INTERNATIONAL POLITICS OF OIL AND ECONOMIC DEVELOPMENT IN NIGERIA: 1970-2008

BY

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MIAD/SOC-SCIE/11586/2007-2008

A THESIS SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE, AHMADU BELLO UNIVERSITY ZARIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF M ASTERS IN INTERNATIONAL AFFAIRS AND DIPLOMACY (MIAD)

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FACULTY OF SCIENCE,
AHMADU BELLO UNIVERSITY ZARIA, NIGERIA

APRIL, 2009

DECLARATION

I hereby declare that this research project work has been conducted by me under the supervisor, ***Dr. Edgar Agubamah***, of the department of Political Science, Ahmadu Bello University Zaria.

I have neither copied someone's work nor has someone done it for me. I have tried to be original in this pioneer task.

The writers whose work I have consulted were referred to in this project and have been duly acknowledged.

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CERTIFICATION

This is to declare and certify that this Thesis was carried out by MIAD/SOC/SCIE/11586/2007-2008, ASATE BALA JOHN, of the Department of Political Science, Ahmadu Bello University, Zaria, in partial fulfillment of the requirement for the award of Degree of Masters in International Affairs and diplomacy.

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ACKNOWLEDGEMENT

First and foremost, I am grateful to God almighty for seeing me through my course of studies, despite the moment of trials and challenges, I encountered in the process of carrying out this onerous work and in making my dream a reality.

I most sincerely, express my deep gratitude to the man of God, which is no other one than my project supervisor, Dr. Agubamah Edgar, for his patience, tolerance, kindness and critical appraisal that gingered my attempt to continuously put conflicting ideas together. I am appreciative of his tremendous support and source of inspiration who took pains to read through the chapters of this project.

Indeed, I am appreciative to all the lecturers in the Department of Political Science, particularly the lecturers for the Master in International affairs and Diplomacy Programme, for me to be counted among one of their product.

My heartfelt thanks, goes to the Director General, National Orientation Agency, (NOA) Abuja, Alhaji Farouk, the State Director National Orientation Agency, Kaduna State, Alh. Galadima Zubairu Soba, a man of vision, and the Head of Administration and Supply, National Orientation Agency, Kaduna State, Mrs. Elizabeth Y. Danladi, for recommending, processing and granting unflinching approval for me to study this course, despite the pressures and challenges behind this endeavour.

My gratitude also goes to the Hon. Chairman, Lere Local Government Council, Saminaka Kaduna State, Alhaji Ibrahim Lawal Nuhu Kayarda, for his strong personal moral and financial support, which he rendered to me during my course of study.

I wish to acknowledge friend, MIAD IX colleagues too numerous to mention, who read the draft and made fruitful contributions in every state of this endeavour. Of particular reference includes, Barr. Andrew Saidu J, Benjamin

Bulus, Yunana Yango, Abubakar Argungu, Yakubu Luka, Methusaleh Irmiya, Godwin Bawa, Solomon Magaji, Tom Akut, Likita Garba and Babangida Kurfi, for their genuine friendship.

I most express my pleasure to my wife, Children and sisters, brothers for their encouragement, prayer, sacrifice and support during the period of my study.

Finally, I thank the Kayarda Computer Centre, in Lere Local Government, Saminaka Kaduna State, that tirelessly helped in the typing of the manuscript. I must confess here that, I should be held responsible for any act of omission and or commission the research project may contain.

2007/2008 ASATE BALA JOHN

DEDICATION

This work is dedicated to my late Parents, Mr. Asate Parah Yani and Mrs. Abundu Asate.

ABBREVIATION

AIDS	-	ACQUIRED IMMUNE DEFICIENCY SYNDROME
BNNOC	-	BRITISH NATIONAL OIL CORPORATION
CBO	-	COMMUNITY BASED ORGANIZATION
EFCC	-	ECONOMIC AND FINANCIAL CRIME COMMISSION
FBO	-	FAITH BASED ORGANIZATION
FAO	-	FOOD AND AGRICULTURE ORGANIZATION
HIV	-	HUMAN IMMUNO VIRUS
HDI	-	HUMAN DEVELOPMENT INDEX
NAFDAC	-	NATIONAL AGENCY FOR FOOD DRUGS ADMINISTRATION AND CONTROL
NEEDS	-	NATIONAL ECONOMIC EMPOWERMENT AND DEVELOPMENT STRATEGY
NGO	-	NON GOVERNMENTAL ORGANIZATION
OAPEC	-	ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES
ICPC	-	INDEPENDENT CORRUPT PRACTICES COMMISSION
IMF	-	INTERNATIONAL MONETARY FUND
IR	-	INTERNATIONAL RELATIONS
IPE	-	INTERNATIONAL POLITICAL ECONOMY
UNO	-	UNITED NATION ORGANIZATION
WTO	-	WORLD TRADE ORGANIZATION
OECD	-	ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT
AU	-	AFRICAN UNION

NNPC	-	NIGERIA NATIONAL PETROLEUM COOPERATION
PTDF	-	PETROLEUM TRUST DEVELOPMENT FUND
EIA	-	ENERGY INFORMATION ADMINISTRATION
PPTO	-	PETROLEUM PROFIT TAX ORDINANCE
NNOC	-	NIGERIAN NATIONAL OIL CORPORATION
GDP	-	GROSS DOMESTIC PRODUCT
GNP	-	GROSS NATIONAL INCOME
PTF	-	PETROLEUM TRUST FUND
USAID	-	UNITED STATE AGENCY INTERNATIONAL DEVELOPMENT

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QUOTE

"LIFE IS FULL OF PAINS
AND
HAPPINESS"

The Philosopher Jeremy Bentham

CHAPTER ONE: GENERAL INTRODUCTION

1.1 INTRODUCTION

The reality and the most important thing we need to understand about international politics is that the world is dynamic at an alarming rate. It is that each of us is intimately affected by international politics and that we all have a responsibility and an ability to become shapers of events. Thus, oil as a source of energy has become more and more significant in international politics and has impacted positively or negatively on economic development in Nigeria.

The international system is the environment in which the unit of international politics operate, their goals, aspirations, needs, attitudes, latitude of choice and actions are significantly influenced by the overall distribution of power in the system, by its scope and by its prevailing rules. To this end, countries that posses considerable deposit of oil have acquired an influence in international affairs, which to some cases can be attributed basically if not exclusively, to that possession. One drop of oil said Clemenceau during the First World War 1919-1939 is worth one drop of blood of our soldiers (Hans Morgen Thau 1960:125).

Series of definition have emerged on what is international politics. International politics is defined as the struggle for power, who get what, when and how. Power here mean anything that establishes and maintain control of man over man and it covers all social relation by which one mind control another. It is both actual and potential, and can be sub-divided into economic, political, diplomatic, moral military and other types. While at the international level it is often conceptualized as the relationship among sovereign states.

Power according to Hans Morgenthau, is the acquisition and control of those things that could help in establishing hegemony over others. To him "it covers all social relationship which serve that end from physical violence to the most sub the psychological ties by which one minds control another (Morgenthau H. J. 1950:8).

Thus, international politics for the purpose of this research can be seen as activity, negotiation, arguments, discussion, application of force, persuasion, by which an issue is agitated or settled between state.

Be that as it may, the international politics of oil revolves around the operation, monopoly, chemical content of the oil, oil fields, oil reserves, oil revenue, exploration, production, marketing interms of its price, the reliability of its supplies and war. In turn, international conflict in the world today are rooted in these politics.

In the same vein, the emergence of oil, as an indispensable raw materials has brought about a shift in the relative power of the politically leading nation. For example, Russia is self sufficient in this respect, while Japan is completely lacking in oil deposit. Suffice to mention that, the near east 'is strategically important because of the oil deposit of the Arabian peninsula. Control over them is an important factor in the distribution of power, in the sense that whoever is able to add them to his other sources of raw materials add that much strength to his own resources and derives his competitions proportionately. It is for this reason that Great Britain, the United States, France have embarked in the near east upon what has aptly been called oil diplomacy, that is the establishment of sphere of influence giving them exclusive access to the oil deposit on that region.

Oil here is define as a greasy or unctuous, generally combustible, liquid of vegetable, animal or mineral origin insoluble in water, but sometimes, soluble in alcohol and always in either variously used as food for lubricating, illuminating

and fuel, in the manufacture of soap, candle, cosmetics and refinery (Standard Dictionary of English Language, Int . Edition Vol. 1 (1962:879).

While oil well, is seen as a hole made in the ground to obtain oil. And oil field is an area where oil is found in the ground or under the sea oil fields tend to exist in relation to modern water, rivers, estuaries, seas close to land. Important to our understanding is upstream which refers to exploration and output activities, and downstream which refers to refining and marketing of oil.

It is gratifying at this Junction, to note that, the price of oil is managed by a cartel, organization of petroleum exporting countries (OPEC) who set prices that encourage the development of high cost oil, elsewhere, and thus promote some diversity of supply. Its control 2/3 of the world oil reserves. The non OPEC members in the name of member of international energy agency (lEA) rely on OPEC members for supply interms of production and prices.

Crude oil is a non renewable energy source. In fact, typical crude oil contains several hundred difference chemical component, the shortage and high demand instigate the prices of such energy sources at a speedy position globally. This is also re-enforced by the numerous conflict going on round the key strategic sources of crude oil for example Niger Delta region Nigeria, Middle East and Venezuela in one hand. And the global politics of oil which involve the industrialized west and the oil bearing areas led by the world largest oil cartel OPEC, with its headquarters in Vienna, Austria.

Also, fundamental to any understanding of the politics of the contemporary world, is an understanding of the politics of oil and the history of petroleum, means here the event that have shaped the industry over the past fifty years, interms of the displacement of coal as the world prime fuel, the tight control on international oil by the seven major oil companies like Shell, Mobil, gulf, Ashland, Agip, Chevron, Exxon all from the western countries.

It is also premise on how the world, was dominated more than a decade by the delusion of impending depletion, and political turbulence that has led to war in the middle east, to the United State sanction on Iran, Iraq and Libya and most recently to the invasion of Iraq. The big question is whether this enduring predicament that holds the threat of political conditions being attached to the supply of oil can be managed by the west to avert successive and deepening crises in the pricing and supply of oil in the world at large.

By this development international politics alignment among major oil producing and oil consuming countries also virtually affect changes in industrial structure, whether toward more vertical integration among oil companies, intensified competition between them, or a regionalization of markets. However, it does not seem possible to understand the operation of the oil industry without grasping it international context in the first place. The industry in the capitalist world is dominated by an Anglo American oligopoly with the Japanese, Italian, Belgian and French companies trailing them. They are major pillars of Anglo American imperialism and their growth and development have been essentially on the military and political power of the imperialist system.

Globally, it is very interesting to note that the search for oil continue, but projected oil discoveries will contribute little to projected oil production in 2030. The declining rate of oil discoveries make it painfully obvious, most of the oil has already been discovered due to improvement in technology. By and large, there is a growing gap between discovery and production. World oil production is running flat out. Only the Saudi Arabia claims to have the ability to produce more, though some dispute this, oil field can be permanently damaged by attempting to produce for fast.

World oil reserves stand at 1,238 billion barrels. The United State has only 2.6% of the world oil reserves, while it consumes 24% of the world oil production.

If the production rate of the United State could be maintained at 9.2%, its oil will be gone in 11 years, the, figures for Canada are the same and they are worse for Mexico. The Middle East has enough oil to last. 58years at present production rate. Africa has 33years clearly. The whole of Africa's south of the Sahara has less than 24billion barrels of reserves. Nigerian thus has over 80% of that. Most of the remaining Africa oil is located in Gabon, the Sudan, and Principally Angola. The whole of Africa has only about 2.2% of the world's grand total of oil reserves. Crude oil production in Nigeria average about 2mbd, which is about 60% of total African production, with Angola coming a distant second at about 0.5mbd. World crude oil production is estimated at 64mbd at this time. The United State, will be increasingly dependent on oil imported from those places.

Similarly, the majority of the world's oil comes from oil field, for example, Kuwait still supplies 3% of the world oil, from 1 7Oyears oil field, still supplies 5% of the world oil. The North Sea discovered in 1963 was exploited very quickly and is now steep decline. Alaska Prudhoe Bay discovered in 1968 is now a trickle. In Nigeria, Oloibiri, oil field was discovered in 1956 in Bayelsa State and now dry.

To this effect, oil varies greatly in quality. Some oil is so in light and sweet (low in sulphur), it can be pumped directly into the fuel tank of a diesel truck. Some oil is more like tar and it may contain sulphur. It is hard to transport and natural gas ma',' be needed to refine it into useful fuel. The oil from Manifa, a large oil field in Iran, is an extreme example. It contains so much sulphur and vanadium; it cannot be retained using today's technology.

On the other hand, all societies are constantly undergoing changes, Nigeria like most countries in Africa, Asia and Latin America, has been going through various processes of change and transformation. At the time of independence in 1960s, Nigeria was primarily an agrarian society and by that we mean that the main stay of the economy was agriculture.

The vast majority of the people were farmers, tilling plot of land, they produced both food for domestic consumption and export crops such as cotton, groundnuts in the North and rubber, palm kernel and cocoa in the south.

Thereafter, the discovery of oil in large quality, however change all that as the contribution of oil, to total export earnings grew up. Nigeria grew steadily, until its reached over 9Q% in the 1970s, following Nigeria. Joining of the OPEC in 1973, which also conceded with the sudden rise in oil prices, where Nigeria export earning rose drastically. Nigeria has become a household name in global oil exploration and production while climbing to the sixth position in the OPEC and 14th largest producers of the commodity in the world. With the oil proceed accruing to the federal government right from 1956 up to date; it is possible for the government to embark on a number of economic developments in Nigeria.

What is then development and Economic Development?

Development in human society is a many sided process. At the individual level, it implies increased skill and capacity, greater freedom, creativity, self discipline, responsibility and material wellbeing: The relationship which develops within any given social group are crucial to an understanding of the society as a whole.

At the level of social group, development implies an increasing capacity to regulate both international and external relatives.

While economic development on the other hand, is seen as when a society develop economically, as members increase jointly their capacity for dealing with the environment. The capacity for dealing with the environment is dependant on the extent to which they understand the laws of nature (science) on the standing into practice by devising tools (technology) and on the manner in which work is organized. Taking a long term view, it can be said that there has been constant economic development within human society, since the origin of man, because

man has multiplied enormously his capacity to win a living from nature. Development is universal, because the conditions leading to economic expansion is universal. Everywhere man is faced with the task of survival by meeting fundamental material need as part of the struggle for survival (Walter Rodney 1978:9-10).

Economic development for the purpose of this research is seen as economic growth plus the change here being interpreted as the achievement of better health, better education, better living condition, and on expanded range of opportunities in work and leisure for the poor people. Put in another way, economic development is being defined here as a sustained (qualitative change) accompanied by a perceptible qualitative improvements in the living conditions of the people, in productive techniques, and in the social and in institutional organizations.

Therefore, economic development implies:

a) Attaching as much importance to industrial as well as agricultural sector.

b) Reducing heavy reliance on the export of primary produce mainly agricultural and mineral products.

c) Reducing over-dependence on foreign financial assistance.

d) Stemming down rapid rural-urban migration.

e) Increased reliance on money and credit

f) Increased economic motivation and

g) Employing modern techniques of production

The challenge set in improving oil resources management in Nigeria is illuminating, as the factors militating against the nation's economic development, particularly as a result of the discovery of oil 50years ago. In fact, economic development has remained daunting for many developing countries, to the extent that even among those of them are richly endowed with human, natural and financial resources some have not been able to break the vicious circle of poverty.

How has Nigeria been creative and innovative in the diversification of her economy, knowing fully well that oil is exhaustible. How much effort has been out in place into the agricultural sector to ensure Nigeria feed its citizens comfortably, without depending on importation of food. What is wrong with our refineries that we have to import oil even though we are producers of oil? Can Nigeria account for the whereabouts of it oil wealth. What is the fate of Nigeria and the oil producing state called the Niger Delta region. How then can we justify the recent report of the world Bank/IMF meeting held in Singapore in 2006 which has ranked Nigeria among the 26 countries referred to as failed state? Vis-à-vis the report of an independent evaluation group (lEG) which further state that a fragile state is characterized by poverty, instability in governance, corruption, crises (leadership September 28, 2006:6).

To juxtapose, at the international level, we specifically focus on oil as a critical source of energy because it has highly been publicized as a critical natural resources since the 1973 Middle East crises.

The enormous oil resources of Saudi Arabia, and Kuwait have given them a powerful policy weapon as was shown by the diplomatic result of their oil embargo against the U.S in 1973-74.

This is where the Arab oil embargo introduces a new mathematics into the politics of oil as a political instrument of coercion, punishment, mediation, arbitration and conciliation. Put differently, the price paid for the conciliation between Egypt and Israel is calculated not merely in terms of lives lost in constant wars or material energy expanded, but on finding the right equation for the flow of oil, technology and peace. Nigeria recorded a boom first in its history in its foreign exchange earnings in 1970s. It is interesting to note that Saudi Arabia and the United State has invariably depended on each other for the technology and oil, that formula is still in the drawing board.

However, we become interested in the generality of the discussion, because it touches upon energy as one of the most vital component of economics and political power of Nigeria. Nigeria refused to increase her oil export to Britain in 1973 at the later request, because Britain violated the common wealth trade embargo and sold helicopters to South Africa; it also took a 60% majority, shareholders of the Britain oil company, and cancelled independently, Queen. Elizabeth 11 visit to Nigeria in 1975. All these events justify the era of oil power politics, because power as a social variable goes beyond the demand for those who wield it to the interest of those who need it.

Mean here Nigeria's oil wealth was also used as a potential weapon of diplomacy in international politics as illustrated by Nigeria role in southern Africa under the Muhammad/Obasanjo regime.

The oil glut that bedevil the country in the 1980s, saw the dwindling of its foreign exchange earning. The 1990s witnessed the gulf war windfall, and the year 2000 to 2008 witnessed the unstable nature of oil prices and the subsequent global financial recession that has continue to force the price of fuel to go down each passing day. As at 25th January, 2009 falling oil price ranges at about $40 per barrel compare to $150 a barrel.

The major threats to the international politics of oil dominated economy are geographical instability, depletion of resources, national strategic interest, and environmental degradation. Oil has always been central to global power and has been at the heart of many of the most important political events of the 21 century. Analysis anticipate that known oil resources in the Gulf of Guinea will grow more than expected and will attract much interest in the era of globalization because of uncertainties in the Persian Gulf.

In fact some members of the G-8 countries, particularly the Us, Russia and China continue to intensively compete for energy riches of the Persian Gulf and the

Gulf of Guinea. These countries see oil as an integral part of their foreign relation policy and they seek some degree of control over the political dynamic of the most important oil producing region.

There continue a struggle between major powers for control over territory, natural resources, vital geographic features (harbours, rivers and oases) and other source of economic and military advantage.

