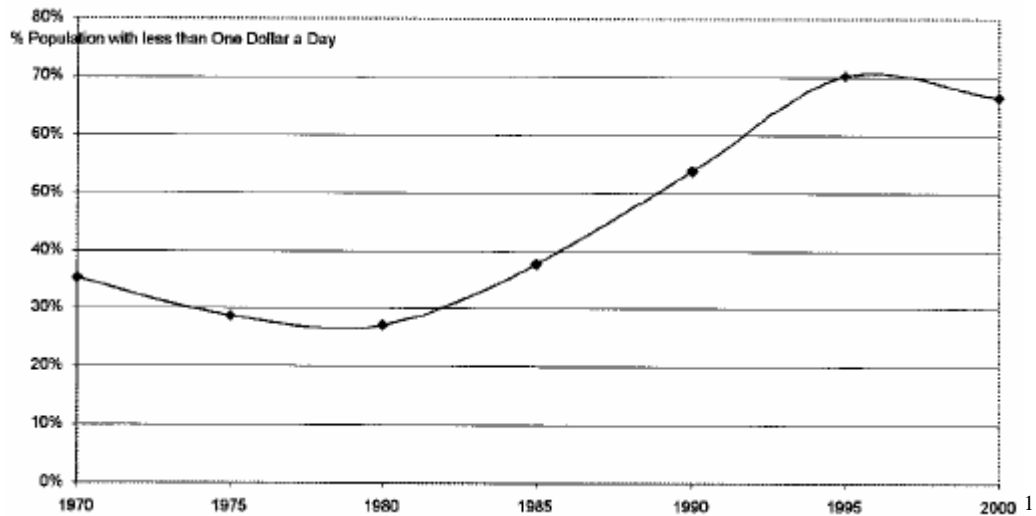


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On this graph, we notice that the high revenue that is earned from the petroleum industry had not succeeded in making any positive change on the Nigerian people. Poverty count has been on an accelerated increase, from around nineteen million of the Nigerian population living with less than a dollar a day in 1965 to eighty-five million in the year 2000. One might argue that the population in the 1960s and early 70s were less important than in the successive years. But when we consider the rate of the population living below poverty level in the sixties, we notice that the percentage of the Nigerian population living under poverty has remained on a continual increase. A look at graph 3 below clarifies our affirmations.

¹ Adapted from Sala-I-Martin and Arvind Subrainanian, 2003, *Addressing the Natural Resource Curse: An Illustration from Nigeria*, IMF Working Paper (WP/03/139) taken from internet site <<http://www.imf.org/external/pubs/ft/wp/2003/wp03139.pdf>> June 7, 2004

Percentage of the Nigerian population living below poverty level from 1970 to 2000



In this graph, we can see that the Nigerian population living below poverty level was around 35% in 1970, between 1975 and 1980, the percentage declined to 29% and 28% respectively. After these years, the percentage started rising at a fast pace and between 1985 and 1990, 38% and 63% was recorded respectively. The rate of poverty in the population attained its peak in 1995 with 70% of the population living with less than a Dollar a day. In the year 2000, the rate of poverty slightly decreased and remained at 67%. However new records have been broken in the poverty chart. The newly released United Nations Human Development Reports specifies that in the year 2002, 70.2% of the Nigerian population were living with less than a Dollar a day. Another important point is the percentage of the population living with less than 2 Dollars a day, which was at 90.8% in 2002². With the information that we have seen in the two graphs presented above, we can afford to make a relative estimation of the poverty situation in the Niger Delta. Although there is no data on the level of poverty in the Niger Delta available, from our observations in December 1999 when I visited the area and the various estimates of the rate of poverty in the Niger Delta, we can confidently make an approximation that states that around 80% of the population in the Niger Delta live with less than a Dollar per day and over 95% with less than 2 Dollars per day.

¹ Adapted from Sala-I-Martin and Arvind Subrainanian, 2003, *Addressing the Natural Resource Curse: An Illustration from Nigeria*, IMF Working Paper (WP/03/139) taken from internet site <<http://www.imf.org/external/pubs/ft/wp/2003/wp03139.pdf>> June 7, 2004

²United Nations Development Programme, *Human Development Reports 2004*, http://hdr.undp.org/statistics/data/cty/cty_f_NGA.html (July 20, 2004)

Before going to the next chapter, given the arguments stated here above, it will suffice us to state that the activities of the European and American Multinational Oil Companies in the Niger Delta highly contribute to impoverish the people of the Niger Delta. The actions and policies of these companies in the Niger Delta will remain one of the most important factors that maintain the communities in a permanent state of economic decadence. They are sources of more harm to the people and the environment than we can imagine. The realization of this status quo was the main reason behind the agitations and the increasing number of civil resistance movements in the Niger Delta. Let us now proceed to the next chapter, which will be based on the demands of these civil resistance movements and the response of the multinational oil companies to them.

Chapter 9

The Multinational Oil Companies And Civil Resistance Movements in the Niger Delta

From the genesis of oil industry operations in the Niger Delta, there has been a strong feeling of injustice emanating from the people of the Niger Delta. The various impacts of the policies and activities of Multinational Oil Companies in the Niger Delta, as we have seen in the preceding chapters of this work, had led to vehement agitations from the communities living in the Niger Delta. These agitations started as early as the 1960s. Various communities and a lot of ethnic groups have at one time or another in the last four decades, made their grievances known to the federal government of Nigeria, to the multinational oil companies and to the international community. These agitations are made in various forms, from official letters addressed to governmental parastatals and ministries to open letters in the national dailies addressed to the Nigerian Head of State. Some times these agitations take the form of mass demonstration on the roads and in front of government offices or sit-ins in the operational facilities or administrative headquarters of the oil companies.

These demonstrations were influenced by the awareness campaign that has been gradually instituted by human rights organisations and communities in the Niger Delta. The main reason for these agitations remains the unfair treatment that the oil producing communities are receiving from the multinational oil companies and the Federal Government of Nigeria. The declarations and demands of the communities have not been accorded due consideration from neither the American and European Multinational oil companies nor from the Nigerian Federal Government. The deaf ears that have been turned to these agitations was what forced the oil producing communities to go international and to demand absolute control of the resources on their lands and waters.

The declarations and demands of the communities are legion, among the most important ones are the Ogoni bill of Rights (1990), the Kaiama Declaration (1998), Aklaka Declaration of the Egi People (1999), The Oron Bill of Rights (1999), The Warri Accord (1998), Resolutions of the First Urhobo Economic Summit (1998), Ikwerre Rescue Charter (1999), and the Declaration of the Niger Delta Bill of Rights (2000). Almost all the ethnic groups living in the Niger Delta did these

declarations. Each ethnic group was writing against the nefarious practices of the multinational oil companies in the Nigerian state and against the hostile policies of the Nigerian Federal Government. Though the declarations are numerous, the motivation, the demands and the objectives of these declarations are almost uniform. Two of these declarations, through their effective organisation and systematic use of the national and international media have made the cries of the communities to become an international issue. The two declarations are the Ogoni Bill of Rights, which was signed on the 26th day of August 1990 at Boro Rivers State of Nigeria by the representatives of the five Ogoni indigenous communities, and the second one is the Kaiama Declaration that was drafted by the Ijaw Youth Council and adopted on the 11th of December 1998.

The main demands of these two declarations like the other ones that we mentioned are mainly geared towards the improvement of the state of living conditions for the entire people of the Niger Delta. In the Ogoni Bill of Rights, article number 8 stated that since 1958, oil has been produced by the Shell Petroleum Company in various Ogoni oil fields among which are Boma, Bodo West, Tai, Korokoro, Yorla, Lubara Creek and Afam. Article 9 stated that in over thirty years of oil mining, the Ogoni land have provided the Nigerian nation with revenue estimated at over \$30 billion and that the Ogoni people had received nothing in return. Article 11 noted that there is no representation of the Ogoni people in the institutions of the Nigerian Federal Government, that the Ogoni land has no pipe-borne water, no electricity, no job opportunities, and no social economic projects. Article number 12 warns about the threat of extinction facing the languages of the Ogonis and the Ogoni people in general. Article 14 specifies that the Shell Petroleum Development Company, which has been operating in the area since 1958, does not employ Ogoni people in defiance of the regulations of the Nigerian Federal regulations that oblige them to do so. Article 15 states that the search for oil has caused severe land and food shortages in Ogoni land, which is one of the most densely, populated areas of Africa. Article 17 noted that the Ogoni people lack education, health and other social facilities. Article 20 demands that the Ogoni people manage the affairs relating to their welfare.

To conclude this bill of rights, the Ogoni people asked to be granted political autonomy to participate in the affairs of the Federal Republic of Nigeria as a distinct and separate unit and this autonomy, they stated, should guarantee the following:¹

1. *Political control of Ogoni affairs by Ogoni people*
2. *The right to the control and use of a fair proportion of Ogoni economic resources for Ogoni Development*
3. *Adequate and direct representations as of right in all Nigerian national institutions*
4. *The use and development of Ogoni languages in Ogoni territory*
5. *The full development of culture*
6. *The right to religious freedom*
7. *The right to protect the Ogoni environment and ecology from further degradation*

The second manifesto that we are going to analyse is the Kaiama declaration. The reason for the presentation of these two declarations is that they will serve as models of example that will help us to understand the position of the people of the Niger Delta on the imperialistic activities of the European and American Multinational Oil Companies.