But in the face of this price, European countries is still saddled with countries social and economic problem. The largest of which is it high cost of imported fuel amidst the widespread poverty in the country. Many wonder what would' have become of Nigeria without it crude oil revenue. Thus, experience shows that, it is impossible to predict or maintain stable crude prices for a prolonged period of time. Changes are that the higher prices will motivate other countries to drill for new fields or find alternative sources of energy.

Thus, there have been crucial signpost that indicate rising global energy consumption one main signpost is globalization of the world and the industrial growth sport that, China and India are experiencing consumption pattern are also on the subsiding in the newly democratic countries of Eastern Europe, as well as the European union and the US, Africa has not been left out in this world of consumption.

Of course, always keep your eyes on the politics of oil and you will always know a lot about what is actually happening in this planet. Low prices as at present bad for producers and so will hurt a number of countries that the United State government consider hostile including Venezuela, Iran and even the natural gas and oil giants, Russia. Al! of them have in recent years, used their soaring oil income to finance political endeavours consider inimical to the US interest. However, dwindling oil prices could also shake the very foundation of oil allies

like Mexico, Nigeria and Saudi Arabia which could experience internal unrest as oil revenues and state expenditure decline.

Since true development begins with a human being and how he uses the resources around him to progressively improve his material condition. The research would continue to search for answers to question on issues regarding the role of oil in international politics and the challenge of economic development in Nigeria. This is why I have chosen this topic, international politics of oil and economic development in Nigeria: 1970-
2008.

1.2 STATEMENT OF RESEARCH PROBLEM/RESEARCH QUESTIONS

It would be naive, to presume that the twist and turns in the world energy market, would always be in Nigeria favour. Expert have repeatedly pointed out the need to diversify the economy and reduce the country's dependence on foreign market. Thus, no matter how vibrant revenue projection may look, if the country does not find additional ways to fuel it economy and rely only on oil revenue, any unforeseen instability in the price of fuel in the international market will drastically affect its economic development. At this junction, the research is set into looking at the following research questions.

Research Questions

1) How did international politics of oil affect economic development in Nigeria.
2 How can we remove its effect if negative
3) How can we improve the link between the two concepts
4) Why that is the western capitalist countries pursued strategies aimed at weakening OPEC in the form of pursuing a strategy of developing alternative source oil.

5) Why despite the enormous oil wealth posses by Nigeria, it is yet to effectively improve the quality of lives and living conditions of average Nigeria.

6) Why despite Nigeria oil wealth, it is yet to effectively make her impact felt at the UNO.

This is the task set ahead in this research.

1.3 LITERATURE REVIEW

The international politics of oil is gaining ground in the 21 century. And the challenge of economic development attainment is globally, receiving greater attention toward a sustainable development, in the achievement of the Millennium Development Goals (MDGs). Notwithstanding this development, researchers and writers seem to have paid, little attention to the international politics of oil and economic development particularly with reference to Nigeria. This is not to say that there are no available literature on international politics, of what is lacking Is the literature on international politics of oil and economic development in Nigeria, which covers up to date of this very research 1970-2008. By this device, there are still limited writers, who attempted to provide a lot of materials, that capture on international politics of oil, related to economic development which the researcher have appreciated and will put under review through a critical appraisal.

Among those who made contribution is H. Morgenthau who identifies the element of national power of state, and strongly realized among other countries that considerable deposit of oil have acquired an influence in international affairs. That whoever is able to add them to his other source of raw materials add that much strength to his own resources and his competitor's proportionality.

> ***That economic resource such as those posses by Nigeria could constitute a stable factor that exerts an important influence upon power of a nation in regard to other nations. Permanent***

scarcity of them could result into permanent weaknesses in international politics (Hans Morgenthau 1960:12).

While appreciating other contribution Asikpo, he asserted that petroleum oil has been significant in international politics described as the most critical element of national power. That one of the most vital component of economic and political power of Nigeria is oil.

He opined that a nation blessed with the economic and human potentials such as Nigeria cannot be void of political power to change the distribution of events in the world, only if she knows how to use it (Asikpo Essien 1 983:164).

The possession or lack, of energy, mineral and other natural resources, according to John has become an increasingly important power factor as industrialization and technology have advanced. Natural resources affect power in three related ways one, the greater a country's self sufficiency in vital natural resources, the greater the power. Secondly, conversely, the greater a country's dependency on foreign sources for vital natural resources, the less it power. Thirdly, the greater a country's surplus over domestic use of vital resources needed by other countries, the greater its power.

That the key here is not just how much of a given oil resource a country has and how much it extract for use each year. It is production compared to consumption; oil has increased the global political power and significance of such oil surplus countries, for instance, Saudi Arabia. Therefore, natural resources production and consumption pattern influence the operation on the system. (John T. Rourke (2008:255).

In another contribution, professor Umar Birai asserted that every nation is not island unto itself. No nation therefore has the capacity to isolate or insulate

itself from adverse or positive consequences of international politics. The challenge of the post cold war international relations to Nigeria today like other third world countries, as a result of globalization is how to position herself properly within the imperatives of international economic relations in order to have the capacity for respected political and diplomatic role in the comity of nations. It is a challenge that Nigeria must squarely face in order to guarantee quality life to its citizens and to remain the hope of Africa and the black world.

> ***This will require the ability to translate overvast resources (oil) endowment into catalyst for economic development and growth as well as an instrument of effective leadership role in Africa and the world (Umar Biral (2000:21).***

To buttress further Mark, in his analysis of the Nigerian foreign policy 1960-1985, opined that all international actors have a wide range of objectives that potentially they may seek to achieve. Nigerian therefore, cannot afford to isolate itself in a shell within the realm of existing fluidity in international politics. He stated that lord palmer stone's axiom that states have only permanent interest, not permanent friends.

That oil which is an indispensable material was by far the country's most important resource (Mark Igboelll 1 986:15)

But David singer rightly point out that international influence is not one way affair.

> ***"While 'A 'is planning or attempting to influence B, B is itself exercising some impact on A behaviours (David singer 1969:382).***

In his critical appraisal, G.O Olusanya et'al observe that at Nigeria 25th anniversary 1985, that oil, Nigeria's main source of revenue was doing badly in the world market and since we failed during the oil boom period to provide for the lean

years which now confront us, the world economic crises has been quite divesting in its impact on the country. Therefore, the high dependence on oil for over 95% of Nigeria foreign exchange earning has ensured that the OPEC is a key organ for the promotion of Nigeria national interest. Nigeria's economic fortune has been intimately linked to the capacity of OPEC to fix and control the international price of oil. Recent experience indicates that the country has become hostage to its good fortune in possessing oil.

> ***That presently Nigeria's high dependence of oil for the ion' share of its export earning's ultimately put it at the mercy of exogenous development in the international oil market. The answer to this adversity lies in the diversification of Nigeria's source of income through productive investment in areas which will broaden the country's economic base (G. 0 Olusanya et'al 1986:110-122).***

'In another development, Bola Akinyemi opined that Nigeria's influence and posture in the international scene has changed considerably since independence in 1960 when she declared a policy of non alignment as the guiding principle of her foreign policy. Since that date, there have been some dramatic changes in the political, economic and social environment of Nigeria.

> ***That the complexity of Nigeria's international relationship has grown as a result of civil war, the discovery of oil and of course as a result of the growing self confidence, not only of the elite but of the public at large (Bolafl Akinyemi 1980: VII***).

While A.P Odofin and K. A Omojuwa asserted that Africa (Nigeria) needs to urgently address its economic under development. This it can do by looking in ward. For instance, by putting in place a practical programme for the development of its abundant human resources into real socio economic asset through educational

empowerment and then using them in turn to develop its abundant natural resources. Regrettably they noted with dismay that.

> ***Poverty is a fundamental threat not just to democracy but even to the very survival of the nation, poverty is humiliation, the worst form of disempowerment, poverty has become a major problem in Nigeria and despite the federal government policy on poverty alleviation, more and more Nigerians are falling into the poverty trap. (A. P Odofin and K. A Omojuwa 2007:37).***

'Similarly, Aminu Tijjani et'al while making assessment, on the speech by Shehu Shagari to the National Committee on the green revolution, shared that it is therefore a matter for deep regret that with the advent of oil, the agricultural sector suffer great neglect. He went further to assert that what use is oil money if it cannot provide for Nigerians the means to grow food that they must have in order to survive as human beings?

> ***He appreciated the fact that oil will eventually dry up, but land will remain as the permanent guarantee for the continuance of over existence as a people (Aminu Tijjani et'al 1981 :229).***

Thus, Ebenezer noted that history of Nigeria neo colonial development is indeed clear example of the evils of the capitalist system. Since independence, Nigeria's natural and mineral resources have been largely used to enrich western European countries particularly Britain, U.S. That before the country's independence in 1960's most of the export commodities in the country were in the agriculture, forestry and farming section. Nigeria became an oil kingdom as a result of the middle east crisis in 1973, which had posed a serious threat to oil supplies, to western Europe. And one of the tragic crises of the capitalist path of economic development that we have followed has been unheated debts we have

being owing since independence. One of these economic agencies saddled with the responsibility of building out countries that are beset with economic problems include the IMF and World Bank, has through its loans on developing countries of Africa, Asia and South America been able to strengthen the imperialist hold on such countries.

> ***That the political and economic problems that the masses of the Nigerian people have experienced in all the unproductive years of the country's in dependence under a capitalist programme of economic development have turned the country into a volcano of repressed feelings. Care must be taken by all to ensure that these events do not eventually degenerate into uncontrollable violence (Ebenezer Babatope 1986:12).***

Kayode S. while contributing on oil and the democratic imperative in Nigeria, asserted that democracy constitute both the main buzz word and activity of these times. Such a pre occupation is hardly surprising in view of the fact that development within the international system, have generated a situation in which the global democratic format could not be inevitable. He does complement this perspective by establishing a much more direct linkage between oil and the democratic ferment in Nigeria. He argues that oil, or better still proceeds from oil, have largely succeeded in crippling democratic aspiration in Nigeria.

> ***What is perhaps not readily appreciated is that, the nature of oil revenue .s such that it has also engendered a less critical and questioning attitude on the part of the Nigerian populace. The scandalous waste of re venues which are not really from the pockets of Nigeria tax payers, but from nature's bounty has ingrained a lassiez faire attitude that does much t inhibit the democratic ideals (Kayode Soremekun 1999:105).***

In a similar, Ayokunle O, contended that Nigeria is naturally endowed with agricultural and mineral resources, the most celebrated being petroleum. According to the scholar, preceding the current democratic experiment inaugurated May 29, 1999 under another presidential constitution which is renowned for many inherent flaw. Nigeria is faced with political instability, mismanagement and poor development policy succeeding government has had it adverse effects on the country's economic fortunes.

> ***That leaders and the public have a broad and long term perspective on good governance and human development, along with a sense of what is needed for such development (Ayokunle 0. Fagberni 2004:6).***

However, Jibril A. observed oil, as the most efficient national resources for rapid economic growth and development. To attract enough capital a developing country like Nigeria, must have a product which the rest of the world will want at all times in the foreseeable future and is willing to pay premium price for it. He asserted further that petroleum is the only commodity which is in commercial quantity, and if properly utilized, will attract capital investment, bring sustained revenue earnings, impact other downstream projects and provide employment opportunities, diversify linkages with agricultural and other types of industries and also promote the acquisition of science and technology.

> ***All that can be said is that both the good and the evil effect of oil have been fairly evenly spread in the country. Oil it revenue and its effects will only be to the good of a serious people who are well governed (Jibri/Aminu 2007, :172-1 73)***

Another contributor is Rilwanu L, who recognized that oil account for 90% of national revenue and for practically all of our foreign exchange earnings. In fact it is a major source of energy. It is agreed that it is the life time of our national

economy if not, as some would say, of our national life. Oil is both our greater blessing if we manage it well, and could prove a curse if we mismanage it. It is therefore necessary, that we take a hard look, at how this is done and decide whether we are in a position to articulate a whole some approach that will enable oil to continue to play its vital role in our national life, that;

> ***Crude oil marketing has generated a lot of unnecessary heat; there is also competition between OPEC and non OPEC oil producers (Rilwanu Lukman 2007:191)***.

Suffix to mention further is Phillip Asiodu, who opined that no one will disagree with the view that petroleum has had an overwhelming impact on the history of Nigeria over the past four decades. The impact of petroleum on the economy is both beneficial and negative. Certainly when we have a much more developed and diversified economy, men of vision, energy, and ambition will have many avenues to express themselves. When people are employed and earning reasonable income, competition for political office will be less intense and less critical for the individual and for the group he represents.

> ***That a most immediate and serious problem facing the nation today is the alienation and near revolt of the communities in the oil producing areas. Over the years they have seen their relative share of oil revenue reduced steadily through application of political power by the non oil producing majority of the country. (Philip Asiodu 2007:2005).***

Another scholar worth mentioning here is Claude Ake, who advance the study and understanding of contemporary Africa. That the bulk of the African exports of African countries go to the former colonizing powers and their western allies, the USA where Nigeria oil export is taken. The situation in regard to financial dependence has hardly changed in the post colonial era. African countries

are heavily dependant financially on their former colonizing power and western capital in general. The oil industry had very I
few back ward linkages and virtually all the forward linkage, were external that is the bulk of the demand of the oil.

> ***Thus the oil boom itself diverted attention away from some sectors of the economy, particularly agriculture, Nigeria has grown progressively in capable of feeding herself and dependent on food import from the west (Claude Ake 1981 :136).***

Moreso, Odibo F, while reviewing the speech of former Ghana president Kwame Nkrumah in 1958 cautioned that the imperialist of today endevour to achieve their ends not merely by military means, but by economic penetration, cultural assimilation, ideological domination, psychological infiltration and subversive activities even to the point of inspiring and promoting assassination and civil strife. One is at this juncture, tempted to ask of the major determinant of economic freedom. Some experts believe that a state must have an economic basically oriented toward the production of national needs to ascertain her economic emancipation. This therefore requires high level of technology development coupled with skilled manpower necessary for rapid and sustained growth. Thanks to our oil revenue, our foreign reserve earnings are capable of financing a bulk of our infrastructural development programmes.

> ***That the sad fact, however is that we are not bold enough for year of foreign retribution, to pluck our economy from the clutches of the various capitalist owned monopolist combines manifested in the foreign owned banks, trading companies, insurance companies, oil companies whose exploitation of our labour force is obviously out of advantage of the metropolitan state. (Odiba E. Okwuri 1977:23).***

Worthy of note, is the 1999 constitution of the federal republic of Nigeria, section 16 states the economic objectives. Sub section (1) the state shall, within the context of the ideals and objectives, for which provisions are made in this constitution.

a) Harness the resources of the nation and promote national prosperity and an efficient dynamic and self reliant economy.

b) Control the national economy in such manner of as to serve the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity.

c) Without prejudice to its delights to operate or participate in areas of the economy, other than the major sectors of the economy, manage and operate the major sectors of the economy;

d) Without prejudice to the right of any person to participate in areas of the economy within the major sector of the economy, protect the right of every citizen to engage in any economic activities outside the major section of economy.

Sub section 2, the state shall direct the policy toward ensuring.

a) The promotion of a planned and balanced economic development.

b) That the material resources of the nation are harnessed and distributed as best as possible to serve the common good;

c) That the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or of a group, and

d) That suitable and adequate shelter suitable and adequate food, reasonable national minimum living wage, old age care and pensions, and unemployment, sick benefits and welfare of the disabled are provided for all citizens.

Meanwhile, Vernon, said that war is the ultimate means, by which the state seek to make their will prevail, the ultimate expression of power. It is used by those seeking domination, and by others seeking to establish or preserve a distribution of power which gives them a reasonable chance of preserving independence and other values. For example; the U.S military action to Iraq's attack on Kuwait in 1990 and it threats to the rest of the oil rich Persian Gulf region was virtually for ordained by the importance of petroleum to the prosperity of he United State and its economic partners.

> ***War is the ultimate means by which state defend their rights and interest (Vernon Van Dyke (1966:383).***

In his postulation Steve confirm that oil industry in Nigeria in the last decades has played a dominant role in foreign exchange and domestic revenue generation. That it is not in doubt, that the oil industry plays a major role in shaping the Nigerian economy. It is the life line of the Nigerian economy. It is central to national life and the welfare of every nation. He went further to ask the question, why isn't the Nigerian economy responding as quickly or as positively to oil wealth as other oil producing nations of the world? In making final his analysis, he reasoned.

> ***But despite the wealth generated by Nigeria's natural resources, the wealth from oil has not trickled down to the wider population and has often been squandered or lost through corruption and mismanagement (Steve Azaiki 2007:99).***

By the same token Chu S.P, agreed that the petroleum sector exhibited an increasing and dominant influence as regard, contribution to government revenue rising from 19% in 1960 to over 90% as of now.

> ***That this excessive reliance on crude petroleum composite sector to traditional primary export agriculture, does not provide secure of***

foundations for prospecting development policy (Chit SIP Okongwu 1986:11).

In another development, Arthur appraise the Nigerian economy as highly dualistic comprising low productivity in the industrial sector, with technically fixed production function and a declining agricultural sector, which because of

The primitive substance nature of cultivation is facing constant diminishing returns to production (Arthur A. Nwankwo 1 981:109).

According to Bala Y.U, oil has been identify as the basic for optimism about the future, and the 2Id national development plan 1970-1974 was launched on what was then seen as massive oil wealth, that the national objective, were set, which included not only national unity, but also self reliance, a great and dynamic economy and a just and egalitarian society.

The degree of this political shift in Nigeria was brought out by the broader goals and scope of the plan which state that the country is fortunate in having the resources potential in men, material (oil) and money to lay a solid foundation for a socio-economic transformation in Black Africa (Yusuf Bala Usman 1 980:11).

Therefore, worth mentioning is sonni, who establish a theoretical perspective to the understanding of Nigerian political economy and foreign policy, since independence that is based on its place in with world capitalist economy the closest native and interests of those who make policies and the overall path of social and economic development, they have chosen for the country that:

It was however; in the oil industry that the most important acts of state intervention in the economy took place. The significance of this intervention become better appreciated with the realization that it coincided with a period when the oil industry was becoming

the most dynamic sector of the Nigerian economy, contributing heavily to government revenue (Sonni Tyoden Gwanle 1989:46).

Victor in his analysis of Nigerian foreign policy, pin point the consistency and continuity of Nigeria's foreign policy from birth as a nation at independence, until now. While emphasis, style and implementation of policy, for many reasons, may have varied from one government to the other, the essentials and fundamental of policy have stood the test of time, and have remained steadfast in serving the national interest.

However, due to the economic difficulties encountered during the regime of president (Aihaji Shehu Shagari (1979-1983) and General Muhammad Buhari (1983-1985), the Gen. Ibrahim Babangida administration in 1985, sought a greater balance between the political and economic strands in Nigeria's diplomacy1 In effect, the regime introduced deliberate measure to move slightly away from Nigeria's supposed preoccupation with political issues by previous regime to foreign economic policy in order to rejuvenate national economy (Chibundi Victor 2004:44).

Yusuf Bala Usman contended that the most serious economic problem facing Nigeria today, is that we cannot pay for the next month import with what we can from our exports, and from the balance left in our external reserves. The cause of the economic crisis according to him is due to the present grave economic situation through the high rate of importation and foreign exchange. He then asserted that:

President Shehu Shagari cannot control the drain on our external reserves, because we have a capitalist, dependent and neocolonial social and economic structure (Yusuf B. Usman 1982:11).

While Aja contended that strategy is policy oriented. Once there is policy, it follows logically that there is goal. It is strategy which establishes the lInk between policy and goal desired. That strategy is both a theory and the practical use of appropriate means to achieve policy objectives within a set time limit and at the minimum cost possible. It is an extra ordinary area of study which establishes the closest life and death, peace and war.

> ***Therefore, Aja said that the global pattern of politics, has continued to influence and shape the ideological and strategic interest that shape action and results in international relations. It made the oil rich, Middle East region a hot bed of bloodbath (Aja Akpuru-Aja 1977:205).***

By and large, Rufa'i A, having recognized that all societies are constantly undergoing changes, Nigeria like most countries in Africa, Asia and Latin America, has been going through various processes of change and transformation, following Nigeria joining of OPEC in 1973.

> ***Thus Nigeria plays an important role in international politics, as it joined the league of major oil producers and exporters in the world (Rufa 'I Ahmad Alkali 2003:158).***

In a similar vein, a renowned scholar Mike 1.0, noticed that the challenge of economic development has remained daunting for many developing countries including Nigeria to the extent that even among those of them that are on richly endowed with human, material, natural and financial resource, some have not been able to break the vicious circle of poverty. And the challenge in improving oil resources management has continued to pose serious threat to economic development in Nigeria.

> ***That an economy where the democratic values of the rules of law is upheld, and where justice, human right people sovereignty,***

empowerment and accountability are enshrined there will be the environment for development (Mike I Obadan 2007:7).

Suffice to mention, is the identification that the bosom in the oil industry, not only accelerated the economic growth rate, but also greatly enhanced it potential standing on the international arena. In this perspective, the primary interest of any sovereign state is to avoid dependence by establishing a strong economic basic for development and utilize such a base as a political leverage to act in its international arena.

That the phenomena growth of the economy largely as a result of the oil boom has strengthened Nigeria positioning in relations with the superpowers. Neither of the super powers can now use foreigner as a means of political leverage on Nigeria. Heavy American dependence on Nigeria's oil means that Nigeria is free not only to criticize the US, but also to put pressure on her (Aluko Olaflde 1 981:138).

In his general remarks S. Ibi Ajayl, reiterated that before the advent of petroleum, Nigeria's major export crops and thus sources of foreign exchange earnings, were from agricultural products. After the cessation of the civil war in January 1970, oil earnings become a significant in total export. By the middle of the 1970's the earnings from oil become not only the major government revenue but also the most singularly important foreign exchange earner.

If oil revenues were to fall in future, the present budgetary position might become unsustainable. The present concentration and dependence on oil therefore is a structural imbalance which needs to be rectified in the interest of Nigeria's future growth and prosperity (S. Ibi Ajayl 1983: VII).

From indication, it is necessary to stress the economic dangers of extreme dependence on a single product, which is too obvious to need repetition here. This danger assumes a greater degree of fear in the case of petroleum which to all intends and purpose can be seen as a commodity of international importance which can be subjected to both economic and political manipulation.

In his critical appraisal Falae O, identify with distrust, where many Nigeria remain skeptical or even cynical because the country is yet to evolve a stable and sustainable political order, talkless of realizing her vast economic potentials that.

> ***The path of this is that in spite of her enormous human and material resources, the country continue to roll on the ground and amidst soaring external debt, corruption, ethnic and religious division. That the question pervading the entire polity today is: what is the way forward for Nigerian? (Olu Falae 2004:1 7)***

To sum up from his critical analysis of Nigerian situation, its shows modern ever before, there are disillusionments and cynicism about future ethos and structure for the country.

On the whole therefore, Nwani iron out that the dominant ideological strain, capitalism in Nigeria could have been the reason for the kind of development plans this country has made between 1962 and 1980s. Development plan and policies had been influenced by an imposed colonial capitalist socio-economic structure on a traditional commercial based society. That the rural areas as well as the poor and decayed urban shows areas have been virtually ignored in the planning strategy for national economic development.

> ***That the dominant capita fist ideology Niger/an type was and is still very elitist, inefficient and designed to accommodate foreign private business firms (A. 0 Nwani 1983:216).***

As pointed out earlier, the field of the research is new or recent. By and large, I must confess that the wide spectrum of writers and or scholars review above have done a concrete job on the topic in question. I have try to adopt their scheme of inquiry, but my analysis differs from theirs in the sense that my area of concentration is international politics of oil and economic development in Nigeria 1970-2008. I need to state that my enterprise has a significant divergence from theirs. For this reason, I am searching for the international politics of oil and economic development on Nigeria.

Nevertheless, there overall contribution serves primarily as a foundation for the convenient take off of my enterprise which will be dealt with in chapter three and four respectively.

1.4 Objective/Justification of The Study

1) First and foremost, the research is set to explore, the challenges bestowed in the oil industry, toward stimulating faster economic and social development, to create the condition for political stability and civil government.
2) To explore conflict management mechanism through diplomacy in the international politics of oil, which involves the OPEC, the industrial west and the Niger Delta region.
3) To obtain new knowledge and or expand the frontiers of existing knowledge through funding for research and development in the diversification of our economy to other section, like manufacturing agriculture, and solid minerals.
4) To inspire good governance in the usage of huge oil wealth, backed by a spiritually committed leadership, with inspiration and mission in promoting the wellbeing of its people.
5) To encourage the establishment and strengthening of the institutions and systems that would enhance local content development through human resource development in terms of empowerment, training,

capacity building, to fight poverty and unemployment in Nigeria.

6) To motivate the spirit of re-orientation among the citizenry in terms of positive attitude, values, and behaviours towards a quest for patriotism.

7) To put forward recommendation that will be open for policy implementations, so as to serve as an instrument of change and development of the entire society.

8) To determine the effects of oil on economic development.

1.5 Theoretical Framework

The International Political Economic Theory

The basic generalization about the international politics of oil and economic development in Nigeria is that it provides an interesting testing ground for the validity of the international political economy. Just, as Morgethau, stated that a "theory must be judged not by some preconceived principles or concept unrelated to reality, but by its purpose to bring order and meaning to the mass of phenomena" (Morgethau, H.J. 1950:3).

International political economy approach is thus fields of study that examine the arrangement, agreements and institutions that government create to regulate their commercial transaction. It also examines the outcome and impact of those arrangements, usually in terms of who benet or losses. The international political economy tries to answer such question as, how have changes in the international/distribution of power among states affected the degree of openness in the international trading system. Do the domestic political economies of some state allow them to compete more effectively in international market?

This approach is based on the Marxist theory founded on (1818- 1883) which is a scientific of philosophical economic and socio political views which constitute world outlook of the working class. A science which recognize the process of revolutionary transformation of the world. A science of the laws of

nature, society and human thinking. Other contribution to Marxism were Frederick Angles, Lenin which is of significance because of it applicability in the contemporary world.

The international political economy believes that economic structure determines politics, they argue that the way the world is organized economically determines how world politics is conducted. The first soviet communist party V.1 Lenin, applied Marxism to international politics. He argued in imperialism, the highest stage of colonialism (1916) that capitalist bourgeois leader's have duped their proletariat workers into supporting the exploitation of other protectorate peoples, through imperialism. Thus, the class struggle also included an international class struggle between bourgeois and proletariat countries and people.

In fact, the international system is divided along the territorial patterns of states. International politics is therefore analyzed in terms of the actions or in actions of states. The pattern of relation or allowances of state actors is by this logic used to determine the character or structure of the international system at any point in time. Significance to our understanding of international politics of oil and economic development, Marxism makes the following basic assumption one, the basic actors in the social system are classes defined by their relationship to the means of production second, in international relations the interaction of classes are manifest in the policies of state and other actors. The explanatory arguments for Marxism delineates the way in which capitalism generate inherent contradictions a declining rate of profit, under consumption, and a growing tension between the socialization of labour and the continued private concentration of ownership and political power and the efforts of capitalist state to overcome these contradictions. V.1 Lenin argues "politics in concentrated economics" as state politics and class control are the basis of divided society, of hegemony and ideological construction of all class.

Put differently, the search for primary raw materials, capital accumulation, the domineering role of capital in society, the control of developing countries by Bretton woods institutions (World Bank and IMF), the hegemonization of the Euro dollar, the social responsibility of the state and underlying forces, and motives behind government policies, actions and programmes, the social relations of production, distribution and exchange in a particular social formation, can only be meaningfully and scientifically studied within the political economy paradigm.

Historical materialism is rooted in a materialistic conception of human history. Thus the concern of political economy in the study of political action, political process and political change, have been broken down into six component, which allowed it to be utilized in not only understanding international politics of oil and economic development in Nigeria, but the world politics in general.

Therefore, every historical epoch has a mode of production which determines five other elements:

i) Classes that exist in that society;

ii) Who owns the means of production and who do not own the means of production;

iii) Who is exploited and who does the exploitation;

iv) It determine who control the state as an apparatus of domination;

v) It determines political activities in any given political system, economic system or society.

Interesting enough, production activity in general Is govern by two important law, the level of production, that is the technology that is used to achieved these productions which is called productive forces. Secondly, how people relate to level of production that is the social relation of production. These determine the nature of any society, and that is what allows us to comprehend international politics of oil and economic development in Nigeria.

Significance of the Theory

I) The essence of the theory has enable us to penetrate deep into policies, processes, actions and inactions which lay bare their significant and then explain concrete forms of their manifestation in the contemporary world.

ii) It is the political economy that scientifically studies society in its totality and take into cognizance the multidimensional of social relation, class conflict and the organic relationship between the sub structure (economy) and the super structure (polity).

Critique of the Theory

i) The ever changing nature of the international politics of oil and economic development in Nigeria, with more rapidity that no sooner has one succeeded in analyzing a given situation, institutions or event, than one hears the voice in the radio, CNN, TV, announcing the manifestations of new event globally.

ii) The issue of conceptualism whereby some concept we use in our day to day analysis are highly ambiguous and do not actually stands the test of time and the circumstances which surround or manifest the use of such concept. The concepts are like the elite, class, bourgeoisie, nation, masses which bears little of the international politics experience.

iii) The substance foci, concepts, and problems of IPE are too diverse, however, to constitute a separate discipline. Like international relation, IPE consist of congeries of research interests and theoretical foci, that do not derive from a common frame work and, indeed are often contradictory. They share only a concern for the overlap of economic and political dynamic in one or another situation.

On this note, our argument is based on the fact that states were no longer seen as the only actors in the international system, international institutions,

international cooperation and even individuals, emerged as significant international actors in international politics.

Put in another dimension, if as Professor Charles Lerche Jr and Professor Abdul said that;

> ***There is no intrinsic advantage of any one model of analysis of world politics. The value of choosing a particular frame of reference for any inquiry is not that it get us any closer to the ultimate truth of the matter, rather it provides a ground on which to stand (In Aluko Olajide 1 981 :1 5).***

Given this, the present study attempts to see the international politics of oil and economic development in Nigeria, as a struggle for power
among actors within and outside.

1.6 HYPOTHESES

1) The fluctuations in the international prices of export (oil commodities sold by developing nations, have a great impact on the political stability and economic development of Nigeria.
2) State as actors in international politics, will go to war to protects its access to oil in an effort to defend it energy security (self interest), contrary to the economic development of other countries.
3) The competition among the major powers for the control of oil will 'lead to larger conflict, and would hamper economic development of Nigeria.
4) The huge foreign exchange earnings in the form of oil revenue is a prerequisite to ensure economic development in Nigeria.
5) There is a linkage between good governance and economic development.
6) The international politics of oil is being dominated by the Anglo America, India, China, Japan, in terms of crude oil production, marketing and OPEC on the other hand.

7) The over dependence on oil wealth as a strategic resources to the federal government has strengthen it, but greatly undermined the diversification of the economy.

1.7 Scope/Limitation of The Study

The scope of the research is from 1970s — 2008, and how international politics of oil impact negatively and positively in relation to economic development in Nigeria.

Oil as the independent variable (cause) will be assess in terms of the dynamic of oil politics, oil revenue, production, marketing, consumption and management. While the economic development in Nigeria which is the dependent variable (effect) will be weigh into cognizance indices that relate to basic needs like food, shelter, clothing, employment, education, medical service, water, transport, reasonable income, capacity building, power and energy etc.

The limitation of the study is that it would not cover the year beyond 2008.

Secondly, time and financial constraint might have not given the researcher the ample opportunity for deep research into the topic, thus provided a challenge for interested researchers, to fill up the gap where I have not cover, for renew take off.

1.8 Methodology/Data Analysis

The researcher will resort to secondary source of data collection in the form of published materials which will include; textbooks, journals, articles, conference proceeding, newspapers, magazine, Internet service etc. I will further utilize the qualitative content method of analysis of the materials, in this study for critical analysis of the research.

1.9 Outline of Chapters

In the outline of the remaining chapters, I will focus first, on the evolution of the international politics of oil and the organization of petroleum exporting countries (OPEC), second, the historical background of oil in Nigeria 1956-2008, and thirdly, the evolution of the structure of the Nigerian economy.

While chapter three will contain analysis of the international oil politics and Nigerian economic development, first, the oil boom era and economic development in the 1970s, while the second part, will be the oil crisis era and Nigerian economic development in the 1980s.

There after, chapter four will form the second part of our analysis of the eradication of international oil politics on Nigerian economic development. With emphasis first on the Gulf War oil windfall and Nigerian economic development in the 1990s. And the second part the instability of oil prices and Nigerian economic development 2000-2008.

Chapter five will give a thorough summary, conclusion and recommendation per se.

At this junction, it is hope that this work will be a useful guide to both students who are undergoing a similar project and the people who are committed to global peace securities and the economic development of Nigeria toward joining the train globally, in achieving the Millennium Development Goals (MDG) by the year 2015 and the Nigerian position 20:2020 vision domestically.

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CHAPTER TWO: HISTORICAL BACKGROUND

These chapters entail the historical background of the international politics of oil and organization of petroleum exporting countries (OPEC), how it gradually comes into being up to contemporary times. The history of oil in Nigeria will also be our focus. While the evaluation of the structure of the Nigerian economy, became vital to give us a signpost on how and why we are here today.

2.1 The Evolution of the International Politics of Oil and OPEC

i) Background to the Emergence of International Politics

The evolution of international politics entails account for the unique, new and non recurring phenomenon. It is also concern, with processes and patterns of behaviours found typically in many historical context, that have gradually develop.

Traditionally, international politics has undergone a series of contest centered on independent countries, using their power for their self interest and competing other countries in .a largely international system, one in which there is no central authority to set and enforce rules and resolve disputes.

This remains the thrust of international politics in ancient times, but increasingly there is an alternative .approach in evidence. It some what resemble, how we as individuals interact with one another within countries. Certainly we pursue our own interest in domestic system, and we partly rely on ourselves for our safety and welfare.

In fact, the evolution of international politics of oil will help us to understand the current international system, and to think about how it operates in our contemporary times. That is actors in international politics of oil, could be analyzed first interms of the actions, or in actions of states. Intergovernmental organization (OPEC), Multinational Corporation (shell, chevron), Non governmental organization (CDHR, Red Cross and Crescent Society), Non governmental individuals (Nelson Mandela), liberation movements (movement for

the emancipation of Niger Delta (MEND) Mau in Kenya), all act as actors in the contemporary international politics of oil.

Therefore, international system can be seen as any collection of independent political entities, tribes, city states, nations or empire, that interact with considerable frequency and according to regularized processes. The research has continue to emphasize on describing the typical or characteristics behaviour, of these political units toward each other and explaining major changes in these patterns of interest.

Be that as it may, I most emphasize that it is pertinent for contemporary advocate of internalional politics to recognize and appreciate that a meaningful use of diverse indices of national power is the most effective instrument of achieving foreign policy objectives, which is the road map that led to the international politics within the international system. Thus, foreign policy here involves the actions of a state toward external environment and the conditions usually domestic under which those actions are formulated. What thee constitute national power? Morgenthau, specifically identify component of national power to include the following; Geographical location of a country (size, location), natural resources (foods, raw materials), the quality and quantity of national population, industrial capacity, military capability, quality of leadership, the quality of diplomacy, and the degree of national morale.

Notwithstanding, although different types of factor, are found to be correlated with national power. It is necessary to stress that no one of these factors by itself is enough to make a nation powerful in all circumstance and that no nation has ever been well sustained relative to all factors at once. Thus, it is important to note, that the degree to which a nation state, utilizes there qualities goes a long way in determining the scope of success achieved by the nation state, in pursuit of its national interest in the international arena.

The evolution of the international politics will give us a true picture of the Current international system. Therefore, there have been numerous global and regional international system, with some scholars dating them back to the southern Mesopotamia region of Babylon (in what is now Iraq) some 7,500 years ago. Modern international politics is vastly different that it was, but change has, for the most part evolved slowly.

ii) **Ancient Greece and Rome**

We can begin to understand, the evolution of the international system with a brief exploration of the era that included the Greek city states (about 700Bc to 300Bc) and the rise of Rome about 500Bc to it fall in A.D 476. It was during this period ha four of today's important political characteristic were first seen, that include, territorial state, Sovereignty, Nationalism and Democracy.

Five centuries of Rome tyranny and empire change most nations of democracy and nationalism. There were therefore, religious and secular subject to this undemocratic authority, after the fall of Rome AD 476 to
1700.

iii) **Feudal Local Authority in the Middle Ages**

The local, micro level of authority was called the feudal system. It was organized around principalities, dukedoms and other such fiefdom. By the 13th century, the fabric of universalism and feudalism had begun to change. Meant here that, the international system went through a dramatic transformation in which the crosscutting jurisdiction of feudal lords, emperors kings and popes started to give way to territorially defined authorities.

The feudal system decline, through many forces of change in the middle ages that eroded the system. And two of the most important stand out are military technology and economic expansion.

The decline of the papal authority and increase in royal power were reinforced by a period of cultural and intellectual rebirth and reform called the renaissance about 1350 — 1650. Interesting enough, the century long struggle between the imperial and catholic Holy Roman Empire and the nationalist and protestant ethic groups ended with the treaty of Westphalia (1648) were centralized political power in Europe was over.