The Kaiama declaration was drafted by Ijaw youths from over forty clans that make up the Ijaw ethnic group. The highlights of this declaration are based on the state of desolation in which the Ijaw people and the entire people of the Niger Delta have been in since the discovery of petroleum deposits on their lands. The first article of this declaration denotes that it was through British colonisation that the Ijaw nation was forcefully put under the Nigerian state. Article 'b' stated that if not for the economic interests of the imperialists, the Ijaw ethnic nation would have evolved as a distinct and separate sovereign nation, enjoying undiluted political, economic and cultural autonomy. Articles 'd', 'e' and 'f' of the declaration state as follows:

- d. *“That the quality of life of Ijaw people is deteriorating as a result of utter neglect, suppression and marginalisation visited*

¹ The information on the Ogoni Bill of Rights was adapted from <http://www.waado.org/NigerDelta/RightsDeclaration/Ogoni.html> (6 August 2004)

upon Ijaws by the alliance of the Nigerian state and transnational oil companies.”¹

- e. That the political crisis in Nigeria is mainly about the struggle for the control of oil mineral resources which account for over 80% of GDP, 95% of national budget and 90% of foreign exchange earnings. Of these, 65%, 75% and 70% respectively are derived from within the Ijaw nation. Despite these huge contributions, our reward from the Nigerian State remains avoidable deaths resulting from ecological devastation and military repression.*
- f. That the unabated damage done to our fragile natural environment and to the health of our people is due in the main to uncontrolled exploration and exploitation of crude oil and natural gas which has led to numerous oil spillages, uncontrolled gas flaring, the opening up of our forests to loggers, indiscriminate canalisation, flooding, land subsidence, coastal erosion, earth tremors etc. Oil and gas are exhaustible resources and the complete lack of concern for ecological rehabilitation, in the light of the Oloibiri experience, is a signal of impending doom for the peoples of Ijawland.*

Article ‘I’ of the declaration clearly spelt out that the violence in Ijawland and other parts of the Niger Delta area which often results to intra and inter ethnic conflicts are sponsored by the State and the multinational oil companies in order to keep the communities of the Niger Delta area divided, weak and distracted from the causes of their problems. This statement was recently confirmed by the SPDC-commissioned report that was made by WAC Global Services. In that report, it was emphasised that the causes of the violence in the Niger Delta as well as their outcomes, are to be found within Shell:

“SCIN [Shell Companies in Nigeria]-conflict links result from a quick-fix, reactive and divisive approach to community engagement expressed through different areas of policy, practice and corporate culture... it is the accumulation of many (seemingly small or isolated)

¹ Niger Delta Women for Justice, <http://www.ndwj.kabissa.org/Declarations/declarations.html> (05 August, 2004)

practices that feed into conflict”... “SCIN has more control than is generally assumed over its external environment. Multiple opportunities exist to reduce the likelihood that corporate policies and practices impact, and are impacted by, conflict.”¹

After these afore-listed observations, the Ijaw Youth Council made a number of resolutions among which we selected the following:

1. All land and natural resources (including mineral resources) within the Ijaw territory belong to Ijaw communities and are the basis of our survival.

2. We cease to recognise all undemocratic decrees that rob our peoples/communities of the right to ownership and control of our lives and resources, which were enacted without our participation and consent. These include the Land Use Decree and The Petroleum Decree, etc.

3. We demand the immediate withdrawal from Ijawland of all military forces of occupation and repression by the Nigerian State. Any oil company that employs the services of the armed forces of the Nigerian State to "protect" its operations will be viewed as an enemy of the Ijaw people. Family members of military personnel stationed in Ijawland should appeal to their people to leave the Ijaw area alone.

The fifth article of the resolution declares that the Ijaw youths and Peoples will endeavour to promote the principle of peaceful coexistence between all Ijaw communities and with the immediate neighbours of the Ijaws, *‘despite the provocative and divisive actions of the Nigerian State, transnational oil companies and their contractors.* It continued by stating that a hand of friendship and comradeship is being offered by the Ijaws to their neighbours: the Itsekiris, Ilajes, Urhobos, Isokos, Edos, Ibibios, Ogonis, Ekpeyes, Ikwerres, etc. It equally affirmed the commitment of the Ijaws to a joint struggle with the other ethnic nationalities in the Niger Delta area for

¹ WAC Global Services report for SPDC Nigeria, 12-31 quoted in *Shell in Nigeria oil and gas reserves crisis and political risks: shared concerns for investors and producer-communities a briefing for Shell stakeholders June 2004*, taken from internet site <<http://www.stakeholderdemocracy.org/pdf/shell04sm.pdf>> July 10, 2004

self-determination. In conclusion, Article number 10 declared that the Ijaw people agreed to remain within Nigeria but to demand and work for Self Government and resource control for the Ijaw people. The conference approved that the best way for Nigeria is a federation of ethnic nationalities. The federation should be run on basis of equality and social justice.

When we try to do a comparative analysis of these two declarations and resolutions, we notice that the demands of the two ethnic groups are similar. They are facing the same type of hardship and their reactions to the situation was a peaceful resolution asking for a better treatment from both the Nigerian government and the petroleum companies. The response of the petroleum companies and the Nigerian government working with them was disastrous. Sequel to the proclamation of the Ogoni Bill of Rights, Ken Saro Wiwa, an Ogoni renowned author, playwright and civil rights activist who was a signatory of the bill and one of the most vocal opponents of the Shell Petroleum Development Company was arrested with eight other Ogoni elders. These men were illegally condemned on fake charges of murder and executed by hanging under the military dictatorship of General Sani Abacha on the 10th of November 1995. When the Ogoni people tried to protest the murder of these men, the Nigerian government responded by sending over 2000 military troops to Ogoniland. People were harassed, arrested without charges, a lot of people were beaten and molested and this lasted for over a month. Priye S. Torulagha reported in his article *The Niger Delta, Oil and Western Strategic Interests: The Need for an Understanding I* that at the end of the military intervention, which was ordered by Shell in conspiracy with the Nigerian security forces, at least 2000 Ogoni people were killed and about 27 of their towns and villages were destroyed following the declaration of the Ogoni Bill of Rights.¹

On the side of the Ijaws, the Kaiama declaration led to numerous attacks orchestrated by the Nigerian security services at the invitation of the oil companies; various Ijaw communities were destroyed. The Opia and Ikenyan communities were among the communities that were severely dealt with. Actually, on the 4th of January 1999, following the Kaiama declaration, members of the two aforementioned communities went out on a peaceful demonstration to support the declaration and to protest against the environmental rampage caused by the harsh extraction methods

¹ Priye S. Torulagha, *The Niger Delta, Oil and Western Strategic Interests: The Need for an Understanding I* taken from internet site <<http://www.nigerdeltacongress.com/tarticles/the%20niger%20delta%20oil%20western%20strategic%20interests%20the%20need%20for%20understanding.htm>> June 1,2004

being used by ChevronTexaco and its lack of considerable involvement in the provision of facilities for the communities. ChevronTexaco summoned the Nigerian Armed Forces to suppress the protesters, and the security agents were instructed to destroy the two communities definitely. According to the facts of the case N° C99-2506 SI presented before the United States District Court for the Northern District of California by Paul Hoffman Esquire and Schonbrun de Simone, Seplow, Harris and Hoffman, LLP representing the members of the Opia and Ikenyan communities of the Niger Delta against ChevronTexaco Corporation, it was stated that:

Plaintiffs are informed and believe that Chevron used company personnel to work with the military and/or police to plan a military-style assault with the intent to kill and seriously wound the unarmed citizens of Opia and Ikenyan and to intimidate them by destroying their communities. Chevron then provided helicopters and sea trucks (large boats), along with pilots and other crew members, to transport its own personnel (including security officials for Chevron) along with the Nigerian military and/or police to the communities of Opia and Ikenyan.¹

The result of this assault was the shooting to death of seven villagers from Opia and Ikenyan. Most of the homes of the villagers were set ablaze and one of the village women was trapped in the inferno when her house was set on fire and burned to death. Ninety-six houses were burnt in the raid. Churches, religious shrines, water wells, livestock, canoes and fishing equipments were equally destroyed. Two Sea-trucks with numbers 221 and 242 were amongst Chevron's properties used in this attack. Amongst 62 bodies that were not recovered was a woman and her five children engaged in fishing at the time of the raid. Chevron expressed no regrets in the Killings but offered to pay a non-negotiable compensation of \$5,000 but the communities rejected the offer.

These two reactions from the multinational oil companies and the Nigerian security forces working for them make one to start wondering about the activities of the oil companies in the Niger Delta. Rash responses like the ones stated above opens a new channel of study into the relationship between the multinational oil companies and the communities living in the Niger Delta. The actions of the multinational oil companies,

¹ Paul Hoffman Esquire and Schonbrun de Simone, Seplow, Harris & Hoffman, Facts of case N° C99-2506 SI (4th Amended Complaint) The United States District Court for the Northern District of California, August 2002

American's and European's alike, prompt us to interrogate ourselves on these issues and there are a lot of questions that need answers. We are going to look at these questions in the next chapter of this work but it will suffice us to state that the situation in the Niger Delta is far from being ideal. The triangular relationship between the oil companies, the Nigerian armed forces and the people of the Niger Delta is a very tense one and efforts should be made to remedy the situation as soon as possible. The answers to the questions in the next chapter will help us to better understand the predicaments of the people of the Niger Delta.

Chapter 10

The Multinational Oil Companies And The Use of the Armed Forces

The link between the multinational oil companies operating in Nigeria and the Nigerian armed forces is not novel. It has been in existence since the early days of the petroleum industry. We believe that this link was inherited from the imperial British government. We must not forget that the quest for petroleum in Nigeria was started by the colonial government and that Shell-BP got unabated entrance into the Nigerian oil industry thanks to the British crown. The institution of colonialism has its taproot on the use of military force. The history of the Royal Niger Company, which was the first British company to establish in Nigeria was characterised by the use of unnecessary violence and military force to subdue the Nigerian civilians and cease their lands through phoney lease contracts and the ever-present British armed forces.¹ Strange and unbelievable as it may seem, the situation did not change much since those early days of British colonialism. The only change was the method of proceeding but the result remains the same. The European and the American companies are still the masters dictating the rules of the game while the people of the Niger Delta are the colonized obeying those rules and when they refuse to do so, the whips and swords of the master falls on them.

In this chapter we are going to proceed by looking at the pertinent questions that abound in the triangular relationship between the American and European multinational oil companies, the Nigerian armed forces and the people of the Niger Delta. The questions that comes to one's mind at the knowledge of the fatal incidents that we saw in the preceding chapter are as follows:

1. Was this the first time that this sort of incidents occurred in the Niger Delta?
2. To what extent are they willing to go in order to protect their business interests?
3. Are these multinational companies above the Nigerian Laws?
4. What are the responses of the American and European governments and the international community in the face of all this?
5. Is the Niger Delta case an isolated event or is it their modus operandi in other regions of the world?

¹ See Supra, Chapter 2, 18

We will try to answer question number one in details in this chapter and chapter 11 will take care of questions 2 and three 3, the remaining questions we are going to see at chapter 12.

The answer to question number one is very simple and straightforward. The two incidents concerning the Ogonis and the Shell Petroleum Development Company on one hand and the Ikenyan/Opia communities and ChevronTexaco at the other are not novel. They were just the tip of the iceberg when it comes to the harsh responses of the multinational oil companies against the people of the Niger Delta. In fact, the use of military force has been a habit of the multinational companies since their very beginning. One of the earliest cases of the use of the Nigerian security services by the oil companies was during the Isaac Boro rebellion in 1966. In an attempt to suppress this rebellion organized by Isaac Boro, an outspoken critic of the multinational oil companies, the petroleum companies led by Shell-BP invited the Nigerian troops to subdue the protesters. These military men terrorized entire communities and raped innocent women. Isaac Boro was considered to be a threat to the free exploitation of the petroleum resources in the Niger Delta. Isaac Boro rebellion was to mark the consummation of the “hate affair” between the multinational oil companies and the Nigerian armed forces. From that year onwards, the history of the duo has been filled up with innumerable incidents where peaceful demonstrations are dispersed with automatic assault rifles. In order to give an insight to the frequency of these incidents, we are going to give a brief list of selected cases of the use of armed suppression by the European and American multinational oil companies in the Niger Delta in recent years.