Therefore, many scholars refers to 1648 as marking the births of the modern national state and the world political system based. on sovereign state as the primary political actors. The emergence and eventual triumph of the state as the dominant mode of governance has profound consequences for the international system, one of these was that state become the primary actors in the post Westphalia international system.

They continue on that starring role today. Much of the actions in the world stage is about state and group of state interacting with one another.

iv) **The 18th And 1gth Century**

This period feature the emergence of the sovereign state as the primary actors, marked a major shift in the international system. Following the peace, national states continue to gather strength as monarch such as lovis xiv of France 1643-17 15, Fredrick II of Prussia (1740-1780), and peter the Great of Russia (1682-1725) consolidated their kingdom and even expanded into empires. Thus three themes standout, the advent of popular sovereignty, the westernization of the international system, and the zenith of the multiple system.

v) **The Evolving World System in the 20th Century**

The 20th century witnessed momentous and rapid global change. The rapid pace of change that continues today is an important theme to keep in mind. When

the 20th century began, monarch ruled most countries; there were no important global organization. A great deal of this change is related to a seemingly ever increasing pace of technological and scientific innovation. The pace of world political evolution began to speed up even more by the beginning of the 1900s. Democracy was rapidly eroding the legitimacy of monarch. Nationalism increasingly undermined the foundation of multi ethnic empire.

World War 1 was a pivotal point. The causes of the demise of the European multipolar system by the mid-twentieth century are complex and subject to dispute. What is important however, is that the system lost it ability to maintain a balance of power as the major coalesced into two rigid, nearly bipolar alliances that soon engaged in a death struggle.

By this development in World War 1 (1914-1918), the central powers included Germany, Austria-Hungary, (Turkey). The allied power consisted of France, Russia, Great Britain, and Italy. After its defeat in the war, Germany was at first treated severely, but the real politic of a multipolar system led the British and French to let Germany rebuild its strength in the 1930s:

a) **The Cold War and the Bipolar System**

World War 11(1939-1945) was a tragedy of huge proportion. It also finally destroyed the European based multipolar structure. In its aftermaths, a bipolar system dominated by the Union of Soviet, Socialist Republics (USSR) and the United States soon formed.

To those who experienced its intensity, the hostility between the two superpowers seemed to augur an unending future of bipolar confrontation and peril. As is often true, the view that the present will also be the future proved shortsighted. The bipolar era was brief. It began to gradually weaken in little more than a decade, by 1992 it was history

To sum up, the period 1914-1945 was, perhaps, one of the most turbulent periods in international politics. During this period, the world witnessed series of violent conflict caused mainly by the imperial power. In fact the struggle for conquest and domination, though not unique to the 20th century, or to Europeans, did open the pace for military adventurism by powerful imperial forces both big and small. While the Soviet Union was consolidating its socialist gain, the United States was also gradually emerging as a major partner in the western alliance. No doubt, the events that led to the American involvement in the Second World War and the subsequent events that followed after the war, all brought the United States to the centre struggle of international politics

b) **The Rise and Decline of the Bipolar System**

World War II devastated most of the existing major actors. In their place, the United State emerged as a military and economic super power and the leader of one power pole. Even though incredibly damaged, the Soviet Union emerged as the superpower leader of the other pole.

The uneasy alliance that has existed between Washington and Moscow during the World War II was soon replaced by over hostility. Indeed their rivalry divided much of the world into two antagonistic spheres with all but the shooting of a hot war.

History still debate the causes of the cold war, but it is safe to say that varyig economic and political interest and the power vacuum created by. the collapse of the old balance of power structure created a Bipolar system in which a great deal of world politics was constituted on the confrontation between the two superpowers along the so called east-west axis.

The United State reacted to what it saw as a soviet/communist threat with the containment doctrine, a policy of global opposition to the soviet union and other communist countries. To that end, Washington sponsored number of regional

advances, most notably the NATO established in 1949, which encircled the USSR. The soviet responded in 1955 with the WARSAW Treaty Organization WARSAW age). Both sides also vied for power in the developing countries (known as the third World) and soviet and American arms and money flowed to various government and rebel groups in the on going communist — anti communist contest.

c) **The End of the Bipolar System**

During the 1970s and early 1980s, relation between Moscow and Washington continued to warm, fitfully at first then more rapidly. Mikhail S. Gorbachev became the soviet leader in 1985 and instituted a range of reforms designed to ease the Soviet Union's oppressive political system and to restructure its cumbersome bureaucratic and economic system. While Gorbachev goals were limited, he opened a Pandora box for the communist Soviet Union and unleashed forces that were beyond his control.

vi) **21 Century**

Few changes in the polar configuration of power have had as decision a symbol as the collapse of the Soviet Union in 1991. What exist in the first decade of the 21 century, is best described as a limited unipolar system that is struggling to become a muitipolar system.

Put differently, the immediate post cold war is not multipolar. It is unipolar; the centre of world power is the unchallenged superpower, the United States as the world hegemonic power that is possessing influence far beyond any other power. But the emergence of terrorist activities has made it to be an exceptional case at the moment for example, the September 11th 2001 attacked on the United State.

International, Oil Politics and the Organization of Petroleum Exporting Countries (OPEC) Crude oil also known as petroleum as emphasize by the research is a thick, dark, greenish brown liquid found underground or under the seabed in permeable

rock,. it consist of hydro carbon combine with oxygen, sulphur, nitrogen and other elements to inform a flammable substance that has become invaluable to mankind and people around the world.

The first recorded oil well was dug in southern Iran around 500Bc. In the eight century, the street of the newly constructed Baghdad were paved with tar that was derived from easily accessible petroleum from natural fields in the region. In the thirteenth century ancient Persian tablet indicate the medicinal and lighting uses of petroleum in the upper echelons of their society, it was used in Burma to fuel lamps. As it properties became better understood, ancient people used it as a fire weapon in warfare. In the ninth century, oil fields were exploited in Baku Azerbaijan to produce naphtha. By 1910, significant oil filed had been discovered in Canada in the provinces of Alberta, the Dutch East Inches in Sumatra, Persia in Masjed Soleiman, Peru Venezuela and Mexico.

In a similar vein, the modern world history of petroleum began in 1846, with the discovery of the process of refining kerosene from coal by Atlantic Canada's Abraham Pied Gesner. This discovery rapidly spread around the world, and led to Meer Zoff building the first Russian refinery in the mature oil fields at Baku in 1861. Thus, the first commercial oil well in North America was drilled by James miller Williams in oil springs, Ontario, Canada in 1858. The American petroleum industry began with Edwin Drake's discovery of oil in 1859 near Titusville, Pennsylvania. By this development, the United State became the first country in the world to develop a large scale petroleum industry.

Following the introduction of Drake's steam powered drill, the oil industry has grown and changed radically as petroleum engineers and other industry professionals have made numerous innovations that enable the industry to find and produce the resources that have come to influence the world economy and are now instrumental in determining international politics of nations.

The United State led the world in oil production until the 1960s, when the Middle East began to outperform all regions in the area of oil production.

Production of Oil

In its 2004 report, the energy information administration (EIA) indicated that the ten largest oil producing countries in the world were (1) Saudi Arabia (2) Russia (3) United State (4) Iran (5) China (6) Mexico (7) Norway (8) Venezuela (9) United Kingdom (10) Canada.

TABLE 2:1 TOP WORLD OIL PRODUCERS, EXPORTERS, CONSUMERS AND IMPORTERS, 2004

PRODUCER 1	TOTAL OIL PRODUCTION	EXPORTERS 2	NET OIL EXPORTS	CONSUMERS 3	TOTAL OIL CONSUMPTION	IMPORTER 4	NET OIL IMPORTERS
Saudi Arabia	10.37	Saudi	8.73	US	20.5	US	11.8
Russia	9.27	Arabia	6.67	China	6.5	Japan	5.3
United states	8.69	Russia	2.91	Japan	5.4	China	2.9
Iran	4.09	Norway	2.55	Germany	2.6	Germany	2.5
Mexico	3.83	Iran	2.36	Russia	2.6	S/Korea	2.1
China	3.62	Venezua	2.33	India	2.3	France	2.0
Norway	3.18	U.A.E	2.20	Canada	2.3	Italy	1.7
Canada	3.14	Kuwait	2.19	Brazil	2.2	Spain	1.6
Venezuela	2.86	Nigeria	1.80	S/Korea	2.1	India	1.5
U.A.E	2.76	Mexico	1.68	France	2.0	Taiwan	1.0
Kuwait	2.51	Algeria	1.48	Mexico	2.2		
Nigeria	2.51	Iraq	1.34				
Unitedkingdom	2.08	Libya	1.06				
Iraq	2.03	Kuzakhstan					
		Qatar	1.02				

Source: Energy information administration, international energy manual March, 2004.

Note: All figures in millions of barrels per day

1- Table includes all countries with total oil production exceeding 2million barrels per day in 2004.

2- Includes all countries with net export exceeding 1million barrels per day in 2004.

3- Includes all countries that consumed more than 2million barrel per day in 2004.

4- Includes all countries that imported more than 1million barrel per day in 2004.

However, many factors affect a country's level of production such as civil unrest, national or international politics, adherence to quotas, oil prices and demand, discovery of new deposits and technological development or application. The world's oil comes from more than 830,000 oil wells. A growing percentage of the world's production is from offshore areas, such as the Gulf of Mexico, the North Sea, Africa, particularly Angola, Chad, Nigeria and Asia particularly China and Vietnam and Austria.

Exploration of Oil

Through the early 1900s, finding oil was largely a matter of luck. Early explores looked for seeping through the surface, certain types of rock outcrops that could Indicate oil, and other surface signs that oil might exist below ground. The process of finding oil was very much a hit or miss information administration, international energy manual endevour. Today, sophisticated technology and high speed computers help geophysicist process massive amount of seismic data. From these data, they can develop three dimensional underground maps that significantly improve the industry ability to locate possible oil deposits. Until a well is actually drilled, it is impossible to know for certain whether the resource is there, whether it is oil or whether it can be recovered in commercial quantities. Technology now allows the industry to drill directionally from a site up to five miles from the target area. The use of new, more effective seismic and drilling technologies means fewer wells must be dig to add to the world's oil supplies. Recent advances in technology have made it possible for the industry to continue finding oil with fewer wells, less wastes, less face disturbance and greater efficiency.

The Emergence of OPEC

Suffice to mention here is that, for much of the postwar era, the international oil market was tightly controlled by an oligopoly of seven major international oil companies, British petroleum, Shell, Mobil, Exxon, Texaco, California Standard and Gulf. These companies decided when and where to prospect for oil, how much to produce once it was found, and at what price to sell it, world oil exploration kept well ahead of production, with an increasing accreditation in the number of oil producing countries and with easily enough world production to satisfy demand. In effects, the international oil market was effectively a buyer's market.

Coupled with growing competition from increased coal production in the rapidly growing European and Japanese energy markets, and from increasing oil export from the Soviet Union, this constrained the so called seven sisters of major international oil companies to institute cuts in the price of oil in 1959 and again 1960.

The middle east which first realized its position of dominance in the industry and the reduction in the international price oil led to the formation of OPEC in 1960, the main purpose of OPEC five founding members (Iran, Iraq, Kuwait, Saudi Arabia and Venezuela), that was later joined by six other nations (Qatar, Indonesia, Libya, United Arab Emirates, Algeria, and Nigeria) in 1971 is half the severe steady decline in the purchasing power of a barrel of oil and to ensure stable and remunerative prices for producers countries. By this development, OPEC allows member countries to unite and regulate oil companies in their industrial countries as well as the region as a whole.

Thus, OPEC proved particularly unsuccessful in the 1960s. The market surplus in world oil supply continued to depress prices, and the OPEC countries could not agree among themselves on an amicable formula or rationing output in order to limit supply. Venezuela, then the largest OPEC producer, felt that this should be based on historical production levels, Iran as the most populous,

favoured the criterion of national populations; and Saudi Arabia, with the largest oil stock, argued that it should be based on proven reserves.

However, by the beginning of the 1970s, a new combination of factors was emerging in the international oil market, largely to the advantage of OPEC control. As a result of the transition of the united state from an oil sufficient to an oil importing country, and with massive increases in the requirement of the Japanese, there occurred a major increase in the world of oil. This was occasion by a switch from decreasing to increasing. marginal cost in its exploration and production, with the transformation of the oil market from buyers to a seller market. It soon became apparent that with the demand for oil continuing to increase at its prevailing rate, it would quickly outstrip supply. Projection of the relationship between the increasing demand for oil and proven oil reserves also suggested that the world stocks of oil would be virtually depleted by the end of the 21 century.

For in stance, in 1972 the price of crude oil was about $3.00 per barrel and by the end of 1974, due to the Arab oil embargo, the price of oil quadruped to over $12.00 per barrel. In fact, the formation of OPEC and its ability to restrict the supply left no doubt that the ability to control crude oil prices had passed from the United States to OPEC. As a result of this extreme sensitivity in prices, the International Energy Agency (IEA) was established on 1974 to protect the interest of oil consuming countries.

Nigeria and OPEC

Nigeria joined OPEC as its eleventh member in 1971. Prior to its membership of OPEC, Nigeria had adopted OPEC procedures in posted price determination and royalty expensing. It had also designed legislation, fiscal system, and other regulation pertaining to the management an control of the oil industry after these in the OPEC countries, especially, the Gulf state and Venezuela.

Initially fears were expressed in government circles against Nigeria joining OPEC, on the grounds that this would lead to the country's involvement in the Middle East conflict where certain OPEC countries seemed increasingly included to employ oil as a political weapon. It was also feared that the OPEC practice f oil quota allocation would effectively freeze Nigeria's oil output at a level below its requirement for generating development finance. These fears were allayed by demonstrating the non involvement of non Arab OPEC countries such as Iran, Indonesia and Venezuela in previous Middle East Conflicts.

It was pointed out that OPEC convention required unanimity for mandatory decision, thereby guaranteeing the sovereignty of each member country in the determination and promotion of its national interest. Nigeria hoped to learn from the experience of the relatively older third world oil producers, and to take advantage of collective OPEC bargaining vis-à-vis, the multinational oil companies. In early 1987, the African petroleum association was formed in Lagos. It was meant to strengthen OPEC and compliments its efforts. It is hope that this effort will cope with present situation.

In fact, Nigeria membership of OPEC gave the country benefits which it certainly could not have hoped to wrest single-handed from oil companies. These include majority equity participation in existing oil concession, increase in royalties and petrol tax rates, and the use of production and service contract for operating the oil industry, instead of the traditional concessionary system.

Arguments For Nigeria OPEC Membership

i) Revenue from oil led to economic growth and expansion which is a manifestation of OPEC action.

ii) Nigeria through OPEC has been enjoying benefits of high capital intensity and technical requirements of oil industry any where in the world, which cannot be harness alone.

iii) OPEC has a large poll of information through various research institution.

iv) Nigeria oil sector will remain less vulnerable, to foreign interference provide Nigeria still remain in OPEC.

Argument Against Nigeria OPEC Membership

i) Any country will best protect her national interest if it acts alone. While collective action of OPEC means a serious compromised of each member country's national interest Nigeria most sacrifice certain part of demand of its oil (revenue) in order to enhance the survival of other members (quota dictate supply).

ii) Nigeria out of OPEC will enjoy increased oil exportation, because increase in oil demand is not of OPEC, making but consequence of international economic action and profit, any increase in demand has to be shared by OPEC members.

iii) Argument for technological information can be obtained anywhere, as far as the country has the oil endowment.

The Decline of OPEC

No sooner had the OPEC era begin than it began to wane. For the m exporting countries, the terms of trade of oil began to falter despite two small oil price in the 1975, 1976, the Gulf war windfall in the 1990s. The value of their considerable dollar reserve steadily in world exchange markets.

Since OPEC funds tendered to be invested in the European and North American investment markets, the developed markets economy countries actually acquired new means of applying pressure on the OPEC state, as opposed to the enhancement of OPEC leverage on the west. This meant that the OPEC countries could not credibly threaten to switch their reserves from currency to currency in order to put pressure on certain western states, since such moves could be as

detrimental to the OPEC surplus countries, as it would be to the targeted Western States.

The group of countries like Algeria, Iran, Libya and Nigeria foresaw the exhaustion of their oil reserves, and they had huge development plans whih they wanted fulfill before this occurred. Therefore, there tended to be price hawks, pressing for the highest possible prices that the market could bear, irrespective of the repercussion on the economic well being of the west and indeed of the oil importing third world countries as well. This split led to the collapse of a unified OPEC oil pricing structure at the Doha,

Qatar meeting in 1976. Saudi Arabia and UAE could only agree to raise their oil price by 5%, while the rest of OPEC countries insisted on a 15% raise 10% effective in 1977 and an additional 5% in July, 1997.

Given the high price of oil, considerable investment were made in oil exploration and production in the 1970s leading to the emergence of non OPEC producers as significant action in the international oil markets Key among these non OPEC oil producers were Britain and Norway from the orth Sea and Mexico. This led to the displacement of Nigeria from international oil markets. Britain is now the fourth largest oil producers in the world after the Russia, USA, Saudi Arabia and to a very large extent, the country oil fortunes has been at the expense of Nigeria. Thus, early in the 1980s, Britain displaced Nigeria as the second largest exporter of crude to the United States Nigeria is now down to the seventh position.

2:2 **The Historical Background of Oil in Nigeria 1956-2008**

NIGER DELTA REGION

Source: Leadership Monday 10th Dec. 2007 pp. 27

The Niger Delta Region Consist on

1- Bayelsa 2- Delta 3- Edo 4- Cross River 5- Akwa-Ibom

6- Rivers 7- Abia 8- Imo 9- Ondo State

The history of oil in Nigeria dates back to the first decade of the twentieth century. The search for petroleum exploration started in 1908, at a town called Araromi in the present Ondo State, through the official mineral oil ordinance of 1908. This ordinance brought the first company to prospect oil in Nigeria, the Nigerian Bitumen Company, whose activity lasted from 1908 to 1914, when the World War I broke out in 1914. This German Company left without any success. Although not much was accomplished, oil was struck in the eastern Dahomey Basin in Okiti pupa in the western region of Nigeria. While uncompleted, these

early pioneering efforts were nonetheless, a launching pad for the shell overseas exploration company/shell D'Arcy exploration that was established in 1937.

Notwithstanding, interruptions from World War II, the company persisted in extracting the valuable deposits. Shell drilled the nation's first exploratory well, called Iho 1, in the Owerri region of southeastern Nigeria in September of 1951. In January 1956, shell made history, when it dug Nigeria's first ever commercial oil well in Oloibiri, in what is now Bayelsa state. Nigeria's first 5,000 barrels of crude oil exports left the country February 17, 1958, This was to be the first of many wells that foreign companies would drill on Nigerian soil.