- 1) *On April 30, 1993, during a peaceful demonstration at Nonwa against a pipeline construction by WilBros, an American Oil service firm, the demonstrators were shot at by Nigerian troops, wounding ten people.*
- 2) *In July of the same year, Nigerian troops mounted roadblocks in Ogoniland and the Nigerian security service fabricated a story alledging that the Andonis and the Ogonis were at war and used that excuse to attack the Ogonis¹*
- 3) *On April 20, 1998, Saipem Nigeria Limited, a contracting company for Elf called on the Nigerian Mobile Police Force to shoot at demonstrating youths in Obite village of Egi in Ogba-Egbema-Ndoni local Government Area of Rivers*

¹ Reported in *The Ogoni Saga*, November 3, 2003.

State. The protests followed a pipeline explosion in February 1998, which destroyed farmlands, wetlands, and plantations.

- 4) Between December 29 and 31, 1998, Nigerian troops arrived in Yenagoa and surrounding communities, including Ovu, Yenegwe, Amarat, Ekeki, Opolo, Agudama, Mbiama etc. in Bayelsa State to supposedly protect the investment of the oil companies. During a peaceful demonstration, the troops killed eleven peaceful demonstrators and wounded several hundreds in the front of the Government House in Yenagoa. The government house is the office of the State Governor. At the end of the day, about fifteen people were killed. In addition, women and children were raped and maimed.*
- 5) January 2, 1999, in reaction to the Kaiama Declaration made by Ijaw youths, Nigerian soldiers were dispatched to Kaiama Town in Bayelsa State in the Niger Delta of Nigeria. They ransacked, looted, and killed several people, including Chief Sergeant Ofoniama, the Chief (Amananowei) of Kaiama.*
- 6) Between January 3rd and 4th of 1999, Nigerian troops stationed at the Chevron's Mandagho oil farm plant, near Warri, were transported by Chevron helicopters and sea transport vehicles to attack and destroy Ikenyan and Opia Ijaw communities in Delta State. The chief of Ikenyans was killed in this mayhem. It should be noted that Chevron and Shell have tank farms around the vicinity of Ikenyan and Opia communities. For instance, Chevron has a tank farm in Mandagho. About 200 hundred Nigerian troops are stationed in the Mandagho facility, supposedly to protect the farm. There is also the Jones Creek flow station, as well as the Abiteye flow station, owned by Chevron (Ijaw Council for Human Rights, March 24, 2003.).*
- 7) On January 3, 1999, in order to suppress opposition to further exploitation of the Niger Delta and demands for the Nigerian government to respond to the Kaiama Declaration, troops were dispatched to Odi, Sagbama, Patani, Aven, and Bomadi junction. This forced the residents to run away from their towns. The members of these communities were molested, detained, and unnecessary harassment were perpetrated against them. In addition to that, women and children were raped, as is always the case when Nigerian troops are sent to the Niger Delta.*
- 8) On January 11, 1999, Ijaw women who were engaged in a peaceful demonstration over the exploitation and marginalization of their people in Port*

Harcourt were violently tear-gassed, beaten, stripped, and detained by a combined team of policemen and soldiers.

- 9) *On January 30, 1999, about eight (8) Ijaw youths were killed at Agip's Obama flow station over a peaceful demonstration. Six were killed instantly while two died later. Also, on the same day, at Ogulagha besides the SPDC Forcados Terminal, youths who were demonstrating peacefully, following the Kaiama Declaration, were shot at and nineteen (19) of them were killed.*
- 10) *On February 14 and 16, 1999, Nigerian soldiers raided Okigbene and Ferebaghabene communities and destroyed several houses.*
- 11) *On April 19, 1999, about twenty people, including children were shot and wounded at Ogbogu Town in Egi, Rivers State by a police unit often referred to as Operation Flush. The incident began when angry youths seized a vehicle belonging to Sdem Erectors, a sub-contractor to Ponticelli Nigeria Limited and Elf, following a pipeline explosion and dismissal of some employees.*
- 12) *On February 28, men of the Operation Flush killed an Ijaw youth at the Nembe Waterside in Port Harcourt.*
- 13) *On March 14, 1999, a team of soldiers and Mobile Policemen went into Odi and killed a youth and injured five others.*
- 14) *On April 19, 1999, operating under the code name "Hakuri", security forces invaded Ikebiri I and II at the request of Agip Oil Company. Eight innocent demonstrators were killed and several people wounded.*
- 15) *On April 28, 1999, soldiers in Fish Town killed two Ijaw youths and many were hospitalised.*
- 16) *On May 17, 1999, soldiers escorting a Shell barge at Okokodiagbene killed two Ijaw youths.*
- 17) *On May 27, 1999, unknown persons burnt down Sahara-Ama. This town is host to Chevron's oil operational centre. Likewise, Tsekelewu and Opuama had their lands and forests destroyed by Chevron (Ijaw Council for Human Rights, March 24, 2003).*
- 18) *On May 28, following a protests in which about 120 Ilaje youths occupied Chevron's construction barge at the Parabe's production platform and demanded "financial compensation for environmental damage to freshwater supplies and fishing grounds, more employment opportunities, more*

scholarships and provision of basic social amenities such as drinking water,” the company invited a Nigerian security force made up of personnel from the Navy and the Mobile Police to take action. In the company of Chevron’s security chief, the security force, transported by the company’s helicopters, shot at the youths, killing two and wounding many.

- 19) On July 27, 1999, soldiers on patrol arrested Ten Ijaw natives along the Benin River. The whereabouts of those ten are still unknown. It is certain that the soldiers had killed them. These men were returning home from a meeting with the SPDC following an oil spill in Egbema.*
- 20) On August 14, 1999, soldiers at the Ogbe-Ijaw waterfront killed an Ijaw youth.*
- 21) Between September 9 and 13, 1999, a combined team of soldiers and Mobile Policemen killed about 50 Ijaw people, including men and women at Yenagoa.*
- 22) On September 20, 1999, a team of Nigerian Mobile Policemen and an expatriate staff of Shell, working for the Nigerian Liquefied Natural Gas, shot at protesting Ijaws in Bonny. Several people were wounded.*
- 23) On October 1999, an Ijaw fisherman, Atonye Minabo, was killed by Nigerian soldiers at the Soku Gas Plant in Oluashiri/Soku in Degam Local Government Area of Rivers State.*
- 24) On October 12, 1999, Nigerian soldiers in Yenagoa, Bayelsa State, killed one Fefegha.*
- 25) On November 6, 1999, Nigerian soldiers at NPA in Warri, Delta State, killed Mr. Sunday Konyeta, a local government councillor.*
- 26) On November 13, 1999, Nigerian soldiers killed three Ijaws at Obama and Akamabou.*
- 27) On November 14, 1999, A Peaceful rally organised by the people of Choba against Wilbros, led to the rape of 28 women and several deaths. The issue was over a two-year-old agreement, which the company had kept in the breach. Wilbros paid the community USD 12,000 as burial rites for the victims. Wilbros had been doing business in the community since 1972.*
- 28) On November 19, 1999, nine Ijaws were killed at the NPA wharf in Port Harcourt.*
- 29) On November 20, 1999, Nigerian soldiers, under code name “Hakuri 11”, mounted an attack against Odi Town, supposedly to arrest some miscreants. The entire town was burnt down and over 300 people were killed. The Odi*

invasion is perhaps, the most widely reported of the atrocities committed against the Ijaws in the Niger Delta to make sure that the indigenes do not oppose oil exploration.

- 30) In May 2000, soldiers guarding Agip oil facilities in Brass killed three Ijaw youths. During the same month, seventeen (17) others were killed in Etiama.*
- 31) In September 2000, eight (8) Ijaws were killed in Olugbobiri.*
- 32) On December 11, 2002, Nigerian soldiers at the Upoko/Opumani oilfield killed Mr. Lofe Umagba.*
- 33) On January 23, 2002, Nigerian troops invaded Liama and Egweama following the seizure of some oil company boats by youths from the area. News reports indicated that the troops burnt houses and killed some people in the area. Thousands of citizens in the area fled to escape the rampaging troops.*
- 34) On November 1, 2002, the Nigerian Navy torched Okerenkoko Town. The Chairman of Okerenkoko community, Mr. Otuario Kingsley estimated that 11 houses were burnt down, nine houses were destroyed and millions of naira worth of property were destroyed. The community decided to sue the Navy.*
- 35) On March 13, 2003, the Nigerian Navy blockaded the Warri waterways. In the process, they molested and shot at people indiscriminately and commandeered civilian boats. Thereafter, a combined team of the Navy and the Army, at Gbaramatu Kingdom of Ijawland, attacked fishermen and five of those fishermen have never been found again.*
- 36) The Warri wars of 2003 were partly instigated by the activities of Chevron, Shell, some Nigerian naval officers, and greedy oil bunkerers (oil thieves). For instance, the military engagement between Ijaw youths and the security forces (Navy, Army, and the Police) in March 2003 began when Ijaw youths intercepted a barge used for oil bunkering on the Escravos River. The Ijaws alleged that the barge was connected to the Nigerian Navy and the SPDC. In other words, they alleged that some officers of the Navy were involved with oil bunkering and their effort to stop it angered the Navy. Various sources have stated that «The Navy is particularly vindictive of a court case brought by the Ijaw against them for an extra-judicial naval invasion of Okerenkoko community*

on the 1st of November 2002, and an illegal bunkering by some naval Men on 12th March, 2003 allegedly disrupted by some Ijaw at Jones creek”¹

This list presented here above is not an exhaustive one and we know that an exhaustive list on the killings, kidnappings, and molestations in the Niger Delta can never be made simply because the number of cases are so high and that there exist no coordinated means of covering all the cases. And most times, the companies and the Nigerian security services leave no stone untouched in order to conceal their atrocious crimes in the Niger Delta. However, from the above list, we have counted 36 major cases in the space of eleven years. In these cases, over 374 persons were murdered, and more than 77 were reported missing. It is believed that the number of victims due to the violence in the Niger Delta is on the increase.

An expert study from the international security company WAC Global Services, ordered and funded by Shell Petroleum Development Company earlier this year proclaimed that *“the violence in the region kills about 1,000 people a year, on the same level with conflicts in Chechnya and Colombia and threatening both the oil industry and Nigeria's national security.”*² A quick calculation shows that not less than 11,000 people have lost their lives during the past 11 years covered by our list above. To conclude the response to our question number one, we will like to point out that the European and American companies operating in the Niger Delta are all guilty of criminal use of violence in quelling civil demonstrations.

The incidents related in our list show that there is no better company when it comes to the excessive use of violence against the local communities of the Niger Delta. All the multinational companies have their share of the blood of the people of the Niger Delta. It is true that the Shell Petroleum Development Company is involved in one out of every three cases but this is not abnormal since it controls over 50% of the Nigerian oil market and productions. Other multi national oil companies, as we have seen from the list operate in the same manner. For these companies, the lives of the people of the Niger Delta are of no value. They are considered as obstacles towards the goals of the

¹ Information on these incidents were adapted from Priye S. Torulagha, *The Niger Delta, Oil and Western Strategic Interests: The Need for an Understanding* 1 2003 18-21(ibid) and Patterson Ogon, *Corporate Governance In The South: A case of the oil industry and Ecological Devastation in Nigeria's Niger Delta* <http://www.az3w.de/dokus/ogon.rtf> 20 July 2004)

²Xinhua News Agency, *Nigerian President Assures Oil Companies of Safety in Niger Delta*, taken from internet site < http://www.rigzone.com/news/article.asp?a_id=14834> July 19, 2004

oil companies to maximize profits and it seems that it is preferable for the companies that these people are either exterminated or driven out of the Niger delta in order to facilitate the activities of the companies on their lands and waters. There is no other reason good enough to explain the actions of these companies in the region. Now let us proceed to chapter eleven and try to give answers to the remaining set of questions.

Chapter 11

Multinational oil companies: A mixture of Business and politics

Multinational oil business and politics have always been interwoven. The important position that oil has come to occupy in the global economy since the early 20th Century has made oil to be at the centre stage of international diplomacy. At the beginning of this project work, we have shown the importance of permanent energy supplies to our modern societies. This role of multipurpose source of energy being played by petroleum and its various derivatives has made it one of the most problematic issues in the modern era. It has been at the root of a great number of international economic crises and political manoeuvres. The case in Nigeria is not different from the other regions of the globe especially in the oil producing countries. The distinguishing factor is that the Nigerian case is more aggravated than that of the other countries. But before going into the politics of oil, which is the subject of our questions number, three and four, we will like to respond to the second question in the set.

To what extent can the American and European multinational oil companies go in order to protect their business interests?

What is most important in this question is the fact that the guiding principle of multinational oil companies is maximization of profits. In order to achieve this goal, oil companies in the Niger Delta have, through their actions, shown that there is no limit to their capabilities in order to protect their business interests. We have seen that in order to make more profits, the multinational oil companies do not hesitate to flare the accompanying natural gas in their oil fields in the Niger Delta. In order to triple and quadruple their yearly profits, gas flaring, an act which they as the specialists, know is very dangerous not only for the people living in the Niger Delta region and in Nigeria, but to the entire ecosystem of the planet, has come to be an accepted and habitual strategy in their drive to cut costs. The dangers, risks and health hazards that are akin to gas flaring are not important to them and are not considered at all except in terms of the peanuts that they pay as fines for this crime against humanity. Some of the multinational companies are always boasting about their humanitarian action in the Niger Delta which go in the form of provision of pipe-borne water, health centres and so on but the reality is quite different as was reported by the study made in 2003 by Christian Aid, that concluded that the Community Development programmes of these oil companies is like that of Shell Petroleum Development Company which it described as “dysfunctional” and had made the Niger Delta “*a veritable graveyard of projects, including water*

systems that do not work, health centres that have never opened and schools where no lesson has ever been taught.”¹ The report highlighted the case of the Umuechem community, which we saw earlier on in the case of the 1990 massacre of their people, where none of the six Shell-supported community projects function.²

Extra-judicial executions like that of Ken Saro-Wiwa and the eight Ogoni elders, mass murder of unarmed civilians like those of the Odi, Ikenyan and Opia communities, use of war-like tactics, weapons and strategies to smother any opposition and utter disregard for Human Rights are not limits to the multinational companies’ drive for profits. Prevarication, equivocation as in their relationship with the oil producing communities and outright stealing as in the rampant oil bunkering activities that they have been alleged to be an active party to, have become their normal corporate business principles. For information, we will like to state here that oil bunkering in the Niger Delta is not possible without the involvement of the multinational oil companies. Why do we make this affirmation?

The reason for our insistence that the European and American multinational oil companies must be involved for oil bunkering to become the lucrative activity that it is now in the Niger Delta is that the mere quantity of oil that is stolen is flabbergasting. The report of the WAC Global Services that we mentioned earlier estimated that oil bunkering accounts for between 100-250 million barrels of oil per year, at an aggregate cost to oil producers of \$121-302 million at \$30/barrel.³ This amount will be a lot higher when we go by the current market prices of over \$40 a barrel. The main reason why the multinational oil companies are implicated in this is that:

1. They are the principal producers of crude oil in the Niger Delta
2. For such quantities of oil to be stolen, there must be provisions for adequate infrastructures and facilities like easy means of transportation.
3. The oil in its crude form needs to be refined in order to get to the consumers
4. Finally, there must be a retail outlet through which the finished product will be sold

¹ Simon Pirani, *Shell In Nigeria: Oil And Gas Reserves Crisis And Political Risks: Shared Concerns For Investors And Producer-Communities, A Briefing For Shell Stakeholders*, (Lewes: Stakeholder Democracy Network, 2004), 6, taken from internet site <<http://www.stakeholderdemocracy.org/pdf/shell04web.pdf>> July 10, 2004

² It should be noted that while the water facilities given to the Umuechem community does not work, the provision of fresh water and electricity to the nearby Shell flow station functions perfectly well.

³ Pirani 8.

All these requirements are at the immediate reach of the multinational oil companies. It is a fact that the refineries in Nigeria are run by the multinationals and the Nigerian National Petroleum Corporation. That means that individual oil thieves will find it difficult to transport, refine and or sell the oil even if they succeed in stealing it from the companies. Moreover the tight security at the disposition of the multinationals makes it virtually impossible for an outsider to succeed in stealing oil from the companies. The only possibility left is that the oil companies, their personnel and the security services connive to steal crude oil. This is the reason why the Ijaws and other communities in the Niger Delta had to sue the multinational oil companies and the Nigerian Navy who guard their facilities, accusing them of oil bunkering. Priye Torulagha reported that, *“the Warri wars of 2003 was partly instigated by the activities of Chevron, Shell, some Nigerian naval officers, and greedy oil bunkerers (oil thieves).”* He stated that the fighting that erupted between the Nigerian Security Forces (*Navy, Army, and the Police*) and the Ijaw Youths in March 2003 was caused by the Ijaw youths’ seizure of a barge, which was engaged in oil bunkering activities on the Escravos River. The allegation of the Ijaws was that the barge had connections with the Shell Petroleum Development Company and the Nigerian Navy. In this report, the Ijaws *“alleged that some officers of the Navy were involved with oil bunkering and their effort to stop it angered the Navy.”* The press release made by the Federated Niger Delta Ijaw Communities on the 19th of March, 2003, quoted in the report, stated that the personnel of the Nigerian Navy was particularly vindictive of a court case filed by the Ijaws against them. For an extra-judicial naval invasion of Okerenkoko, an Ijaw community, on the 1st of November 2002, *“and an illegal bunkering by some Naval Men on 12th March, 2003 allegedly disrupted by some Ijaws at Jones creek”*¹

This issue of oil bunkering and outright theft of great quantities of petroleum crude is not a minor issue; it has been a great problem to the Nigerian oil industry and the national economy in general. There is a well-organised syndicate running a parallel oil market in Nigeria. This “Black Market” for Nigerian oil has been an issue of great concern for well meaning Nigerians. Multinational oil companies cannot deny that they are involved in this business. We are saying this because we know that Mr. Marc Rich, Director of the Glencore International AG, (a company that is very active in the Nigerian oil industry) who was indicted and convicted for various criminal activities but

¹ Torulagha, 21-22

granted a last minute mysterious presidential pardon by President Clinton has been dealing in illegal oil sales with successive Nigerian government officials. According to the Platt's *Oilgram* journal, (Volume 79 Number 15, January 23, 2001) it is reported that as early as 1973, during the first Arab oil embargo, Marc Rich left Philbro where he was formerly working to form his own firm, Marc Rich & Co. it was reported in this journal that his company soon made a reputation for itself in the international oil market. It made a rapid ascent in the oil industry and “*became a major player in world oil markets.*” Marc rich was qualified by the journal as being “particularly adept at securing supplies of Nigerian and Iraqi crude oil, and gained a reputation as a reliable supplier in tough times **to crude-short oil majors.**”¹ This report confirms the link that exist between the shady Marc Rich and the Multinational oil companies termed the oil majors above.

These shady deals between the oil majors, the corrupt officials in the Nigerian government and individuals like Marc Rich makes us to trace the origins of one of the most devastating criminal activities tarnishing the image of the Nigerian nation to the multinational oil companies. This activity is the notorious Advance Fee Fraud, popularly known as 419² in Nigeria. We strongly believe that this criminal activity was inspired by the numerous illegal deals between individuals like Marc Rich, corrupt Nigerian government officials and the multinational oil companies. This view can be supported by the mode of functioning of the 419-crime syndicate. Over eighty percent of these swindling deals are made in the oil sector. A basic 419 proposal informs the would-be victim that there are shiploads of oil to be acquired, all he needs to do is to pay some money upfront for transportation and when this money is paid by the greedy victim, the criminals vanish into thin air and that is it. In some cases, there are proposals that invite the future victim to use his foreign bank account to receive huge sums of money looted from the Nigerian oil treasury. The victim is made to pay an upfront fee that is generally provided for overhead expenses. Once he pays the money, which may run into hundreds of thousands of dollars as the case may be, his supposed business partners disappear. The following is an extract from one of the proposition letters sent to foreigners mostly North American and Western European nationals:

¹ Platt's *Oilgram* (Volume 79 Number 15, January 23, 2001) quoted in Chido Nwangwu, *Investigating Marc Rich and his deals with Nigeria's Oil*, taken from internet site <<http://www.usafricaonline.com/marcrich.chido.html>> (28 June 2004)

² 419 is the number of the article in the section of the Nigerian penal code which addresses fraud schemes

Dear Sir,

Kindly let me introduce myself.