The success of shell in the discovery of oil began to attract many other oil companies from Europe. It was not long before other multinational companies come to Nigeria to set up business alongside shell Bp. These companies included Mobil, Gulf oil later named Chevron, Texaco, Elf, Total, Agip, etc. the government began acquiring shares in the companies and launched its own explorations in 1974. Earlier in 1962, Agip signed an increment to allow the government, to take interest in the company, its operation were successful.

Prior to Nigeria independence, the government recognized the importance of the petroleum industry and the role it was to play in the nation's economy, but actualization of this potential was constrained by colonization. In 1962, the Nigerian government saw the need to create the petroleum division in the federal ministry of mines and power. Eight years 'later; it was upgrade to the department of petroleum resources in the ministry.

In 1965, the first oil refinery was established at Port Harcourt to the production capacity of 35,000 barrels per day which was later increased to a capacity of 65,000 per day. Government also enacted the petroleum profit taxes ordinance and the oil navigable waters decree.

The PPTO stipulated that all oil company must surrender a given share of their profit to government, while the 2nd decree stipulated that no oil company should explore oil in the territorial waters without government license. All this led to increase to government revenue. Actually oil I production increase conspicuously, the increase demand for oil in the foreign market compel an increase in oil production. This inevitably increase government foreign earning and curtail dependence on import.

The important development that occur during the period include, the Nigerian National Oil Corporation (NNOC) which was established in 1971, by General Yakubu Gowon in line with OPEC resolution, which later become NNPC in 1977. It was established among other thing to engage in actual exploration and production of oil.

This is significant because it increase the participation of government hence an independent source of revenue from the government. Secondly, regulating the activities of foreign private oil companies through the issuance of exploration licenses, allocation of production quota to each private oil company and the regulation of the actual operation of the private oil company with regard çf the laws guiding the oil sector. Thus the NNPC control and dominate all sectors of the oil industry, both upstream and downstream.

a) **Upstream**: The positive programme of the upstream sector of the oil industry both in production capacity and reserves build up has been largely due to the willingness of the policy makers to commit adequate funds on a consistent basis in the face of memorandum of understanding (MOU). Upstream sector in oil and gas is run by a special organization, the National Petroleum Investment Management Service (NAPIMS) which is a Federation Account Investment, fully set up as part of the NNPC front to the joint ventures (JV). It deals with the partners on a day today basis, processes

their budget, claims and programmes, vets their contract before award and undertakes audit and other duties.

b) **Down Stream**: Activities such as refining and marketing of petroleum products, and the issue of subsidy. Also of interest from the nation's view point could be the side issues of disposal of surplus
products and procurement of deficit.

The industry has indeed come a long way with 606 oil fields in the Niger Delta alone of the 606 oil fields over 55% are on shore while the remaining 45% are in the shallow waters of the coast. In 1971 Nigeria join the organization of petroleum exporting countries (OPEC). At that time OPEC was already 11years old. As a member of OPEC, the quotas of every foreign company in the country was regulated. Therefore, Nigeria also became a signatory to a treaty set by OPEC, that latest by 1982, every member countries must obtained at least 51% equity ownership shares in the private companies in the country. The significance is that of government share of the oil sector. This also increases the revenue on the oil sector. Nigeria owned 6O% equity shares in all oil companies, with 80% shares.

The 1969 petroleum act, the constitution of the Federal Republic, and OPEC regulation, all played a part in the management and control of Nigeria's petroleum resources. The petroleum act gave the federal government exclusive ownership of petroleum and mineral resources in the country, and the constitution gave the government the right to license companies and participate in exploitation activities. With these empowerment, the Federal Government was now vested with all the open acreages in the country for its direct exploration activities and management.
No one need telling that the critical factor determining the successful emergence of Nigeria into the highly profitable and strategic International Petroleum Industrial Complex is its ability to nurture and develop the required specialized man power and technology locally.

A brief reference to the 1973 act which established the PTDF reveals that contrary to popular perception, what is remarkable is not the financial resources which compare the fund but the purposes to which such funds have been dedicated. Under the general objective of providing training opportunities for Nigerians to qualify as graduates, professionals, technicians and craftsmen in engineering, geology, science and the management of the nation's oil and gas industries, the PTL is charge t provide scholarship and bursaries.

Maintain and supplement training and education make endowments to university faculties, make books and training equipment available and finance seminars and conference, among other. This mandate comprehensively covers the broad scope of the requirement for an accelerated development of the nation's capacity in petroleum technology and related fields.

The 1973-1975, oil boom period, \s the most important in the history of oil industry. This is because a lot of revenue accrues to the country. Large amount of revenue which was unexpected was released. This was achieved by the triple increase in the actual production and exploration. The oil boom was caused by international political and economic factors.

In 1978, as a result of increase speculation and expansion, partly due to oil boom it became necessary for the government to establish another refinery, the Warn oil refinery, which has an oil refining capacity of 100%. In 1980, the Kacluna oil refinery with a production capacity of 100,000 per day was also established. The fourth refinery was built at Ene at PortHarcourt and it aimed at meeting the anticipated economic expansion.

So far, Nigeria has four refineries:

i) **The Old Port-Harcourt Refinery**: Commissioned in 1965, has the full designed capacity of processing 60,000pbd of crude light oil yielding white

products and fuel oil. It was gutted by fire in 1989. Rehabilitation started in 1990 and was completed in 1993.

ii) **Warn Refinery and Petroleum Company (WRPC:**

Commissioned in 1978, has designed capacity of processing 125,000bdp of crude oil. It yields white products, fuel oil plus poly propylene and carbon black for the petro-chemical company to it. The refinery suffered from premature ageing as a unsatisfactory usage in its early years, and suffers from problems, especially associated with boilers and power attached result of repeated plants.

iii) **Kaduna Refinery and Petrochemical Company (KRPC):**

Commissioned in 1980 has a designed capacity to process 110,000 bpd of crude oil. Has a fuel plant, a lube plant and a petrochemical plant attached to it. The lubes plant should use up to 50,000bpd& heavy crude. In addition, the refinery yields, based oil, waxes and solvents and there are associated activities of filling and packages. ALKYL Benzene and carbon black are made by the petrochemical plant. Like Warn the refinery suffers from premature ageing and repeated breakdown and shutdown from fire and industrial actions.

iv) **The New Port-Harcourt Refinery (NPHR)**: Commissioned in 1989, has a designed capacity of 150,000bpd and produces white products and fuel oil. The refinery currently produce over 50% of white products available for internal consumption. It has evacuation problems because of location, with small and inefficient Okrika Jetty, lack of pipelines connection with Lagos means that coastal tanker and offshore reservoir services are required. As at moment, there are the following depots. Port-Harcourt Refinery, Warn Refinery, Kaduna Refinery, Benin, Enugu, Aba, Makurdi, Ore (Ondo),

Ibadan, Ilorin, Jos, Gusau, Kano, Gombe, Maiduguri, Lagos Satellite Town, Atlas Cove, Lagos, Mosumi Shagamu etc.

Nigeria's Crude Oil Processing Capacity

Source: Nigerian National Petroleum Cooperation (NNPC), 2000

The 1980-1988, this period is considered the most turbulence in the L of Nigeria oil sector, as well as the world oil industry. This period characterized, by a serious decline in productivity and most decline in Li oil prices with high uncertainty and fluctuation. It was also a period when the oil producing nation, got the least revenue from oil when compared to the revenue realized from the past.

In fact, the memorandum of understanding was signed with joint venture partners in 1986 and again in 1991 with a coalition of operating companies made up of shell, Mobil, Chevron, Agip, Elf and Pan ocean. A set of agreements signed in 1993 brought seven other companies Alliance, Esso, Shell, Mobil, Station Bp, Agrip, and Elf into product staring contracts with the Nigerian governments whose interest is protected by the NNPC. In 2002, encouraged by results from over thirty successful wells, the government conducted another round of incensing with seven deep offshore blocks licensed to indigenous operators. Another round of licensing of over 60 oil blocks in the sedimentary basins was planned for 2005.

In its fourty nine years of existence, the NNPC's mission has been to be a commercial international corporation engaged in oil activities. Their goal was to be a world class oil and gas company driven by shared commitments to excellence, customer satisfaction, and continuous improvement.

Put simply the NNPC was established in 1977 by the NNPC act no 33 of that year through the merger of the Nigerian national oil company (NNOC) whose functions were mainly operational and the then Federal Ministry of Petroleum Resources which performed regulatory function The two bodies were merged to create a more virile oil agency and optimize human and infrastructural resources available to government. The then, NNPC, therefore performed both operational as well as regulatory functions and its was divided into eight divisions to carry out those functions effectively.

The NNPC is a commercial, integrated, international oil company engaged in exploration, production, processing, transportation and marketing of crude oil, gas their products and derivatives. The corporation in Oriented toward efficiency, profitability and financial autonomy in its operations while seeking to maintain its leadership role in Nigeria's long term growth and economic development through the start up and fostering of new gas and petroleum based industries.

In the year 2008, there witness dwindling prices, which have shake the very foundations of Nigeria oil, with experience internal unrest as oil revenues and so state expenditure, decline.

Importance of Oil to the Nigerian Economy

i) It has been the backbone of the Nigerian economy because other sectors depend on it.

ii) It contributed to export, whereby 80% of exports are from oil, hence large sum of foreign exchange.

i) It contributes to large employment of the people.

iv) It contributes to Gross National Product that is increase in per capital and the standard of living.

Criticism

i- Oil intensified bribery and corruption

ii- It has led to unnecessary accumulation of wealth by those that were fortunate to join the system.

iii- It led to increased inflation, popularly called the Dutch disease, which means high value of foreign exchange, coupled with high and massive import:ation, as import become cheaper.

iv- It has led to the question of the Niger Delta Crisis

On the whole, in spite of the fact that oil exploration as we know it, began in Nigeria over 5Oyears ago, less than half of the basinal acreages have been seriously explored. "Acreages essentially unexplored include the Dahomey Basin, the Benue Trough, Sokoto Basin as well as part of the Chad Basin (NNPC 1988:2)

2:3 The Evolution of the Structure of the Nigerian Economy

It is perhaps, appropriate to start here by saying that one of the enduring features of international politics has been the tendency of nations to grow and expand, often through adventurism and military conquest in order to increase and consolidate control over their affairs and those of other nations. This is in other words, is imperialism. The rise and collapse of empires, whether or not through the intervention of other predatory nations, has often been accompanied with violence, misery and suffering particularly, for those who suffer defeat in the hands of the powerful. The general effect of all these have put world peace at perpetual risk and instability.

Nigeria Context

Nigeria is one of the most politically significant state in Africa. It is situated on the west coast of the continent, occupying 923,768 square kilometers, bounded by Benin, Niger, Chad, Cameroon, the Gulf of Guinea and Lake Chad. A physically diverse country with varied relief, vegetation and climatic pattern;

divided by the Niger-Benue rivers system into three sections, the country is naturally endowed with agricultural and natural resources the most celebrated being petroleum produced in the Niger Delta region comprising Bayelsa, Delta, Edo, Cross Rover, Akwa Ibom, Rivers, Abia, Imo, Ondo State and recently discovered in the lake Chad Basin in Borno State. Nigeria's capital is the newly built city of Abuja located near the centre of the country.

A former British Colony, the country's political system has witnessed very' unstable circumstance. It gained independence in 1960 with a parliamentary form of government (1960-1966). It has since migrated through myriad of military coups (1966-1979), a presidential form of government (1979-1983) and another round of military incursion (1983- 1999). That is preceding the current democratic experiment inaugurated May 29, 1999 to date, under another presidential constitution, which has been challenge and is renowned for many interest flaws. In fact, Nigeria's political instability, mismanagement and poor development policy by succeeding government has had its adverse effects on the country's economic fortunes.

Nigeria's population is about l4Omillion, growing at a 2.3 annual population growth rate with a total fertility rate of 5.4 per woman. 44.8% of Nigeria's total population are urban resident; the same percentage (44.8%) are below the age of l5years, 3.1% of Nigeria's population are aged 65years and above.

Historical Evolution of the Structure of the Nigeria Economy

As it is widely known, Africa passed through many phases, in the process of its evolution and incorporation into the international capitalist system, a system that was to and still is, shaping the nature and direction of the African economies and politics. This also had direct implications on the emergent African states and their role in international politics.

The economic system operative in Nigeria today is a capitalist economy based on neo colonial arrangements. This is supported by the fact that all politics and programmes undertaken since the attainment of independence tend to further integrate or incorporate the country into the orbit of finance capital. We should posit at this point that, the problem engendered by the development strategies operative in the country today, and which manifest themselves in the current global financial crisis more profoundly, are rooted basically within the framework of the under developed capitalism which we operate. The understanding of the historical evolution of the neo colonial economic structures thus become imperative.

This is in the light of how it is brought about, and the accompanying domestic class structures and political ruling classes, that manage the state institution. The state has come to be very crucial within the economic arrangement as far as capitalist accumulation within these context is concerned.

Historical analysis of the present state of the structure of the Nigerian economy can be conveniently carried out using the popular four phase; the premercantilist period, the mercantilist imperialism, colonial exploitation and the post independence super exploitation (neocolonialism). What we intend to do is to make an outline of the institution and structures that emerged in the process of incorporation and their impact in respect to the support they give to the capitalist system and the process of accumulation going on under the system both at national and global levels.

i) The pre mercantilist phase: This represent the period in which Nigeria, and of course the whole of AfricaV3 in the process of independent development within the context of feudal, semi feudal/communal modes of production. Trade provided impetus to production, and the development of technology. The production techniques, although quite underdeveloped were, however, able to sustain the various societies when

applied to the production process so there were a potential for the development of particularly agriculture and cottage industries.

ii) The Mercantilist phase Expressed in mercantilism and the late 1400's saw the prelude to the domination of the economics of Asia, Latin America and Africa including Nigeria by this mercantilist system principally through trade. This was the era of slave trade, whereby in order to meet the requirement of the system of primitive accumulation, able bodied men were sold into slavery, to service the sugar plantation in the Americans and the Caribbean. The company of royal adventures which later metamorphosed into trading companies partook in this business for the British slave merchants.

The cumulative effect of this phenomenon of slave trading expressed itself starkly at the level of economy in general and more so specifically at the level of the development of the productive forces-technology and manpower. At the level of class formation, slave trade fed to the emergence of quasi commercial class engaged in slave trade that are to be found in the existing controllers of state apparatus, that is the traditional ruling class. The process of the incorporation of the country into the global capitalist system had therefore started under the power of mercantilist capital.

The industrial revolution in Britain resulted into drastic changes in technological development and property relations which came to be translated at the level of the global economy because of the already established structural relationship based on unequal exchange. It also transformed class configuration in the subordinated countries.

Industrial capital became predominant and this resulted in the full integration of Nigeria into the international capitalist system. The needs for capitalism, now shifted from the need for slaves to need for primary raw materials

as the slave trade had already became an obstacle to the development of so called legitimate trade in raw materials required for the British factors of industrial revolution. Nigeria had to be made a producer of raw materials such as cocoa, groundnut and palm oil and with this also, a permanent importer of textiles and other manufacture goods.

iii) The Colonial Phase: The colonial state that was established consequent upon the establishment of formal colonial rule over the country, and the expatriate firms like C.FA.O, U.A.C, U.TC and P.Z facilitated the exploitation of primary raw materials and the importation of manufactured goods. The colonial state ensured the guarantee of conditions necessary for the operations of these expatriate firms The peasants were integrated into the world market through complex processes, for instance, monetization, taxation, forces labour, commoditization of the economy and the development of wage earning class. Transport and communication networks were established for effective exploitation and for free movement of factors.

Thus, what we have was the engagement of expatriate firms in import-export and distributive trade. However, in some key areas they, co-opted some members of the indigenous ruling class as buying agents and middlemen, thereby making them also connected with the appropriation of surplus from the peasants. The colonial state, continue to safeguard colonial capital and made all efforts to provide sufficient and necessary conditions for its survival in order to realize profits. This, it particularly carried out in the establishment of marketing boards in order to formalize production of raw materials thereby making peasant export produce a basis for capital accumulation. Also, the same expatriate firms engaged in the establishment of certain processing industries laid the foundation for import substitution industries through active state support.

An export-economy, largely dependent on the dynamics of the external sectors was therefore established with a number of negative but 1transformative consequences. This is the corporation of the country into sphere of capitalist system and therefore, the establishment of the relations of production, the erosion of self-reliance especially in e area of food production, thereby laying the foundation for the agrarian facing the country, and the institutionalization of a structural relationship between Nigeria and the imperialist centres.

iv) The Neo Colonial Phase: The contradictions of colonialism and the changing patterns of accumulation strategies at the imperialist centers are central to the transition to the neo colonial economy.

The alliance of international financial capital with aristocratic element now shifted in favour of the emerging bourgeoisie classes whose roots can be traced to the colonial period. Therefore, formal political independence as granted in 1960, but with the assurance that financial capital will continue the domination of the economy politically backed up by these local ruling classes, who are in control of the state.

Thus, neo colonial era is marked by the dominance of both industrial and finance capital. But finance capital of banks and other financial institution is acquiring a domineering position interms of subjecting the economy as imperialism became multi-laterized. Therefore, all development strategies undertaken in Nigeria by the emerging political and ruling classes to be seen within the context of imperialist domination of the economy.

However, some of the essential features of this period include;

a) Economies of the Colony became fully integrated into that of international finance capital through certain dependency ties on food, supply of machinery, raw-materials and technology.

b) The presence of trans-national corporations and their operations which lead exploitation of labour and the repatriation of substantial surplus created in the economy to imperialist centres.

c) The dominant role played by international financial institutions particularly the world Bank, the International Monetary Fund and other consortium of finance institution. Through the loans they provide and the resultant debt, they have succeeded in laying another basis for further integration of the country's economy into the world capitalist system.

d) And finally, emergence of a neo colonial state controlled by the emerging bourgeois class. The state assumes a powerful position in respect to public investment and also in respect to creating favourable conditions for capital accumulation for both domestic and international capital.

With respect to Nigeria, the very foundation for these were already laid in the colonial period since the features we have indicated as the negative consequence of the establishment of on export-economy were carried over into the neo-colonial period. The only thing is that, they have become much more expressed and manifested in response of changing conditions in the World Market and the Multilateral Strategy of imperialism, right after independence in 1960. V What we only had was a slight change at the political level since the state apparatus and institution have now come to be dominated by the emerging bourgeois class. Thus, in essence, independence did not lead to the freeing of the country from the hold of finance capital and the contradiction that gave rise to it, because the essence of colonial policies continued in a more sophisticated form in the four ways we have indicated above.

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CHAPTER THREE: INTERNATIONAL OIL POLITICS AND NIGERIA ECONOMIC DEVELOPMENT

Oil has transformed poor nations into rich ones, desert into watershed and bankrupt nations into creditors. There is therefore, no major industrial power in the world today that has not derived its strength from oil or sustained it with oil. Thus, the contribution of this sector to the overall development of Nigeria is not only evident but well documented.