I am Engr. Sanusi Bello a civil servant/government worker working with the Nigerian national petroleum corporation and also the chairman of contracts award and implementation committee of this same corporation (NNPC) here in our head office Lagos Nigeria. It is with trust and confidence that I write to make this urgent and important relationship to you for a reliable introduction made on your behalf by the commercial attaché of tourism.

I seek a foreign partner with the capacity to accommodate the total sum of us\$32.5 million (thirty two million five hundred thousand united states dollars). Which is money accrued from a deliberate over-invoicing of the construction of the 563billion dollars Kaduna refinery contract awarded by the federal government of Nigeria under Babangida regime in 1997 and implemented by my committee. We have been safeguarding this money since then, awaiting an appropriate time when the money can be transferred into a safe account abroad as we are government worker and not allowed to own foreign accounts while still in office.¹

It is noted on the United States Secret Service web page on this crime that the most prevalent and successful of the Advance fee scam is the money transfer proposition emanating from individuals supposedly working in the Nigerian National Petroleum Corporation. We must note that Mr. Marc Rich that we mentioned earlier has been in this money transfer business since the early 1970s. According to the article by Chido Nwangwu of USAFRICA Online, Marc Rich was said to have “*utilized his deft and far-reaching "logistical leverage" in Switzerland to "assist" his Nigeria cohorts in making huge deposits in private, secure accounts.*” The article went on to state that, “*Bribery and massive inducement through hard currency transfers were staples of the Marc Rich financial machine inside Nigeria, and beyond.*”² What all this means is that the activities of the European and American multinational oil companies in Nigeria does not stop at causing harm to the people of the Niger Delta. Their activities have far reaching consequences for people at distant places as we have seen through the issue of the 419 scam. It is clear that multinational companies like Glencore, Marc Rich & Co and other oil multinational oil companies have no scruples in their drive to maximize profits. There is virtually no limit to their possibilities when it comes to protecting their business. These companies that are generally considered as rivals among themselves

¹ The United States Secret Service publish an update on the 419 syndicate on their website with letters like this at <<http://www.secretservice.gov/alert419.shtml>> and one can get the full letter at <http://www.virtual-voodoo.com/pipermail/aqjaern/2003-May/000499.html>

² Chido Nwangwu, Investigating Marc Rich and his deals with Nigeria's Oil, taken from internet site <<http://www.usafricaonline.com/marcrich.chido.html>>, (28 June 2004)

always unite to crush any obstruction to their profit goals. The obstruction can be in the form of poor Niger Delta villagers demanding that their environment be protected from degradation, Non governmental organisations championing the cause of the poor or honest government officials trying to do their work in an ethically correct manner. At the face of all this, one is bound to ask if successive Nigerian governments cannot put a stop to the outright vandalism of its people and environment. This is where our question number three comes in.

Are these multinational companies above the Nigerian Laws?

The high level of power wielded and enjoyed by the multinational oil companies in Nigeria can be attributed to their links to the Nigerian government. Since the Nigerian independence in 1960, the oil industry and the multinational oil companies have been the most important factors in the economic balance of the various governments. The government depends heavily on the oil sector for its revenues. One should then expect that this sector should be the most upright in its accountability. The paradox of the Nigerian situation is that though the oil sector is the backbone of the Nigerian economy, it is equally its most important weakness. The link between the oil companies and the Nigerian government is not as strong as the link between the oil companies and various and successive high officials in the government. From the Shell/British Petroleum alliance of the early seventies to the current situation with all the American and European companies, wide bribery and corruption practices have been a common feature of the petroleum sector in Nigeria.

Government officials have been offered various presents in cash or kind in order to obtain favours. The favours might be to overlook the nefarious practices of the multinational companies in Nigeria. It might be to abandon a project that the companies consider harmful to their ventures. It might be to pass laws and draft contracts that give the companies full protection against the government and assure that their investments yield enormous profits at the detriment of the government. The present case of bribery involving United States Vice President Dick Cheney's former company Halliburton (through its subsidiary Kellogg Brown and Roots, the French multinational Technip, the Italian oil services company Snamprogetti, the British law Firm Kaye Tesler & Co of Tottenham and a host of others is just a good example of the negative effects of the multinational corporations on the Nigerian government. In this case which centres on the construction of the largest natural gas processing plant in the world worth a whopping sum of \$4 billion, the French government is investigating allegations that the

multinational corporations mentioned above gave out large sums of money to high Nigerian government officials in order to get the conditions that are most favourable to them. In the case of Halliburton and Mr Tesler mentioned above, the amount involved was \$5 million. Mr. Marembert who is the lawyer representing Mr Tesler in France, qualified Mr. Tesler's work as, *"economic education of Nigerian government authorities, persuading them to accept a stake of less than 50% of LNG plant operating company. Mr. Marembert added that Mr Tesler had used some of the money on "public relations and local development" issues related to the plant."*¹ This is just a revelation of the way that the multinational companies function in Nigeria. They start from the start, even before the signing of the contract, to bribe government officials in order to obtain 'juicy' conditions in any transaction. At the light of this information, we can say that the contracts between these companies and the Nigerian government are legally fake. They are breached even before they are signed. The utmost good faith that makes any contract binding on the contracting parties is absent in these contracts.

One might respond that the Nigerian government is to blame for the situation in the country. Pundits of international economy have proved that the strategies of the multinational corporations when confronted to that of national governments are awesome. It is common knowledge that most of these companies have been in business for over a century where as the governments especially those of countries in the southern hemisphere are more or less new to international business and its functioning. An article on the Wall Street Journal stated that out of the first 100 largest economies in the world, 53 of them are multinational corporations. This article equally noted that of the 220 nations in the world, ExxonMobil's annual revenues exceed the Gross Domestic Product of all but twenty countries.² With these pieces of information at hand and knowing that even in countries like the United States of America, England, France, Germany, Japan and a lot of other industrialized nations, the multinational corporations have been able to make their weight felt through their lobby groups and numerous bribery and corruption schemes, we can say that the Nigerian case is not an exceptional one. A good example of this is the Elf (Total) bribery scandal still underway in France. The Enron energy crises in the United States had almost all the top figures in international business implicated in it one way or another.

¹ The Wall Street Journal, Nigeria : Bilfinger Paid Tesler Regarding Nigeria plant, taken from internet site < <http://www.corpwatch.org/article.php?id=11414>> March 5, 2004

² George Melloan, The Wall Street Journal, Tuesday, January 6, 2004

To come back to our question, we will like to indicate that the Nigerian government does not have the capability to check on the oil multinationals and thus cannot control their actions. In fact most of the supervisory roles are given to the oil companies themselves and the governmental agencies are just there to take note of their observations. A flagrant example is the data on the volume of oil production, the National Agency for Petroleum Investments and Management Services (NAPIMS) have no apparatus for checking the volume of oil that the country possesses as reserves nor do they know how much oil is produced. They depend on the oil companies to inform them on these issues. That was the reason why SPDC was the only one to know how much oil it has in its reserves. The cutting down of proven oil reserves by Shell in December 2003 cannot be challenged by the governmental agencies because they do not have the counter-check system to verify the figures given by the oil companies.

We can even go further to state that the multinational oil companies have their own “government” which is superior to that of Nigeria. We make this affirmation because some of the petroleum companies are financially more stable than the Nigerian government. They have a better and wider experience of global economy given their long history and their multiple investments all over the globe. They know the intricacies of the Nigerian politics and economy and have a better grasp of its weaknesses, which could be used against any given Nigerian government, or its official at will. The multinational oil companies can be said to be the 37th state of Nigeria because they have their own army, their own police, Navy and Air force which is better equipped than that of the other 36 states of the Nation. It might be surprising to many that this is possible and a good number of people even specialists in the oil field might refute our declarations but Shell has admitted in one of its press releases that it has engaged itself in the purchase of arms for the police. In that report, Eric Nickson, a spokesman for Shell international, said that, *"Shell has purchased side arms, handguns on behalf of the Nigerian police force who guard Shell's facilities. But once imported, the arms remain the property of the Nigerian police, who store, guard and use them."* He continued by declaring that, *"the Nigerian police do not have sufficient funds to equip themselves... We purchase the weapons on their behalf."*¹

Information from the London Observer Newspapers stated that Shell has made orders as late as 1996, for the purchase of arms for the Nigerian police guarding its

¹ Cameron Duodu, Shell Admits Importing Guns for Nigerian Police, Observer Newspapers 28/01/96 taken from Internet site <<http://archive.greenpeace.org/search.shtml>>, July 22, 2004.

facilities and other company facilities. In the list of arms that were ordered are the following: Beretta semi-automatic rifles, pump-action shotguns and materials such as tear gas clearly designed for crowd control, Human Rights Watch observed that some of these arms *“did not seem appropriate for protection from armed robbers and “general crime.”* Reacting to criticisms on the illegal arm deals of shell, their spokesman Mr. Nickson declared that the illegal importation of arms in Nigeria is practised by a *“wide range of companies in Nigeria, who employ the police to guard their facilities.”*¹ It is important to note the terms that Mr. Nickson used here. He said that a wide range of companies “employ” the police to guard their facilities. This in other words is to say that the companies are the ones that recruit the policemen working for them and not the Nigerian government.

In another related development, Shell, after a lot of investigations and criticisms from NGOs, admitted that it has groups of the Nigerian armed forces on its payroll. In the report of the Human Rights Watch survey that we cited earlier on, Shell was quoted as declaring that it had made direct payments to the personnel of the Nigerian Security Services in the form of *“a very small fixed ‘field allowance’ in cases where members of the security forces have been deployed in connection with the protection of SPDC’s facilities or SPDC personnel.”* The very small fixed field allowance however seems to run into millions of Naira as was revealed by a security memorandum which shows that more than 50 million naira was paid by Shell and the other oil multinationals as input to security agents in order to *“waste (kill) targets... especially vocal individuals from various groups”* and ensure the *“restriction of unauthorized visitors, especially those from Europe, to Ogoni.”*²

ChevronTexaco used members of its own heavily armed security personnel in the attack of the Opia and Ikenyan communities that we saw in chapter nine of this work. Agip, Total, Wilbros and others only need to ask, if they feel like, for the Special Forces to intervene on their behalf. In a nutshell, we can uphold the view that in as much as the current Nigerian petroleum-guided governments continue, the oil companies will remain the main decision makers in the oil sector and on the entire Nigerian politics and economy. From her ‘independence’ in 1960, American and European multinational petroleum companies have dictated the socio-economic and

¹ Duodu. 1

² Human Rights Watch, the Roles and Responsibilities of International Oil Companies, taken from Internet site <http://www.icaionline.org/xp_resources/icaioil_companies/roles_and_responsibility.pdf> 5> June 20, 2004.

political policies of the Nigerian government. Most Nigerian Government officials have more or less been working in the interest of two parties, first is the interests of the multinational companies and second is their own personal interests. The interest of the people and the government of Nigeria is not a priority in their scale of preference.

Our affirmations can be supported by the findings of various investigative commissions and probe panels commissioned by the Nigerian Federal Government like the Okigbo panel of 1994 and the Oputa peace and reconciliation committee of 2002. The findings of these two panels have been withheld from the public by the Abacha and the Obasanjo regimes respectively but various excerpts from their reports have confirmed that there was extensive looting of the federal government treasury by highly placed individuals in the various government ministries and parastatals. These individuals were the ones that render the authority of the government literally impotent in the face of actions of the oil multinationals. The Abacha regime that lasted three years stole over seven billion United States dollars from the Nigerian people. Three billion out of that amount which was remaining in the personal bank accounts of the late dictator have been the bone of contention between the present Nigerian government and banks in Europe and America where the loot were stashed away.

Information from one of the issues of the Nigerian tribune Newspapers reported that there was a link between “*Marc Rich and some soldiers (including former head of state retired Gen. Muhammadu Buhari) to the December 31, 1983 coup which removed Alhaji Shehu Shagari as an elected president of Nigeria.*” The report went on to declare that *Marc Rich's “oil deals had been on even before Shagari's election.”* We support the analysis made by Nwangwu who wrote that the report was “*implying but without specifying the obvious, which is that Marc Rich was equally active during the first tenure of then Gen. Olusegun Obasanjo (with the latter) as a military dictator in Nigeria (February 1976-October 1979).*”¹ The facts related above convinces us that the oil companies have been the ones taking the decisions of who should become the president of Nigeria and who should not. The security of the nation is more or less in the hands of the multinational companies and the Nigerian government cannot control them. The answer to our question number three in one sentence is that the European and American multinational oil companies are highly above the laws of the Nigerian

¹Chido Nwangwu, *Investigating Marc Rich and his deals with Nigeria's Oil*, taken from internet site <<http://www.usafricaonline.com/marcrich.chido.html>>, (28 June 2004)

government. The only solution one might think is to turn to the governments of these companies or the international community for help and this is the concern of our next chapter, which will try to answer question number four and five.

Chapter 12

Multinational Oil companies, their Home Governments and the International Community.

“A healthy oil industry overseas is as vital to the United States security as a sound domestic industry” (Andrew Ensor U.S. State Department)¹

The above statement constitutes on itself alone the answer to our fourth question: *What are the responses of the American and European governments and the international community in the face of all this?* The oil industry is one of the main bases of the economy of the European and American governments. This important position being occupied by the oil industry makes the giant corporations engaged therein to be more or less ‘sacred cows’ to their governments. There is a strong symbiotic relationship between the giant oil corporations and their home governments. These multinational corporations are protected both at home and in foreign lands by their national governments. The reasons behind the privileged treatment given to the multinational oil corporations are numerous but the most important of all of them is the fact that oil companies like most of the other companies in the international market are the main channels through which the Northern governments establish their imperialistic control over the globe. The control of the sources of raw materials being the most important prerequisite to the domination of world economy and politics, the governments of various Northern Hemisphere countries that are highly capitalistic see in the multinational oil companies a great means of international domination.

Another important point that must not be neglected is that the multinational oil companies like their counterparts in the other economic sectors of international trade represents a great source of foreign exchange which is crucial for the economic balance of their home countries. Investments made overseas are highly profitable for the governments of the multinational companies and this is the reason why the oil companies in Nigeria are backed by their respective governments even when the governments know that the oil companies activities are detrimental to the people of the Niger Delta and the Nigerian people in general. The support given to these companies comes in a lot of ways, they can be financial supports through tax breaks or exemptions,

¹ Tanzer Michael, The Political Economy of International oil and the Underdeveloped Countries, (London: Maurice Temple Smith Ltd 1970) 54.

they can be moral through diplomatic threats on the oil producing governments and the support can come in the form of outright military invasion and occupation.

Since the beginning of the operations of the multinational oil companies in the Niger Delta, the various governments of these countries have been their main strength. The British government gave Shell-BP the absolute right to the lands and waters of the Niger Delta. It was on this basis that the company was able to establish the monopolistic system in the Nigerian oil industry that still continues till date. Shell produces the greatest quantity of oil in Nigeria. The British and Dutch governments give unflinching support to the Shell Company in Nigeria. Total of France was, as we mentioned in chapter five of this work, formerly a French government company. Thus its activities all over the world were directed from Champs Elysées. Till today, the French government still act as a Patron to the company. Through the great support of the French government, Total was able to establish a great system of total monopoly in France and all the French controlled territories. In order to break the monopolistic hold of Shell BP in the Nigerian oil sector, the French government supported the secession campaign of the Biafrans, which led to the tragic civil war that lasted three years and killed millions of Nigerians. The establishment of Agip was equally done by the Italian government, which still maintain a great power over the activities of the Agip Corporation.

The American multinational oil companies started as private companies but that does not mean that the government of the United States of America is not involved in their activities. The giant American oil corporations depend largely on the American government for their foreign investments and protection of their international facilities. The case in the Niger Delta is no exception to the way these companies had functioned and still function in foreign countries. The United States government has been supporting the oil companies in Nigeria in spite of their massive degradation activities, which can be considered as a threat to the lives of the people of the Niger Delta and the environment. The most recent support was shown in the award of corporate excellence given to ChevronTexaco by the United States government on October 15, 2003, at the U.S. Department of State in Washington, D.C. On that occasion, the United States Secretary of State, which made the award, stated that ChevronTexaco received the U.S. Secretary of State's Award for Corporate Excellence because of its "*outstanding corporate citizenship in Nigeria.*" Among the criteria that were taken into consideration for this award were:

1. Good corporate citizenship,
2. Exemplary employment practices,
3. Provision for a safe and healthy workplace,
4. Responsible environmental protection and practices,
5. Contribution to overall growth and development of the local economy,
6. Compatibility/contribution to local science and technology,
7. Compliance with U.S., international and local laws.

If we look at all these prerequisites for the award, and the way that ChevronTexaco's operations in the Niger Delta go against all these, we can see that the United States government is highly partial and unjust in its judgement. From criterion number one to number seven, the company ChevronTexaco has nothing tangible and concrete to show for its merit of the award. ChevronTexaco's activities in the Niger Delta can portray everything but good corporate citizenship. The various communities in the Niger Delta have been making public demonstrations and crying out against the unfair practices of the company as regards employment opportunities for their communities. These civil actions culminated in the peaceful demonstration and occupation of the ChevronTexaco's Escravos oil terminal on July 8, 2002 by women from all the different communities in the Niger Delta. First on the list of issues of discontent that prompted the women's demonstration were ChevronTexaco's employment practices. The women stated that the company do not employ people from their communities. This demonstration that turned into a sit-in lasted for eleven days. The following is one of the statements made by one of the women at the demonstration:

"Chevron has neglected us. They have neglected us for a long time. For example, any time spills occur, they don't do proper clean-up or pay compensation. Our roofs are destroyed by their chemical. No good drinking water in our rivers. Our fishes are killed on daily basis by their chemicals, even the fishes we catch in our rivers, they smell of crude oil. Chevron know the right thing to do, they intimidate us with soldiers, police, navy and tell us that cases of spill are caused by us. We are tired of complaining, even the Nigerian government and their Chevron have treated us like slaves. 30 years till now, what do we

*have to show by Chevron, apart from this big yard and all sorts of machines making noise, what do we have? They have been threatening us that if we make noise, they will stop production and leave our community and we will suffer, as if we have benefited from them. Before the 70s, when we were here without Chevron, life was natural and sweet, we were happy. When we go to the rivers for fishing or forest for hunting, we used to catch all sorts of fishes and bush animals. Today, the experience is sad. I am suggesting that they should leave our community completely and never come back again. See, in our community we have girls, small girls from Lagos, Warri, Benin City, Enugu, Imo, Osun and other parts of Nigeria here everyday and night running after the white men and staff of Chevron, they are doing prostitution, and spreading all sorts of diseases. The story is too long and too sad. When you go (to ERA) tell Chevron that we are no longer slaves, even slaves realise their condition and fight for their freedom."*¹

Complaints like this are numerous in the Niger Delta. The United States Secretary of State would have invited a panel from the oil producing communities to be part of the committee that judged the merits of ChevronTexaco in Nigeria or it would have done a popular opinion poll before giving out the award to a company that is widely known for its unscrupulous business activities.

Criteria numbers three and four are part of what we have seen in chapter six of this work. Oil spills, arbitrary dumping of toxic wastes, gas flaring and other environmental degradations are the only legacies that ChevronTexaco and other oil companies are leaving for the people of the Niger Delta. The activities of ChevronTexaco and the other oil companies in the Niger Delta are the opposites of criteria three and four. They are dangerous not only for the Niger Delta communities who suffer the nefarious effects or for the Nigerian people but for the entire universe because the activities of these companies highly contribute to the emission of green house gasses that are the main causes of global warming.

¹ Mrs. Felicia Itsero, 67, Ijaw mother and grandmother (translated from Ijaw by Ms. Fanty Waripai), A recording conducted by Environmental Rights Agency, taken from internet site <<http://www.moles.org/ProjectUnderground/oil/nigeria/voices.html>> May 2, 2004.

Criteria number five assumes that ChevronTexaco is contributing to the overall growth and development of the local economy. This is a lie. Activities of oil companies in the Niger Delta have contributed largely to the economic crisis in which the people of the Niger Delta have been dwelling for decades now. ChevronTexaco and other oil companies in the Niger Delta have largely contributed to the state of extreme poverty in which the people of the Niger Delta are in now through their depletion and destruction of the means of livelihood of these people. If there is anybody that has gained from the nefarious activities of ChevronTexaco in the Niger Delta, it is ChevronTexaco itself and its stockholders. How can one say that ChevronTexaco is contributing to the economic growth of the rural communities when these people do not have potable water to drink, no electricity and no good roads? If ChevronTexaco is positively contributing to the growth of the rural communities why is it that the people from these rural communities are always demonstrating and crying out against the company. Can we consider the ChevronTexaco sponsored criminal attack on peaceful demonstrators at its Parabe Offshore Platform on May 25, 1998, which left two of the demonstrators dead from machine gun fire, a contribution to the overall growth and development of the local economy?