'Be that as it may, Global resources are scarce, their distribution unequal over the earth. With the growth of modern technology and communication, it has become imperative for each member state to actively participate in the sharing and re-sharing of these resources. Essentially, therefore, the use in the number of state through nationalist struggle and the desire by each nation state to preserve and defend its people jealously has been the focus of international politics. In addition, the necessity of inter dependence arising from limitation of resources natural, human and technological invariably forces countries to join alliance and counter alliances in the hope of getting better deals in the international system.

In fact, Nigerians often recall the glorious oil boom years with longing. Nigeria oil fortune boomed in the 1970s and peaked by 1980 when a barrel of crude oil went for $50 dollars. This was a direct response to international events that led to OPEC induced price adjustments that worked to Nigeria's advantage. Government revenue from crude oil export shot up from $1 billion dollars to $25.3 billion dollars within a ten years period spanning from 1970 to 1980.

Thus, "the international petroleum industry is highly vulnerable to shocks, since it is influenced by both economic and political forces" (Ikein 1990:216).

In the second chapter, an attempt was made to present the historical background first in relation to the evolution of the international politics of oil and

OPEC, the historical background of oil in Nigeria 1956-2008, and thereafter, the chapter went further to present the evolution of the structure of the Nigerian economy.

By and large, chapter three which is the succeeding chapter, will be dealing with the international oil politics and Nigerian economic development vis-à-vis, the oil boomed era and Nigeria economic in the 1970s, the oil crisis and the Nigerian economic development in the 1980s.

We are going to make a critical analysis of the consequence of oil revenue, earning on Nigeria economic development, by reviewing its strengths and weaknesses. The chapter hopes to explore further the curse and blessing of oil in relation to Nigerian economic development covering the regime that fall under every decades in the 1970s and the 1980s.

3.1 The Oil Boom Era and Nigerian Economic Development in the 1970s

In the 1960s, the dominant source of revenue in the country was agriculture; it was the era of groundnut, cocoa, cotton, palm produce boom. Happily for the military, petroleum soon made it bountiful entry as a very lucrative revenue source, particularly after the Arab-Israeli war of October, 1973. Meanwhile, the civil war of 1967-1970 made matters worse as it further hampered the necessary infrastructural development. Nigeria's economic development was drastically slowed by the complexities of ethnic agitations and the problem of political leadership that set in barely six years after Nigeria independence.

The post civil war era in the 1970s saw Nigeria enjoying an oil boom. This seemed to have created on illusion of perpetual wealth in the minds of many Nigerians and in the leadership of the country. In fact after the civil war and the dramatic emergence of oil and it consequent domination of the external sector and government revenue, the state started to become much stronger in the direction of the utilization of surplus derived from oil earnings.

It similarly enhanced the domination of international capital in key areas such as petroleum, construction and marketing.

Suffice to mention here, is that the recorded oil boom era was a replica of the genesis of the Arab-Israeli conflict which could be traced as far back as since 1948 that metamorphosed in the 1967 and 1973 conflicts simultaneously. In 1948 the Jews inhabitant of the former colonial mandate of Palestine established the state of Israel, since then, the Arab-Israeli conflict has appeared on the agenda of every session of the UN General Assembly.

In 1967 another tension caused by the water dispute and by border incidents led to a number of military clashes. The situation reached crisis dimension Syria protested that Israel was massing troops on it border. Nasser of Egypt threatened to prevent Israel passage through the straits of ran, demanded that all United Nations Emergency fund, leave Egyptian territory and moves troops toward the Sinai border with Israel.

When years passed and Israel continued to occupy the territories it had conquered in 1969, Egyptian and Syria leaders concluded they could riot regain their territory through diplomacy alone. In 1972 Egyptian president Anwar Sadat, sent away his former soviet military advisers in hope that closer ties with the west would lead to an agreement for Israeli withdrawal. But he was disappointed.

Thus, he decided to force the issue by war, in secret negotiation, and Syria decided to open a two front surprise attack on October, 1973, initially Egyptian and Syrian forces drive back the Israelis, recapturing large sectors of Sinai and Golan. Eventually, the tide by battle and Israel regained most of the territories it has occupied before.

The Arab-Israeli war of 1973 known as Yom Kippur or Ramadan War. It was Yom Kippur, the Jewish day of atonement and all over Israel, stores shops were shuttered tight, the streets were almost empty and people where crowded into

synagogue over to ask the lords forgiveness for sins. While it was Ramadan, by the fact that at the same time, most a in Egypt ands Syria were performing the trying religious duty of the was reduced in the report to the parking of lavish Ramadan feast, .h the war mongering Arabs only take after cannon has been fired.

With Israeli victory established as certain, the search for an 3nation as to why the Arabs attacked was sought. It was explained as an act, of desperation, an attempt to get the superpowers to intervene and help them. It nearly become a confrontation between the United State and the former soviet union, when the soviets threatened to send troops to assist Egypt; the united states then declared a high level military alert in support of Israel.

In 1973 there was ambargo of oil on the united state which led to subsequent demand for oil and rising prices. The members of OPEC in the 1970s including Nigeria became very wealthy by using the combine tactics of cutting production in order to force prices to rise. In order not to antagonize the Arab state, western Europe members of the NATO with exception of Portugal, refused the Americans request to use their air fields in the supply of arms to embattle Israel (Klaus Knorr-fall 1975:236).

And in their anxiety to appease the Arab state, they were quick to declare their support for the Arab cause, with Japan expressly calling on Israel to relinquish its occupied Arab territories.

In another development, the organization of Arab petroleum exporting countries (OAPEC), a core group within OPEC, was inclined to employ its new leverage in the oil industry as a political weapon in support of the Arab cause against Israel during the Yorm Kippur war in 1973. OAPEC was formed in 1968 by Kuwait, Libya and Saudi Arabia, expanded in 1970 to include Algeria, Abu Dhabi, Bahrain and Qatar. Quantities restrictions were imposed on OAPEC oil supplies. Those countries deemed friendly to Israel, chiefly the united state and

Holland, were completely embargoed. While those friendly to the Arab cause were accorded preferential treatment.

However, the oil shock of 1973, following the Arab-Israel, October, 1973 war, was a rude one for industrialized nations of the organization for economic cooperation and development (OECD) and they set about to ensure that it does not ever happen again. Though only a small territory was at stake with few natural resources the conflict was eventually magnified in international significance by the fact that the territory is sacred to two of the world great religion, by the intersection of the conflict with politics in the world. Most important oil producing region, and by the connection of the conflict to the emerging cold war between the former Soviet Union and the united state. Following further difficult negotiations, [sraei and Egypt s\gned a peace treaty \n \Nasklngton, D.C on 26th March, 1979, providing a for phased withdrawal of Israel forces from Sinai and establishing normal diplomatic and economic ties between the two countries.

Oil Revenue/Foreign Exchange Drive 1970s

Crude oil had along been the most important single commodity in world commerce, accounting by weight for over half of all sea borne, international trade. It was the chief source of energy in the developed countries, on essential requirement for industrial production, and transportation. This ensured that the international community was particularly unalterable in the oil market. The exertion of the new OPEC leverage in the international oil market served as a catalyst for a confrontational stand off between the developed and the developing countries.

Therefore, the revenue arising from oil in the form of petroleum profit tax, royalties and fees are assigned to the federation account and go into the distributable pool, which is disbursed to the various tiers of government as provided for by the current revenue allocation formula.

The oil sector made up only 5.8% of the country's gross domestic product (GDP), this had almost trepled to 14% in 1973. Similarly, over the same period oil contribution to export earnings rose from 32.4% to 83.l% respectively. interm of government revenue, oil sector contribution rose from 11.1% in 1966 to 67.3% in 1973 representing the major source of government revenue. In numerical terms in 1973, the country got 1.8billion naira from selling our oil. This increased to 5.4biilion naira in 1974. It was still 5.8billion in 1977-78.

Critical Analysis of Nigerian Economic Development in the 970s

The exploitation of petroleum led to the dramatic explosion in government revenues in the 1970. This enabled the federal and state government to undertake a vast expansion in the development of infrastructure and the provision of social service.

The General Yakubu Gowon 1966-1975 and the Murtala/Obasanjo 19754979 administration utilized the vastly increased government revenues to achieve a massive construction of new trunk roads and upgrading of existing roads and bridges, giving Nigeria a vast network of tarred road, which despite the neglect and disrepair of the past several years is still superior to what is found in many part of Africa.

Enormous sum were also expanded in expending educational facilities, that is universal free primary education scheme, the national youth service Coprs (NYSC), telecommunication, ports water resources. It also meant a faster growth of national income in the 1970s tag the Udoji avad, than would have been impossible without petroleum. Some linked industrial development also occurred, the setting up of petro chemical industrial and the laying of pump refined petroleum to different part of the country and the operation feed the nations.

Others include, the movement in Gross domestic product, which were largely due to changes in Nigeria revenue from crude oil production. The peak

national economic output and per capita income achieved in 1970s reflected the peak in Nigeria oil earnings, which stemmed from high crude oil production and record high world oil prices. It sponsor development strategies, for instance the size of the second plan 1970-74, was 3.2billion naira, by constrast the third plan, 1975-1980 called for the investment of N3Obillion naira. The projected revenues for the period 1975- 1980 were over 90% realized, N39.5Obillion compare to N4.3 78billion projected.

Another development occurred following the centre verses state relations as a result of the availability of unanticipated vast increases in federal government revenues. Therefore, the federal military government during the 1970s, has been able to create and multiply the number of state ii the country. We have evolved from the unitary colonial state to three autonomous region at independence (1960) four regions in 1964, twelve rates created under the Gowon regime 1967, and nineteen state under Gen. Murtala Muhammad in 1975. These are among the great strides made by the military administration in our march toward a better and a self reliant nation.

In the same vein, oil become an important foreign policy instrument for Nigeria in the mid and late 1970s. the country financial solvency enabled it to engage in petrol dollar diplomacy in defense of African interest on the international scene, leading to the characterization of this period as the dynamic phase of Nigeria foreign policy. Nigeria's new oil wealth also gave the country financial muscles to play a pivotal 'role in the creation of the ECOWAS in 1975, an organization to which it contributes the lion shares of more than 31% of the annual budget. Nigeria was also a critical participant in the common wealth with a sizeable contribution to the fund, for technical cooperation. Nigeria was able to give substantial diplomatic and financial support for African liberation movements

through its hefty contribution to the multilateral O.A.U liberation fund, and through direct bilateral grants to the liberation movement themselves.

It is against this backdrop that oil boom in the 1970s led to increase income, increase employment, demand productivity, increase investment which all set the foundation for the establishment of Nigeria first economic growth.

Agreed that money was available to prosecute development projects road , housing, electricity generation and supply, on scales hitherto unimagined, the management of the oil boom and therefore its net effect on the people left a great deal to be desired. however, not much success was attained in using our petro naira to restructure the economy, to attain a real rise in living standards and to raise the standard of production in our agricultural sector, which everyone maintains, had been the bedrock of our economy. Indeed agriculture suffered a serious decline which has persisted to this day the operation feed the nation introduced by the Nigerian military was adhered by the world bank and its began importing commodities like groundnuts and palm oil which only a few years before we were exporting and which our main revenue source. This fact, underlined the fundamental dislocation which our economy had suffered.

Prestige projects proliferated with FESTAC as the grand symbol of the squander mania of the oil boom era, with petro naira under the military, it was a classic case of easy come, easy go. The country developed a galloping appetite for the importation of luxury' consumer goods. It was a situation where more money had suddenly been injected into the economy and with no real increase in productivity, inflation got to an all time high. This was particularly the Udoji awards which were made for reasons which had to do more with politics than economics, although the administration was military rather than political.

Indeed, it was the era of emergency contractors and commission agents. The sadness of the period was that these contractors did no real work. Their work was

often shoddy and all they cared for was the money. The noble intention of the indigenization decree were frustrated in this and other sectors. With the emphasis on consumption and, therefore on imports, Nigeria become a lucrative market for agents of foreign contractors and their local Nigerian commission agents.

Following the downfall in petroleum prices toward the exist of the military in the late 1970s the whole economy was shaken. Recourse was made to hasty measures such as the foreign exchange and anti sabotage decree, and a lot of import items were either banned altogether or placed under restriction. Life become a little harder for the bourgeois and petit bourgeois element when low profile, which entailed restrictions on luxury consumer goods, was forcibly introduced by the Obasanjo regime.

So badly had the economy been managed that recourse was made to that dreadful source of finance, foreign loans. The Obasanjo regime committed the country to over 2billion naira in loans (Jumbo loan negotiations). Although the nation had a short spell with oil boom, our economic manager's under the military apparently paid little attention to such things as enduring that the nation got what was actually due to it interms of the amount of crude oil taken away and what was paid for it, and also that the revenues were paid to the current account. It is baffling, that the current enquiry into when and where N2.8 billion of our oil money was paid, otherwise known as "***NAIRAGATE***" indicates this point.

What was really sad? It was clear also that inspite of the laudable attempts made by the military in the 1970s in an area such as building a strong infrastructure, and inspite of the golden opportunities prescribed by the period, no real base was laid for the nation's economic development.

Painful enough the dependency is further seen in the operation of Nigeria oil industry, its import substitution policy, and it reliance on external loans and borrowing. While Nigeria foreign debt stood at N85.8 million in 1961, N178.8

million in 1970, by 1977 this had risen to N352.2million. The main reason for this situation into the debt circle at this time, was the combination of a rising import bill, set in trend by the unprecedented increase in oil revenue in 1973 and declining oil revenue in the 1977-1978 period.

Thus, while it is true that Nigeria became part of the world capitalist system as a result of British colonial and imperial subjugation and control, Nigeria's leaders have since independence been united on keeping Nigeria within the system of world capitalism. This class interest, the interest of Nigeria's bourgeois has been at the centre of the consistent alignment between Nigeria and the western countries that collectively control and determine the movement of the world capitalist system.

Regrettably enough, there was expansion on the number of the working class and also a profound transformation took place within the peasant agricultural set up, peasant were displaced or uprooted from their land and turned into agricultural wage labourers or a free labour for the urban manufacturing and construction sectors. Given the increase in oil money since the early 1970's the state intensified the pursuance of the tieocolonial development programmes which took off at independence. For instance, between 1973 and 1974, about N7.3 billion was spent in buying foreign goods. In this way, most of the money from oil sales went to foreigners.

Ostentatious lifestyles became the norm as rural urban drift on the back of oil increased Agricultural productivity drastically declined due to urban migration in search of better life condition. The demand for imported products grew, causing an imbalance between exports and imports which in turn created balance of payments deficit or debt overlarge.

With the experienced windfall profit generated from the oil boom, rather than capitalizing on investment in infrastructure and social services, the military

leadership decides to invest in a new federal capital motivated politics and in uncontrolled education expansion without planning. The spending spree went on in many directions unchecked. With the minimal or c social or economic returns to these huge investments, it became clear that Nigeria were living on borrowed time and money.

Other contributing factors are the attitude of Nigeria's and macro economic politics as they either neglected or were completely infective in organizing other aspect of the economy. For example, the agricultural sector that rocked in about 70c/o of government revenue in the 1960s with drastically during the oil boom era in 1970s. consequently, the contribution agriculture to the GDP which was 63% in 1960, declined to 34% in 1978, not because the productive sectors increased its share, but due to neglect of the agricultural sector. It was therefore, not surprising that by 1975, the economy had become a new importer of basic food items as it as neglected by the government.

Moreover, the centralization of oil revenue has succeeded in heightening the instability of the Nigerian state. The centre, because it is the vault of virtually all oil revenues, becomes the target and theatre of a zero sum game between and among various factions and fraction of the civilian and military ruling class. It is a game which rapidly heightens the anomie in the Nigerian state. The cycle of coups and counter coups which the centralization of oil revenues has generated, explains why the Nigerian millitary was views along these realistic but unflattering line. The soldier no longer dreams of valour-or the day that he will be called upon to defend the nation's integrity. Rather, his ultimate goals is the desire to shoot his ay to power one day and thus gain direct access 1o the country's petro naira.

(In fact, the federal government introduce a decree which substantially reduced the fiscal resources of the state government from 1QO% to 5O%, while the federal government retain 100% plus the balance 50%

In the following year, a more crucial stage was reached, when through decree No. 9 of 1971, rents and royalties of off shore petroleum nines where transferred from the various state to tl4federal government. In this way, the military replaced a section of the constitution which had previously assimilated the continental shelf areas of a state of its land area.)

3.2 The Oil Crisis and Nigerian Economic Development in the 1980s

'The 1980s is considered the most benevolence in the history of Nigeria oil sector, as well as the world oil industry. And it was also a period when the oil producing nation got the least revenue from oil when compared to the revenue realized from the past especially during the 1970s.

In a similar vein, the crisis of the 1980s was occasioned by the fall in the price of oil in the world market and worsened by the contradictions of a dependent accumulation pattern and a preponderantly monocuture economy based on tents from oil In fact, the Nigerian economy n the 1980s was a clear manifestation of a neocolonial capitalist economy characterize by lack of organic linkage between agriculture and industry, production and consumption, an autonomous capital base, development of indigenous manufacturing sector balance of payment problem, heavy debt burden, low gross domestic product (GDP), labour inflexibility, high unemployment rate, inadequate provision of social services and poor maintenance of infrastructural facilities, the near collapse of the manufacturing sector etc.

'Notwithstanding, the fact that several attempts were made by successive Nigerian government in the 1980s to cushion the effect of the crisis, first by president Alhaji Shehu Shagari, General Muhammadu Buhari, General Ibrahim Badamasi Babangida, that ranges from Green revolution to austerity measures and later structural adjustment programme (SAP), the privatization and commercialization policy and the economic diplomacy policy. All these policies

were foisted on the Nigerian military and civilian regime by the World Bank and the IMF.

However, exceptional cases abound in the early 1980s, Nigeria witnessed the greatest windfall, following the outbreak of Iran-Iraq war in 1980, were oil revenue amounted to $25billion and $2lbillion in 1981. In
1981 oil crisis emerged. This was due to temporary and unforeseen factors, especially the eruption of the Islamic Revolution in Iran in 1979 and the outbreak of the Iran-Iraq war as earlier on mention. With the emergence of the revolution, this production level fell drastically creating an artificial shortages in the international oil market.

Therefore, panic buying in the west resulted in a build up inventories, and the upshot of this was a rapid rise in the price of crude oil on the spot market from $l5per barrel to $44 in January, 1981. This windfall further strengthened the healthy position of Nigeria foreign exchange reserves, inherited by the civilian administration from the military in 1979, and it underlined the optimistic projection made in the 4th national development plan of 1981-1985. This was estimated to cost a staggering N82bilIion, based on the projection that Nigeria is oil production would rise from an average of 2.1 mbd in 1980 to 2.4mbd in 1985.

Be that as it may, several dimensions that are related to this conflict deserve mention. The first, is the extent to which this was an oil war; the second, is the durability of the post colonial nation state and; the third, the Iran-Iraq war linked the Iranian revolution of 1978-1979.