There is no way that the activities of ChevronTexaco can positively contribute to the development of local science and technology. We are making this affirmation because we know that for local science to develop, the people need to be healthy and in school in order to acquire the knowledge that will improve their lot. In the Niger Delta, schools and training facilities are lacking and those that exist are not at the reach of the poor members of the communities. Without going to school, the development of local science and technology is impossible. Moreover, many a pundit has argued that the technology used by the oil companies in these communities is highly out of reach of the local people, and that instead of contributing to the development of the local science and technology, it is undermining the progress in these fields. In his book Imperialism and Underdevelopment in Nigeria, Bade Onimode explained, that the imposition of foreign technologies for production by multinational companies has undermined Nigeria's technological growth for two principal reasons. Firstly, the cheap import substitutes render traditional trades and techniques obsolete, putting many people out of work, and; secondly, the depletion of raw resources has drastically diminished the capacity of local

producers to improve the quality of their own products.¹ We believe that rather than improve and develop the local science and technology, ChevronTexaco and the other multinational oil companies has turned the focus of Nigerian science and technology from a state of progressive advancement to that of integral dependence.

We have shown in chapter six of this work how ChevronTexaco and the other oil companies disobey the Nigerian law and how they bypass the judicial system. Their history in Nigeria has been a tale of woe to the Nigerian judicial system and the international laws of corporate responsibility. In the case of the laws of the United States, we will like to demand that the United States Department of State, which honoured ChevronTexaco with the corporate excellence award, explain to the general public how a company that has engaged itself in systematic torturing, killing and maiming of unarmed and defenceless civilians can be considered as abiding by the laws of the United States of America. In a nutshell, we will like to state here that, ChevronTexaco did not in any way merit the award that it received from the United States government. That award is against all that is dear to the people of the Niger Delta, well meaning Nigerians, the integrity of the United States of America's government; for the people of the Niger Delta, it is a pinch of salt upon injury.

The interwoven relationship between the American oil companies and the United States government is so strong that the companies were encouraged to form a cartel in order to dominate the international oil industry. This act approved by the United States government under the Webb-Pomerene Act of 1918 was the contrary of the United States anti-trust laws because it allows the multinational oil companies to do abroad what they cannot do at home. The situation in the Niger Delta is not novel. The companies coming together to take decisions that are more like harsh punitive measures for the local communities that protest against their activities is 'normal' when one understands the techniques of these companies. The approval given by the United States government to the oil companies through the Webb-Pomerene act has made it possible for them to apply the same techniques in other fields like Gas flaring for example. The companies do not have the right to arbitrarily flare gasses in the United States but this they do in the Niger Delta. The government of the United States turns a blind eye to this and other nefarious activities of the oil companies because it deems it normal for the

¹Bade Onimode, Imperialism and Underdevelopment in Nigeria. (London: Zed Press, 1982) 154.

companies to do whatever they feel like overseas, in as much as it has no negative influence on the Americans.

Another landmark in the privileged relationship between the multinational oil companies and their governments can be shown in the recent moves by the United States government to establish a military base in the Niger Delta in order to oversee and protect the oil companies' facilities in Nigeria. This arrangement started from the military pact that was established between the Nigerian President Olusegun Obasanjo and the United States government in 2000 just after the former's enthronement. Since then, the United States government has been sending military officials to Nigeria to inspect the Nigerian defence systems, strategies and equipments. The United States government has provided eight fast attack patrol vessels to the Nigerian Navy¹ and three fighter jets to the Air force.

In addition to all these, Nigerian Guardian newspaper of 13 March 2001 reported that the United States has concluded a "hundred million per year aid" to the Nigerian military. Anybody that knows the history of Nigeria and the current situation of progressive misery and utter poverty that is facing the people of Nigeria will have one question for the United States government: *In what way is the military aid going to alleviate the suffering of Nigerians?* The answer is clear, in no way at all. Nigerians do not need military aid from the United States of America nor from any other source; What the people of Nigeria need is schools, hospitals, doctors, civil engineers and most of all agricultural experts. According to Professor Omo Omoruyi, a research fellow at the African Studies Centre of Boston University, "*The aid had nothing to do with education or health. The US is giving aid to sector that ruined the country since 1966 and a sector that bears no relationship to the development of the country.*"² The only reason that we can give to the gesture of the United States government is that the military aid is made to enhance the influence of the United States government on Nigeria and her domestic affairs. It must be noted that these aids are not for free because great financial benefits will be going to the American multinational companies dealing in arms and military logistics that are going to supply the arms and maintain them.

¹ It should be noted that the Navy is the main branch of the Nigerian Armed Forces operating in the Niger Delta.

² http://www.nigerdeltacongress.com/marticles/my_last_testament_on_the_nigeria.htm

President John F. Kennedy once stated that Foreign aid “*is a method by which the United States maintains a position of influence and control around the world...*”¹

The military pact will make it easier for the government of the United States to monitor and guard the facilities of the multinational oil companies operating in the Niger Delta. Experts in international relations and diplomacy will agree with us that the United States Aid programmes have never been meant to help poor countries but rather the opposite. According to Harry Magdoff, the diverse activities of the United States AID Programme can be classified as follows:

“To implement the world-wide military and political policies of the United States.

To enforce the open-door policy: for freedom of access to raw materials, trade, and investment opportunities for U.S. business.

To ensure that such economic development as does take place in the underdeveloped countries is firmly rooted in capitalist ways and practices.

To obtain immediate economic gains for U.S. businessmen seeking trade and investment opportunities.

*To make the receivers of aid increasingly dependent on the U.S. and other capital markets. (The debts created by the loans extended perpetuate the bondage of aid-receivers to the capital markets of the metropolitan centres.)”*²

From the above activities, it is clear that the Aid to the Nigerian military has got nothing to do with the good interests of the people as the United States government might want us to believe. This has been the manipulations of the oil companies for sometime now and it has led to the pressure from the United States Department of Defence to send contingents from the United States marines to help their Nigerian counterparts in “maintaining law and order” in the Niger Delta. This information, which was revealed in July 2003 by Governor Diepreye Alamiyeseigha of Bayelsa State of Nigeria, during a forum on «Sea Piracy and Oil Pipeline Vandalization», erupted into a heated debate in the Nigerian parliament. On the one hand, the Chairman of the House of

¹ Address by President JFK before the Economic club, New York City, December 1962, as quoted in Committee on Foreign Relations, U.S. Senate, Some important issues in Foreign Aid (A report prepared by the legislative Reference Service of the library of Congress), Washington D.C., 15

² Magdoff 117

Representatives Committee on Navy, Dr. Anthony Aziegbemi said that it would be "*an insult on the Nigerian Navy for the federal government to bring in American Marines to patrol the Niger Delta coastal areas.*"¹ On the other hand, The Nigerian Institute of Industry Security (NIIS) protested the idea of the US stationing troops in the Niger Delta by sending letters to President Olusegun Obasanjo and the leaders of the House of Assembly and the Nigerian Senate. According to Priye Torulagha in *The Niger Delta, Oil, and Western Strategic Interests: The Need for an Understanding 1*, The NIIS stated that insecurity in the region "*has been advanced as the major motivating factor. It needs to be mentioned here that the American government can not be responsible for the day-to-day protection of oil installations in the Niger-Delta or elsewhere in Nigeria.*"² The result of all this was the sending of the marines to the Niger Delta who, according to the American government, were there to train their Nigerian counterpart on effective policing methods. In a nutshell, we can say that the American government is strongly in support of the multinational oil companies and are ready to deploy its military to protect them at all times. This will not be surprising to us, as we know that the policies of the American government have always been dictated by the corporate sector.

The case of the United States is not an exceptional one, other nations of the North involved in the oil business do not fare better in this field. The French government has backed Total of France from the very beginning. The activities of this company that formerly belonged to the French government have been marred by various environmental disasters and the French government never rebuked the executives of the company nor make an open condemnation on their nefarious activities. The only time that the government of France spoke against the activities of the oil company was when it was revealed that the officials of the company misappropriated funds set aside for bribery and corruption activities in Africa. The government opened an investigation into this. The objective of the investigation was not to punish the company for its dubious activities and its numerous bribery and corruption scandal but to bring to book the executives of the company that used the company's money for their personal use. Information from the Judge Renaud Van Ruymbeke-led investigation

¹ Aziken, E. (August 11, 2003). Rep against plan for US Marines in the N-Delta. Vanguard. Online: http://www.vanguardngr.com/articles/2002/niger_delta/nd611082003.html. Quoted in Torulagha 2003

² Ighodaro, J. (July 7, 2003). Group protests plan to deploy US troops to N Delta. Vanguard. Online: http://www.vanguardngr.com/articles/2002/niger_delta/nd307072003.html. 7/8/03. Quoted in Torulagha 2003

panel showed that the French government was aware and in support of the corruption and bribery fund. The government has maintained that this fund was legal at the beginning but was no more at the time of the investigations. We cannot understand the logic that makes bribery and corruption legal in Africa and illegal in France.

According to a letter sent to the Secretary General of the United Nations through the United Nations Economic and Social Council by the International League for the Rights and Liberation of Peoples, a non governmental organization in a special consultative status, Elf now Total has been involved in criminal activities ranging from tax evasions to outright killing of people protesting against its activities, all this with the approval of the French state. Part of the letter stated that on the basis of the findings of the *Permanent Peoples' Tribunal*, Elf-Aquitaine stands as:

"An autonomous public enterprise which applies common trade law and that of the sovereign African states. In reality, the management of oil business is assured by a parallel and obscure decision-making process involving French political leaders, company managers and African political leaders. They rely on the confidentiality of state services, protected by official secrecy. In this system, ELF, in all company consortiums where it is present in Africa, plays the role of a shareholder that holds a privileged relationship with the public sectors, which allows it to register its activity under the framework of specific discretionary settlements authorizing the maximization of tax and financial deductions. [...]"¹

The document went further to state that investigations conducted by them shows that the French government, even after it has virtually severed all administrative links with the multinational oil company, still maintains a considerable active connection in the affairs of the company. It concluded by the observation that the legal right of the French government to attain independence in the energy sector has always resulted to its imposition on other governments (especially the governments of the South) of a system of domination instead of a relationship of mutual interdependence based on a potential

¹ International League for the Rights and Liberation of Peoples, *Obstacles to the right to development: Control Of Natural Resources By Transnational Corporations*, GENERAL E/CN.4/2001/NGO/14716 February 2001, taken from internet site <http://www.unhchr.ch/Huridocda/Huridoca.nsf/0/820af2b0f7fe0007c1256a0a0056ff2?Opendocument> June 10, 2004

notion of equality and aimed at achieving peaceful integration. What we have seen here is just a sample of the responses of the American and European governments in matters that are related to the giant multinational corporations. The cases of the United States and France are just examples, the same applies to Italy with Agip, to Britain with Shell and British Petroleum/Amoco, to Holland with Shell and to Belgium with Fina before its merger with Total.