The ostensible causes of the Iran-Iraq was included disputed borders and the right to a vital waterway (oil) the shatt al-arab, and the question of regional hegemony between Iraq and Iran. Iraq initial incursion captured some 15,000 — 21,00 square kilometers of Iran oil rich and Arab populated Khuzestan province, destroying several cities and numerous towns.

The Iran-Iraq war in the 1980s later became an Iranain-Arab war. Iraq secure the financial and political support of Saudi Arabia, Kuwait, and other oil rich Arab Stats of the gulf as well as political and limited military support from Jordan and Egypt. Interesting enough, the goal of preventing an Iraq defeat was also shared by the major powers. The Soviet Union, which had cut off arms shipment to Iraq at the beginning of the war, resumed its role as Iraq major military supplies; France supplied sophisticated war planes and missiles system, the United States provided important agricultural shipments and credits.

Therefore, the combination of Iraq, ground victories and a series of naval clashes, with U.S forces in the gulf, culminating in the destruction of an Iranian airlines that killed 291 civilians, persuaded Iran to accept UN security council resolution 598 which established a cease fire more or less on Iraq terms. At the end of the day, some 367,000 Iraq's and Iranian were killed and more then 70,000 wounded.

It most be emphasize again, that after the oil boom years, OPEC quota allocation forced Nigeria to produce fewer barrels of oil per year. This was in response of the global oil market crisis in the 1980s as it has been emphasize by the research. The cutback in oil production due to DPEC quota resulted in a 70% drop in oil revenue. The industry that earned $25.3 billion in 1980 brought in only $7.2 billion in 1987. As a result of this development, socio economic life in the nation became economically unbearable to some citizens.

Comparatively, during the president Shehu Shagari regime, you would recall that toward the end of 1981 and the first quarter of 1982, the international oil market virtually collapsed, mainly because of energy conservation policies of major concern of petroleum products and over production of crude petroleum by both OPEC and non OREC countries.

There was a drastic drop in Nigeria's oil earnings from $25.3billiofl in 1980 to $16.7billion dollars in 1981 and to $14.3billion dollars in 1982. This severe fall in oil revenue, coupled with poor management of the national economy created a serious atmosphere for Nigeria and Nigerians that set the pace for full blown economic crisis of the 1980s.

By and large, the research argued that the oil crisis was a reflection of the tentative economic crisis faced in the Nigerian economy in the 1980s, which was directly related to the inherent development models, which were undertaken by the state within the context of the global capitalist system.

It is a crisis of both development and accumulation, crisis is indeed central to the dynamics of capitalist development and in the neocolonial formation. This crisis is further compounded by the pattern of relationship with the imperialist centres.

'Crisis could be perceived as a turning point in history for a given process (historical and economic) that brings with it difficulties and dangers that acutely expressed themselves in a drastic fall in the general capacity of the productive investments within an economy and also in the standard of living of the people.

But while crisis is an outcome of the contradictions of capitalist production and accumulation, and might mean bringing the end of the system, it may at the same time, also mean a precondition for its continuance on higher level until collapse. it is therefore, even seen as restorative for capitalism y forcibly re-establishing the conditions for appropriation and profit maximization.

However, since Nigeria is integrated to the imperialist centres, and crisis affecting the global system is systematically translated at the level of the domestic economy through the activities of the trans national corporation, financial institutions and the state. In the context of Nigeria the crisis in the 1980s was manifested in two forms. Viz the fiscal crisis and the balance of payment crisis.

There as we have said, are procured by the general crisis facing capitalism, a crisis that became eminent and acute from 1982 to the late 1980s.

Specifically, the fiscal crisis is indeed the outcome of the commitment of the state toward creating conditions for accumulation and appropriation, while maintaining the system through the provision of social services. However, various irrationalities were involved in the way funds were allocated for the provision of these infrastructures. Examples are inflated contracts, payment of salaries to ghost workers, over invoicing of imports, pilferage. These are in fact some among the various mechanism used by the ruling class to distribute the surplus created by the workers and peasants among the members of its class.

In effect in the 1980s, we experience a downtrend in government expenditure with the resultant effect of non payment of salaries for workers and the inability of continue to maintain social service, culminating in their inevitable collapse. We have to bear in mind the ability to extract and accumulate the surplus produced in the economy which is rooted in e neo colonial capitalism of the country and this is manifested in our development strategies since late 1960s.

On the other hand, the balance of payment crisis was rooted in the specific nature of the agricultural and industrial policies. The specific character of these development models reveals various dimensions of their impact that are capable of seriously affecting foreign exchange position of the country and consequently led to balance of payments crisis in the following way; first, it is their import content which included machinery and raw materials. Second, because of the dominance of foreign capital in some dynamic sectors of the economy. This import syndrome is further re-enforced and more so substantial portion of profit it makes is repatriated to the centre.

Thirdly, because of the fact that the balance of payment position is not favorable, the changes for further importation of goods and services to support the

industrial sector are limited. The neocolonial state response to the problem is to seek for loan from the international financial institution through Paris and London Clubs, in order to continue to finance the development strategies. This accentuates the debt position of the country. This is further worsened by the fact of principal repayment and services of interest.

Finally, is the activities of the transnational corporation which involve transfer pricing, over under invoicing of imports and exports and contract financed with foreign loan.

To buttress further, 1982-1985 is generally refer to as a period of oil glut. This is a situation which the demand for oil in the world market decline as mention elsewhere, and supply rises more than excess demand leading to fall in prices and fall in revenue for oil producing nation. This as attributed to sustained recession in the west, and the resultant reduction in industrial capacity. Thus, the western nations, particularly, the US adopted series of conspiracy against OPEC members to weaken them by creating economic crisis in their oil industries.

Therefore, the enormous price increases between 1979 and 1981 led to the investment of considerable sum by North American and European Bankers in deep sea oil drilling and exploration ventures, that is stockpiling of oil product interms of accumulation, leading to increased production from previously uneconomic sites, including the North sea, Alaska slope and the gulf of Mexico.

Put differently, this was partially due to pressure on oil transnational companies by their respective government to destock the surplus oil at their disposal, to reiterate this once again.

Similarly, series of energy especially solar energy and Biofuel were adopted. Meant here, considerable success was a\so registered in the west regard to energy conservation and the substitution of coal or natural gas for oil, all of which contributed to decreased oil consumption and a huge surplus in worldwide crude

oil production capacity. The situation reached crisis proportion for Nigeria in 1982, Nigeria when with sustained decline in world oil demand, Nigeria continue to stick to the OPEC bench mark price, in contrast to the British National Oil Corporation (BNOC) which lowered it prices.

Oil firms started applying pressure on Nigeria to reduce its oil price from the OPEC price of $35.5 to the BNOC price of $31. This was in recognition of the fact that, unlike OAPEC state, with huge surpluses, Nigeria's need easily exceeded it earnings from oil. For example, Nigeria budget on the price projection of $20 dollars per barrels that is oil contributing about 80% of the total expected revenue. The price suddenly falls to $8 dollars per barrel. And hence only $4billion dollars were realized and reduce revenue.

In 1983, Nigeria oil export fall but halted. This was because Nigeria oil was $2 a barrel higher than official BNOC prices, and almost $6 a barrel than the prices for North Sea oil in the spot market. The situation reached crisis proportion when for twenty days running in February 1983, Nigeria reportedly made zero oil sales.

When BNOC proposed a further $3 cut in its oil prices, bringing it to $30.50 a barrel, with Norway's state trading company, stat oil, also following suit, Nigeria was forced to break ranks with the OPEC pricing structure by unilaterally reducing the price of its oil by $5.50 a barrel to $30, in effect Nigeria became the first government to set a unilateral oil price cut, taken without OPEC formal accord.

Oil Revenue/Foreign Earnings in the 1980s

The president Shehu Shagari government inherited a foreign exchange reserve position of N2.6billion. This rose to N5.6billion in 1980, although, it drop to N1.lbillion by 1982. Thus, the contribution of the oil sector to total export rose from 57.6% in 1970 to 97.2% in 1986. Interms of government revenue, the oil sector accounted for 26.5% of government revenue in 1970 compare to 1987 were

it rose to 75.2%. Similarly although Nigeria earned $25.3 billion in 1980, its drop only to $7.2 billion in 1987.

1) Critical Analysis of Nigeria Economic Development in the 1980s

On 1 October, 1979 General Olusegun Obasanjo handed over power to AIh. Shehu Aliyu Shagari, to usher in the second republic. Shagari observed in a short speech. "It is a matter for legitimate pride for the Nigerian armed forces that despite all the temptation to power they, under the able and exemplary leadership of General Olusegun Obasanjo, have valiantly kept the word of their beloved compatriot Murtala Muhammad" (Friday, May 25, daily independent PB4).

There was a significant development in this period in the nations search for an enduring democratic rule, as the parliamentary system of government inherited from the British colonial masters was replaced with e American type's executive presidential system. To critically assess the economic development of Nigeria, during this period, related to the accrue eu revenue. It is interesting to note that, very little had been done to repair the economy by the time Obasanjo step aside for the civilian government to Aihaji Shehu Shagari. While appreciating the development of infrastructural facilities across the country interms of roads, hospitals, housing and it most pronounced Green revolution. The politician could not get their political act together and they compounded that by squandering Nigerian riches.

The problem of creating a national government, a viable economic hse and the integration of the various ethnic groups in Nigeria in fairness drninistratiofl champion the slogan of one nation, one destiny. Shçhu Shagari reiterated that national integration requires hard work. There is need for a dedicated leadership and citizenry imbued with faith to cultivate widespread national feeling for one Nigeria. Our key domestic programme are and the new federal capital.

As the research has emphasis, this period marked the beginning of problems of balance of payment and fiscal crisis, which was further aggravated by the predatory character of the ruling class. This can be Nustrated in the way they manage import licenses, out of the almost labillion naira import licenses issued between 1981-1983, not more than 2 billion naira worth of goods came into the country in the period in question.

President Shagari admitted the problem in his budget speech on Monday 24th November, 1980, when he said that:

"We have succeeded increasing our external reserve from N3bilflon in October, 1980. Then went down in 0.2 billion naira by 1gth April, 1982. However, it will be dangerous to lure ourselves into a false sense of security, because our monthly import bill which stood at a level of about M600million at the beginning of the administration, now runs at an average of N1billion per month. If we therefore, unwittingly erode, this favourable research position the nation will be faced with balance of payments difficulties, with attendant ill-effects of inflation and falling standards of living. There is the peed for the nation to continue to be externally solvent." (Yusuf Bala Usman 1982:34)

Along the same vein, almost 72Omillion naira work of contracts were awarded to only five domestic capitalist contractors which were neither not executed at all, or partially executed. Bureaucrats and other middlemen engage in pilferage.

Illegal bunkering of oil became perverse as foreign and domestic capitalist collaborate in siphoning oil revenue to private accounts. Thefts became part and parcel of state apparatus. This led to political commentator to posit in Nigeria then, not only do official steal but stealing is official. It is the very principle of Nigerian class rule.

President Shehu Shgari adopted the economic stabilization measured aimed to resuscitate the ailing economy, a number of measures were taken which included, the outright banning of the importation of some goods, the placing of others under licence, the importation of restriction on the remitting of money abroad. These measures were said to be aimed at reduction of the level of import into the country, thus conserving foreign, exchange, the encouragement and protection of local industries, and ensuring strict adherence to government priorities. We can better appreciate the state of the economy at this time by looking at the relevant figures. In 1979, Nigeria was able to sign an agreement for a loan of 11,4billion to refinance the countries short term, trade with a consortium f 25 Europe, American and Middle East banks.

Thereafter, the consequence of the drastic drop in Nigeria's oil export from $122.4billionin 1980 to $16.7billion in 1981 and to about $14.3billion p1982 became very difficult to manage. GDP recorded a negative growth f-2.633% in 1981 which further degenerated to 1.070% in 1983. The balance of payment position of the country was precarious in 1981, the deficit was N3billion, this rose to N3.5billion in 1984. The debt service ratio as a percentage of export earnings has moved from 8% in 1980 to 33.2% 1985. Other indicators of structural defects and economic crisis in the economy in early 1980s were high level of unemployment, low capacity utilization in the industrial sector and high inflationary pressures.

To this end, nothing was therefore done to curtail the level of import and government expenditure to march the dwindling foreign exchange earnings and government revenue. During the 1981 fiscal year, imports increased by about 80% to a record level of $14.2 billion relative to that of 1980. The foreign reserve loss in 1981 was about $4.8 billion. The drop in oil revenue also had serious

implications in 1981 alone the federal government borrowed about N3.O0billion from the central bank compared toNi58million in the previous year.

The progressive decline in Nigeria's oil production from an average of 21 mbd in 1981, to 1.3 mbd in 1983, as well as the decline in the official price of Nigerian oil from $40 a barrel in 1981 to $30 in 1983 plunged the country into economic crisis. In spite of the attendant sharp cuts in imports in 1982 and 1983 from $18.4 billion in 1981, to $16.8 billion in 1982, to $12.2 billion in 1983. Nigeria current account deficit reached $7.3billion in 1982, falling to $4.8billion in 1983.

,Just as we have keep on reiterating that while oil revenue has picked up between 1979 and 1980, it impact was cancelled out by an ever increasing import bill which at this time stood at about Ni1illion a month. The debt figure which stood at N11.5million in 1979 had jumped to 2,331.2billion on 1981 and was standing at an estimated N12,000 million by July, 1983, with this magnitude of borrowing followed an increase in debt service payment.

These defects were financed largely through the depletion of the country stocks foreign debt. By the beginning of 1983, the nation foreign exchange reserves had risen from an all time high of N5.lbillion in 1981 and its foreign debts. stood at a staggering $l0billion.

At this juncture, president Shehu Shagari administration unwillingness to subject the country to the shock treatment of devaluation of the Naira led to the situation where trade debts on letters of credits, bills or collection and open accounts, accumulated up to a point which they dried up credit lines and exhausted the goodwill of foreign supplies and financial institutions. In effects, the government was constrained to enter into negotiation with the IMF for a loan of about $2billion under the extended fund facility.

By and large, while the country's large oil sales to the United State in the 1970s had given it some leverage in American government circles, it dependence on large oil sales to the United States in the oil glut years of the 1980s made it highly susceptible to American manipulation. So did the country's need for IMF credit and guarantees. This clearly depicts the international oil crisis and economic development of Nigeria during the Shagari regime.

Shagari got a shot for a second term in office, but was overthrown by t1ajor General Muhammad Buhari on December, 11 1983. The second republic died.

General Muhammadu Buhari claim that the acquired foreign exchange from oil was for importation of capital equipments and skills, and was used to developed the Nigerian economy in infrastructure, health facilities, educational facilities, industrial development and employment generation. But this aforementioned land mark still stand to be contested realistically.

The weakness follow thereafter, to the economic development of Nigeria outlives it pronounced contribution. There was continue neglect of agricultural sector leading to rising food imports and worsening of balance of payment. General Muhammadu Buhari sought to increase Nigeria's share of the oil market beyond the OPEC quota of 1.3mbd. The country was granted an unprecedented increase in its officials production ceiling moving n two steps from 1.3mbd to 1.4 in August, and leveling off at 1.45 in September, 1984.

For instance, the 4th national development plan 1981 — 85 enunciated the five principal national objectives that is meant for the establishment of

i- A united strong and self reliant nation;

ii- A great and dynamic economy; iii- A just and egalitarian society;

v- A land of bright and full opportunities for all citizens;

v- A free and democratic society;

The extent to which this laudable goals has been implemented remains a major challenges to the country then and up to the present time. Against this backdrop the national development planning is not a new thing in this country. It is an accepted norm for accelerating rapid economic growth and development in the national economy which aims at improving the living standard of the people. This country has had up to five development plans from 1955 to 1985.

TABLE 1

Tatle of plan	**Growth Rate**	**Period covered**	**Capital allocation**
No tiled	Data not available	1955-62	N3730million
1st National Dev. Plan	4% P.a	1962-68	N3.0billion
2nd National Dev. Plan	6.6%	1970-74/75	N5.3billion revised
3rd National Dev. Plan	Over 9% P.a	1975-80	N43.3billion revised
4th National Dev. Plan	7.2% P.a	1981-84	N83.0billion revised

From the above data, it will be readily observed that there has been systematic rate of growth in the national economy, although with little

Between 1982 and 1985, a packaged of austerity measures was set in motion. These measures centre mainly on superficial and ineffective administrative controls such as the rationing of foreign exchange through import licensing, increase in tariffs, reduction of public investment expenditure, increase in fuel price and restrictions on capital transfer. whereas this austerity measures only had solitary effects on the economy, L., produced severe shortage with attendants social cost.

For instance, there was a drastic reduction in the supply of raw materials and spare parts for industries, leading to constant plant closure; decline in capacity utilization and massive lay off of industrial workers. Several shortage of goods and services led to long quest for what then called “essential commodities”.

Notwithstanding, the series of low capacity utilization, inflationary pressure and several shortages of good and were not enough, the country external debt was growing at a geometrical progression from N1.9billion in 1982 to N19.1 billion naira in 1985.

The military saw taking the mantle of leadership as an aspect of their military practice and right that on August 25, 1985 Major General Ibrahim Babangida (1985-1993) felt it was his turn and he did so sacking Buhari.

General Ibrahim Babangida claim to have made modest growth in domestic output. That the gross domestic product at 1984 constant factor cost recorded a real growth of 1.7%, this rise to 4.17% in 1987 and 1988. The growth was noticed in agriculture, manufacturing, finance, insurance nd mining sector.

'The structural adjustment programme was introduce by this administration in response to deep economic depression, debt crisis and collapse of Nigeria credit worthiness. In 1986 budget, General Ibrahim Babangida comes up with the major objectives of the structural adjustment which were:

i) To restructure and diversify the productive base of the economy in order to reduce dependence on the oil sector and on imports.
ii) To achieve fiscal and balance of payment viability over the period.
iii) To lay the basis for a sustainable non inflationary or minimal inflationary growth.
iv) To lessen the domination of , an unproductive investments in the public sector, 'improve the sectors economy and intensify the growth of potential of the private sector.

To promote its objective of increased private sector participation in the economy, government "embarked on privatization and commercialization schemes. The apologist of SAP claim that it recorded a number of achievements toward addressing the teething economic crisis during this period. That SAP leads to

increase in capacity utilization in the manufacturing sector which rose from 38% in 1987 and 40% in 1988.

Secondly, that SAP led to increased in rural employment with the boost in gainful farm employment opportunities and the increased participation of city dwellers on part-time farming of Nigeria which on 4th October, 1990 it establishes people bank.

Thirdly, SAP lead to increased production of export crops such as cocoa, cotton rubber, palm produce, sheanuts, as well as the non traditional agricultural exports in response to the big boost in export prices denominated in naira.