Simply put, to answer the question: What are the responses of the American and European governments and the international community in the face of all this? The fact is that the governments are in full support of these companies and do not see it in their interest to call them to order. Most times, the government is as guilty as these companies since they direct and approve the actions of the companies. As for the international community, they only equivocate on the issues and conduct series of research that ends up in reports that are never used. However, the response of the international community should not be a surprise to anybody since we know that the different international bodies are directed by the United States of America and the Western European governments. The G7 governments remain the ones directing the various international organisations most especially the United Nations Organisation. In summary, we can say that the United Nations is the organisation of the G7 countries, by the G7 countries and for the protection of the multinational interests of the G7 countries. The multinational oil companies in the Niger Delta have nothing to worry about with the status quo at the international organisations most especially those affiliated to the United Nations.

Now the last question on our list is question number six, which goes thus: **Is the Niger Delta case an isolated event or is it their modus operandi in other regions of the world?** To answer this question, we need to remind ourselves of the history of the Standard oil company that we saw in chapter five of this work. The case of the Niger Delta is not an isolated case; it is in the nature of the multinational companies to destroy all on its path towards maximum profits. Some communities in the United States like Richmond in Texas, Diamond in Norco Louisiana or the indigenous people of Alaska are still battling with the multinational companies in the United States. But their case is relatively better because they can count to a certain degree on the judicial system for redress. In Ecuador, the situation is so dangerous that one of the multinational oil companies, ChevronTexaco is under trial for its abusive dumping of toxic waste and other oil related activities that cause pollution. Experts in pollution control have

estimated that it will take more than five billion United States dollars and at least ten years in order to clean the waste left by ChevronTexaco in Ecuador.¹

On the European front, Total has made a reputation for itself in Africa and Asia. The company has been engaged, among others, in bribery and corruption scandals in all parts of Africa. The statement of the International League for the Rights and Liberation of Peoples that we mentioned earlier declares that President Biya of Cameroon is still in power because of the support coming from Elf (Total) and when the Secretary general of the Cameroonian presidency who was active in the government denounced Elf for its corruptive influence in the government revealing the extent of the systematic corruption practices of the company, he was poisoned before the trial could start. In Gabon, at the end of Leon M'ba's tenure, it was Elf that chose Omar Bongo as his successor. In Chad, President Dely was able to get to the Presidency with the approval of Elf. The activities of this company in the African continent are so enormous and devastating that the statement of the International League for the Rights and Liberation of Peoples which was published on the United Nations High Council for Human Rights UNHCHR's website affirmed that the company, in alliance with the French government "*contributed through civil wars and interventions to general and continued destabilization of Africa.*"²

The few examples that we gave above represent the tip of the iceberg in the long list of the nefarious activities of the multinational oil companies elsewhere in Africa. In the Middle East, the war in Iraq has been described by the United States government as a war on terror and an inevitable necessity in the liberation of the Iraqi people from the hands of Saddam Hussein. We are not going into the diplomatic and strategic implications and repercussions of the war, but it will surmises us to state here that many a journalist and even political analysts and critics have seen only one reason to the war in Iraq: getting unlimited and unrestricted access to the Iraqi oil fields ergo the Middle East oil for the multinational oil companies. The attention and protection given to the oilfields and oil facilities during the war by the United States military forces tend to confirm this point of view. To conclude this chapter which is the last of this research work, we will like to state that the Oil companies have been a source of desolation and poverty to the communities in which petroleum are produced, and that their activities

¹ Mark Lifsher, Chevron Would Face \$5 Billion Tab For Amazon Cleanup, Expert Says, Wall Street Journal, October 30, 2003 taken from Internet site <http://www.texacorainforest.com/wallstreet.htm> July 07, 2004

² *ibid.*

are not limited to a certain community but is a global phenomenon that must be combated in order to have a better world and to protect the people of the Niger Delta and their environment from further degradation.

Conclusion

In the arduous task of comparing the imperialistic tendencies of the European and American countries in Nigeria, we encountered a lot of difficulties, which started with the subject matter itself. How can one prove that an independent nation is under the influence of another stronger nation or other stronger nations especially when this influence is an indirect though strong one? Our approach to the subject has been principally comparative. In chapter one of this work, we redefined imperialism and put it in its context in relationship to the changes that occurred in the last century. Our use of Emmanuel Todd's book Après l'Empire, Essai sur la décomposition du système américain was very helpful because it helped us to understand the intricacies of contemporary political thought. The arguments of Emmanuel Todd is representative of the position of a considerable number of political writers and critics most especially those in Europe who believe that American capitalism is the cause of all the evils in our world today; that that system is in an advanced state of decay and will soon become history and that Europe has a better way of dealing with the problems of the world. At the end of that chapter, it was clear that the European countries are not yet in a position to reassume the leadership position that was taken from them by the Americans and that the European system today, from our African-oriented point of view is not really an alternative to the American's because the tribulations of the poor Africans and others started with the imperialistic rule of the Europeans.

To support our hypothesis, we chose to compare the American multinational oil companies to their European counterparts through their activities in the Niger Delta. The presentation of the Niger Delta and its people from their history before the advent of the Europeans and the Americans in chapter two gave us the historical insight needed for this study and made it possible for us to easily compare their pre-imperialistic situation to that of today in subsequent chapters. The discovery of petroleum in Nigeria and the policies of the Nigerian federal government seen in chapter three and four respectively facilitated our understanding of the legal and political difficulties facing the people of the Niger Delta in the Nigerian Federation and how the multinational oil companies exploit the situation. The historical origins of the multinational oil companies in chapter five portray the profit-oriented nature of the oil companies and are a guide to understanding the principles that determine their actions. The various oil booms in the petroleum industry and their consequences on the Niger Delta and its

people which was the subject of chapter six, can be related to the nefarious practices of the oil companies in chapter seven and the effect that the oil industry activities have on the economy of the Niger Delta in chapter eight. This helped us to understand better the plights of the people of the Niger Delta and their position on these issues.

The response of the multinational oil companies to civil resistance movements in the Niger Delta seen in chapter nine; multinational oil companies and the use of the armed forces in chapter ten; and the mixture of business and politics in the oil world in chapter eleven, show that the oil companies in their drive for maximum profits have quasi-unlimited strategies at their disposition to ensure that the people from the oil producing communities are held under their absolute subjugation. Finally, chapter twelve depicted the stand of the governments of the oil companies and the international communities in matters related to the oil industry. The purported leadership role and regulative authority of the United Nations Organisation and its various agencies were examined in this last chapter.

From the beginning of this dissertation till the end, we tried to analyse the situation in the Nigerian petroleum industry, to show the intricacies of its functioning and the main pivots directing its activities and that of the Nigerian government. After our research and the analyses of our findings, it was clear to us that the American and the European oil companies and their governments are equally imperialistic; that the American and European oil companies employ the same strategies in their operations in the Niger Delta thus one cannot say that the European oil companies are better than their American counterparts and vice versa. For the people of the Niger Delta, the Nigerian people, to most of the communities in the southern hemisphere and even the ordinary man in America or Europe, who have had dealings with these companies, we think that the name attached to the companies and governments from the northern hemisphere do not make any difference because they are guided by the same principle and aim at the same goals: the maximisation of profits.

With all the facts that we presented in this work and after due considerations of the possible options and solutions available to the Nigerian people, we would like to suggest that Nigerians and the Nigerian government should react to the domination of the oil companies. The multinational oil companies be it American, European or otherwise should be obliged to put a stop to activities that are dangerous to the people and their environment. The people should try all their best and employ all peaceful and legal means at their disposition to counter the detrimental acts of oil industry activities.

This is urgent because oil multinationals are never going to take any serious step to make durable development a reality in Nigeria. The reason for this statement is simple; petroleum is not a durable investment. It is only there while it lasts. It is not replaceable and will end up running out. At the pace of production in Nigeria, given its reserves of around thirty three billion barrels, the Nigerian oil is not likely to last through the next 50 years. And when the oil runs out, the oil companies will run out of Nigeria with it. The environmental degradation that they leave behind will be the only heritage from their activities. This has already started happening in Nigeria, Oloibiri was the first town to produce oil in Nigeria; today it is a town of desolation without electricity, pipe borne water or good roads. The legacy that was left behind by the oil multinationals was an extreme state of environmental pollution. Oloibiri has joined towns like Titusville in Pennsylvania, United States to become historical marks in the tale of woe of the oil multinationals.

More research is needed into the activities of multinational companies in the various sectors of our life to prove or disprove our findings and to find a lasting solution to their negative impacts on our societies. A comparative study of multinational companies in the pharmaceutical industry, the agricultural industry, the financial sector and a host of others will be very interesting and fruitful. It will equally be important to compare the different countries and regions of the world in order to determine the effects of big corporations who represent the modern imperialistic forces on them.

Appendix



Rumuekpe Kids and Gas Flare,
Image by Elaine Gilligan, 2004 All Rights Reserved. . Taken from internet site
<<http://www.stakeholderdemocracy.org/main/>> August 1, 2004



Creek leading to leaking well head 18, at Kpor, Ogoni. July 9, 2004,

Photo by Tim Nunn, All Rights Reserved. Taken from internet site <<http://www.stakeholderdemocracy.org/main/>> August 1, 2004



Shell's oil spills blight daily life for ordinary Nigerians in the Niger Delta, Airport Road, Port Harcourt, June 2004. Photo courtesy of Christian Aid Organisation, Taken from internet site <<http://www.stakeholderdemocracy.org/main/>> August 1, 2004



Lack of investment in infrastructure is at the heart of Shell Nigeria's problems. Leaking gas & oil flow line, Iguruta, Rivers State, June 2004. Photo courtesy of Christian Aid Organisation, Taken from internet site <<http://www.stakeholderdemocracy.org/main/>> August 1, 2004



Shell in evidence: gas flaring in the Niger delta.
Rumuekpe, Rivers State, June 2004. Photo courtesy of Christian Aid Organisation,
Taken from internet site <<http://www.stakeholderdemocracy.org/main/>> August 1, 2004



Aftermath of a Shell oil spill at Airport Road, Port Harcourt, Rivers State Nigeria, June 2004.

Photo courtesy of Christian Aid Organisation, Taken from internet site <<http://www.stakeholderdemocracy.org/main/>> August 1, 2004

Kids playing with exposed oil pipes outside a home in Nigeria's Niger Delta region.
Photo: ©Michael Fleshman All Rights Reserved. Taken from internet site <<http://www.un.org/ecosocdev/geninfo/afrec/subjindx/154nigr.htm>> December 1, 2003



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