One problem which virtually all previous administrations in Nigeria had identified as militating against effective implementation of government policies and programmes is the inefficiency of the civil service. In order not to Jeopardize the implementation of SAP and other economic and politics. There was the reform of the civil service.

One other element of the SAP which deserves mention is the establishment in 1986 of the Directorate of Foods, Roads and Rural Infrastructure (DFRRI). According to Gen. Ibrahim B. Babangida the introduction of DFRRI was premise on the fact that for a very long time in the history of economic development in Nigeria, government policies had favoured urban centres to the detriment of the rural feeder roads, boreholes and rural electrification to mention just a few.

In an attempt to broaden the foreign exchange base of the economy and reduce reliance on crude oil Gen. Ibrahim B. Babangida decided to push major gas related industries which where known to have greater potentials for earning foreign exchange than crude oil. Government was committed to the second phase, of the petroleum project, fertilizer experiment, liquidities natural gas, LNG, petroleum condensates and aluminum smelting using gas as cheap source of energy.

Also commencing on Nigeria economic diplomacy president Gen. lbrahim Babangida stated in part. The successful accomplishment of policy that is geared toward the actualization of Nigeria economic potential which Il solely make more resources available to the country and which the country can then commit to its foreign policy, pursuits in the country. Beside the elevation of the import issue to the top of:our foreign policy agenda, given the imperatives of the emerging new world order has became compelling and inevitable. In addition, it was emphasized that the adoption of economic diplomacy in 1988 as a new orientation and thrust in higeria foreign policy provided a unique opportunity for both the government and the people of Nigeria to assess its usefulness as an effective and complementary strategy for Nigerian's economic development (Victor 2004:54). It is under the considerations that the impact of the economic diplomacy of Nigeria over the past decades, most be reasonably assessed rattier than an occasional spasm angered by vagaries of hternational politics, totally beyond the control of any developing country.

Interesting enough, as clear as Gen. Ibrahim B. Babangida iron out e strengths of his administration. The weaknesses inherent in it as it will he depicted outlive the aforesaid strength. In fact, Nigeria the closest to such a corrupt buts totally dominants figure was Gen. Ibrahim Babangida ho was himself eventually overwhelmed by adverse circumstance after eight eventful years. Painful enough, the regime a succession of another regime only succeeded in compounding the countries woes. A self styled bader who left a legacy of corruption. As at the end of June 1988, price cc iuflation rose from a conservation estimate of 1O.2% at the end of 1987 to 11.5%.

In fact, the political Bureau which the Babangida regime setup on January 13 1986, headed by professor Samuel Coâkery, to find out what Nigeria actually want for Nigeria, stated in its report on March 27, 1987 that:

"Capitalism, the dominant ideology in Nigeria has tended to foster poverty, ignorance, disease and squalor in the rank of the masses" (Political Education Manual 1989:15) that the Bureau found that the majority of Nigerians preferred a socialist democracy. According to the

Bureau:

"The socialist system, when effectively organized, put everybody in a position to meet the basic needs for food, education, shelter and good health. There are therefore, no extreme of wealth and poverty" (Political Education Manual 1989:15).

,The adjustment in the foreign exchange rate resulted in a generalized increase in price because of the high import content of our installed manufacturing production capacity. This has resulted in higher costs of living and reduced living standard especially for the low income groups. High cost of imported inputs have adversely affected many small scale enterprises. Later on rationalization of enterprises have resulted in retrenchment and created social problems.

During the Gen. Ibrahirii B. Babangida regime, unemployment worsened in 1987 as more school leavers, university graduates and retrenched workers swelled in the number of the unemployed. Although, the National Directorate of Employment was established to tackle this menace the problem, linger on, with nothing to write home about.

This was compounded in 1986, international oil prices fall drastically, dropping even further than the $15 a barrel mark and momentarily reaching $10 a barrel. The expectation that NOPEC oil production would be persuaded to join forces with specific regard to the North Sea oil producers, who insisted that the markets should continued to determine world oil Prices.

In short Nigeria was confronted in 1986, with the implications of an effectual OPEC and perilously low oil prices. A substantial part of the government

budgetary estimates could no longer be attained. Import of raw materials, spare parts and essential commodities were severely affected. Low oil prices also threatened to re-ignite the country's international debt crisis, the government hurriedly negotiated a three months debt moratorium between April and June 1986, with its foreign creditors. By all implications, the oil boom in 1970s has become full circle, leading to the oil gloom of the 1980s.

The greatest challenge according to Gen. Ibrahim B. Babangida was to utilize the resources from oil to develop the productive capacity of the • economy and thus permanently improve the standard of living of the people. It is against this background, that the regime at the tail end, when the legitimacy to the government was falling apart, came up with the National Rolling Plan 1993-1995.

It objectives were:

i) Achieve an average of 5.3% real growth rate of the GDP yearly.

ii) 'Reduce yearly inflation from 46% in December 1992 to 5% by 1995.

iii) Reduce fiscal deficits as a percentage of GDP from about 12.4% in 1991 to 3.39% by 1995.

iv) Stabilize the exchange rate; and

v) Achieve viable external balance.

The plan was to consume N40.2billion. The federal government and parastatals were expected to invest about N213.9billion, also state investment were pegged at just N26.3million, N8.7billion earmarked for the governors to meet their electoral promises, N20.4billion to the local government to complete the three tier investment package.

The private sector according to the plan was to invest a gross estimate of N93.9 billion; external loans will take N36.9 billion, while joint venture cash (JVC) calls will gulf N90.6 full take off of National Agricultural Land Development Agency (NALDA), the establishment of Small and medium

Industries Development Agency of Nigeria (SMEDAN), that will provide necessary infrastructural facilities to boost existence of small medium scale industries. This include among others; the completion of the nut standing unit of the Ajaokuta Steel Complex, the Nigerian Iron Ore Mining Project at Itakpe, completion of phase I and II of the rail line to the Kaduna refinery, rehabilitation of the outstanding road projects, rehabilitation and maintenance of existing power generation and distribution system, Oshogbo machine tools industry, constitution of II industrial layout in Minna (Niger State), Ikot Ekpene (Akwa-Ibom state), Nabwi (Anambra State) Kano(Keno State), Benin City (Edo State), .0 (Sokoto State), Saki (Oyo State), Abba (Abia State) Eleme (Rivers s), Iwopin Pulp and Paper Mills, NLG and Petrochemical Complex Phase II at a total cost of N6Omillion.

As good as a pronounced package to address the economic development by the regime, the National Rolling Plan did not stand the test ‘time. This was overwhelm by the corrupt nature of the administration, follow by inadequate infrastructure that undermine the commercial feasibility of other economically desirable projects; restrictive industrial and administrative practices frustrated a number of working project shortages of industrial and constructional man power constitutes big constraint and account for the slowness in implementing government projects.

The Pius Okigbo Panel revealed that the $12.4 billion recorded in the dedication accounts between September 1988 and June 1994 was liquidated in less than six years. The reports state further that the money s spent on what could neither be adjusted genuine high priority nor truly regenerative investment, that neither president Ibrahim Babangida nor the governor of the Central Bank accounted to anyone for those massive extra budgetary expenditures. In this respect, the report goes on to add that had these resources of $12.4 billion or even

any significant portion been paid into the external resources, the impact on the naira/dollar exchange rate today, the attitude of our external creditors, the credibility of Nigeria, the environment for foreign investment would have been incalculable in a positive way. The situation also thrown up the linkage between oil, democracy and economic buoyancy.

What is perhaps most appreciated is that, the nature of oil revenues is such that it has also engendered a less critical and unquestioning attitude on the part of the Nigerian populace. As things stand, the oil continue to gush out, the revenue continue to flown, the average citizens is as apathetic as ever, since what is being stolen and wastefully spend is not really is but providential revenue. For example, the nations total external debts as at June, 1992 stood at $33.36 billion. (Dele et,al 1999:103).

Taking the case of NNPC for instance, this is the picture that comes through. The Nigeria oil industry is an all corners affair such that the proliferation of oil lifters has been identified as a major snag in keeping track of the country oil sales. The international community has since faulted Nigeria's oil sales by contending that a very wide gap exists between what is declared and what the actual sales returns should be. Thus, given the known Nigerian oil production and world oil prices, the gap between what the NNPC should have earned, and what the government say it earned was about 2.7 billion naira.

Among other things, the reports notes that this discrepancy can be attributed to the existence of the phenomenon called dedicated oil, mean oil allocated specifically to fund particular projects. The sale of such oil does not go to the federation accounts. But the money is paid into special .l:cated accounts. Thus, much of the dedicated business is shrouded in. mystery, because no one can really say what quantity of oil has been so 1cated. The official explanation is that dedicated oil has been used to projects like the Ajaokuta Steel Complex, the

Aluminum Smelterproject and Abuja Capital City. Meanwhile the OAU and ECOWAS summit ECOWAS itself and the infamous better life programmes have also been funded through dedicated oil. For the first time an executive office created for the first lady with all paraphernalia of a political office was created for the first lady with all paraphernalia of a political office holder. All what this indicated in much of the foregoing is the lack of transparency in the administration of oil sales proceeds. The removal of issues forms a relatively open forum.

By this development, subsequent appraisal of the Gen. 1brahm. 8abangida regime shall be extended to the next chapter, which falls under the decades of the 1990s respectively.

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CHAPTER FOUR: ERADICATION OF INTERNATIONAL OIL POLITICS ON NIGERIA ECONOMIC DEVELOPMENT

One of the realities of international politics is that, states are in constant struggle to protect their people, defend their territorial integrity and preserve their national sovereignty against foreign attacks, incursions, domination or any farm of threat. On the other hand, each state aspires to increase its power over other states, to command more international prestige and respect and thus influence world opinion and events. These contradictory interest tend to lead to suspicious, apprehension and tensions among states, which occasionally lead to open conflict.

Thus, crude oil prices behave much like those of any other commodity, with wide price swings interms of shortage and over supply. The price charges in response to economic demand as well as OPEC regulations and the supply from non OPEC nations. Tension in other OPEC countries could give rise to serious disruptions in normal oil production and trading patterns, thus leading to increases in prices. For instance, the hostage taking in the Niger Delta and the war in Iraq are both examples of the significant role that non market forces play in restoring prices positively to where they were in the oil boom of the 1970s in which oil demand outstand supply, and sometime negatively.

'Therefore, international diplomacy is indirectly used to control oil prices by impacting the supply of oil. Put simply, the non market determinates of the prices of crude oil can be war, crises in major producing areas and government company relationship in the upstream sector.

In chapter three the research has painstakingly addresses the international oil politics and Nigerian economic development in relation to the oil boom era in the 1970s, and the oil crisis in the 1980s that was predominant. The extent to which the oil earnings in these two decades impacted positively on the Nigerian economic development, remains a mirage as clearly shown by the research.

Subsequently, chapter four shall critically make an in-depth analysis of how the eradication of the international oil politics will bring outstanding landmark on Nigeria economic development. The research at this juncture stand to assess how the Gulf War Windfall in 1990s and the instability of oil prices in the year 2000-2008, the resting scope of the research, affect economic development in Nigeria.
An eye opener worthy of mentioning which the research shall handle extensively is the upheaval in the financial market in the year 2008, which has sent shock waves around the globe. The research holds that countries with large natural resources are especially vulnerable to downturns, because they rely on oil resources, while neglecting to develop other sectors.

However, the current global economic recession, makes it more imperative for us to remind the federal government on the need for quick and proactive action where issues of urgent national economic importance are at stake. As at January, 2008 falling oil price ranges at about $40 a barrel compare to $150 a barrel.

4.1 The Gulf War, Oil Windfall and Nigerian Economic Development in the 1990s

International politics is strongly influenced by the reality in the international system, that much of the world's petroleum is produced in the Middle East and consumed in North American, Europe and Japan.

The United State has contextualized both the Gulf Wars and the Iraq are as an effort for democracy and nation building, when both were in part campaigns to defend the energy security for the G-8 countries. As the research shall depicts, even the allied forces led by the United States on the pretext of protecting human rights and democracy serve the United State oil demand interest. Even the second Iraq invasion in 2003, was on the pretext of human rights and to dethrone a dictator that had weapon of ass destruction that were never found. These reasons were used to justify the Iraqi's invasion by the coalition forces. The real truth is that this s to

serve and protect the United States control and security interms of flow and distribution of its main energy source. Thus, the United States days of monopoly are been challenge as China and India have come to be key players on the demand side of the oil equation.

Thereafter, legitimate stability and supply issues are also of concern, as petro state present problem for oil consuming nations in terms of stable supply or stable government. Other such as Iran and Venezuela threaten to use o and it related profits to develop their own countries even more, while in Nigeria the Niger Delta, Youth have drawn world attention by seizing oil and destroying oil pipelines and installations. This shows that as long as people nurse the idea of conquering other people, to subjugate them and plunder their lives and material wealth, the ideals of freedom, liberty and peace will not be realized.

Thus, masterful generals and diplomats from ancient to modern time have recognized the intimate connection between force and diplomacy. The greatest Chinese strategist SUNTZU in the art of war (about 500BC) counseled, a government should not mobilize its army out of anger act when it is beneficial; desist when it is not (quoted in John T. Rouke 2907:256) extending that view, the German strategist Carl Von Clause witz on war (1833) described war as a political instrument carrying out diplomacy by other means. Three observations are drawn from this principles; one, war is a part of diplomacy, not substitute for it. Therefore channels of communications to the opponent should be kept open in an attempt to limit the conflict and to re-establish peace.

Two, wars should be governed by political, not military consideration.

Three, war should be fought with clear political goals when goals are not established or are later ignored, disaster looms.

The Gulf War

The Gulf war, fought between Iraq and a military coalition led by the United States, lasted just forty three days from 17th January, through 27 February, 1991. The coalition forces launched the war in response to Iraqi leader, Saddam Hussein's invasion and annexation of the small, oil rich state of Kuwait on 24th August, 1991, the Iraqi's claimed historic rights over Kuwait, although such claims had scant historical or legal basis. The United States and Britain demand Iraqi's withdrawal, and they obtained a strong international consensus, reflected in a series of UN Security Council resolutions. Resolution 660, adopted unanimously within twenty four hours of the invasion, called for the immediate and unconditional withdrawal of Iraq, forces. Resolution 661 of 6th August, 1990 imposed severe economic sanctions against Iraq. And eventually, resolution 678 of 29'' November, 1990 authorized the use of force against Iraq.

Although, the United States, obtained UN backing, it chose to act militarily and diplomatically with considerable autonomy from the world body. Claiming an imminent threat to. the security of Saudi Arabia and the Persian Gulf oil producing region, the US administration of president george Bush rushed, naval and ground unit to the Gulf on August 7, by passing possible formation of a UN n4ltinational force and pre-empting the results of Arab league deliberations. Britain and later, France contributed contingents, as did Egypt, Syria, Saudi Arabia and a number of other Gulf states. Several other state in Europe and Asia contributed naval, medical or other ancillary units, by the time hostilities were engaged, however, U.S forces accounted for about three quarters of the combat personnel and even higher proportion of heavy weapons, aircraft and naval ship.

In the month's leading up to the military conflict, intense diplomatic activity by UN Secretary General perez de cuellar, French president and other sought to obtain Iraqis withdrawal from Kuwait, before 15th January deadline specified in UN resolution 678. Moreso, Iraqis leader then Saddam Hussein moved to

consolidate his position by taking hostage western civilians in Iraq and mobilizing Islamic sentiment against the west. He proposed to link his settlement of the crisis to the withdrawal of Israel from the territories it occupied. Amid mixed signals from Baghdad, efforts to find a diplomatic formula for Iraq, with1rawaI were rejected by the United' States and its allies, who affirmed that Iraqi withdrawal was not negotiable.

Thus, the United State at an early stage move toward military resolution of the conflict. On 8th November, 1990 president Bush deployed 200,000 additional troops moving the coalition forces from a defensive to an offensive posture. Following the true hostilities broke out, the United States and its coalition partners had assembled more than 750,000 military personnel, 1,200 high performance aircraft, 300 naval vessels including 8 aircraft carriers and 1,800 tanks. In the combat theater, coalition force faced approximately 400,000 Iraqi's troops armed with relatively advanced western and soviet arms acquired during the long and bloody Iran-Iraq war (1980-1988).

The coalition campaign began with a forty day air war during which aircraft subjected Iraqi to targets to intense, round the clock bombing, destroying not only military targets, but also much of Iraqi's civilian infrastructure, including power plants and factories. Iraq responded with scud missiles aimed at Saudi Arabia and also at Israel, although these attacks caused relatively light damage. The war ended with a brief adds devastating four day ground campaign. Iraq's forces retargeted and only occasionally engaged coalition units, exposed to lethal air attacks as they withdraw, they were dealt a crushing defeat y coalition forces under the command of U.S General Norman Schwarzkopf. To obtain a ceasefire and agreement, Iraq was forced to agree to all relevant Security Council resolution, including renunciation of all claims to Kuwait and agreement to pay heavy reparations for the damage done in Kuwait. Soon thereafter, the Bush administration an4unced

that it was seeking to oust Saddam Hussein. The UN impose stringent. conditions on the lifting of sanctions, and Iraq refused to comply. There followed much additional suffering by ordinary Iraqi's during many month of prolonged sanction.

The Gulf war was very costly, in addition to the great physical destruction suffered by Iraq and Kuwait, coalition direct expenses, including social and packages have been estimated at well over US $150 billion. The United States was unable and unwilling to bear more than a small share of these costs, so it obtained financing from various partners. Kuwait and Saudi Arabia made the largest financial contributions. The Saudi's have estimated their total war related expenses as US $54 billion. Kuwait spent at least US $25 billion; Japan and Germany, contributed about US $10 — 20 billion each, and Britain, France the United State and some small Gulf States accounted for most of the reminder of the outlay.

Although, the war resulted in fewer than 500 casualties among coalition forces, Iraqi military casualties have been estimated at 50,000 — 100,000 while civilian casualties are thought to have reached at least 100,000 mostly due to the air war. In addition, casualties due to the civil war within Iraq are believed to have reached 50,000.

Almost 405 million people migrated within an eight month period, out of the largest population movement in recent history. The crisis led to assive displacement of people. At least half a million fled from Kuwait, including many foreign workers who lost honest, savings and livelihood. Iraq also expelled 1-2 million Egyptian and other foreign workers, Saudi Arabia expelled as many as a million Yemeni workers because Yemeni refused to support the coalition. After the post war Iraqi uprising, approximately 2million people were displaced. Kurds in the north who tried to escape toward Turkey or Iran; shivis in the South who fled toward Iran and Saudi Arabia.

The war had a very serious environmental impact as well the Iraq' is released large quantities crude into the Persian Gulf, destroying fish and wildlife on a vast scale. They also set fire to most of the Kuwait oil wells, before withdrawing from the emirate, leaving plumes of oil's smoke from hundred of fire rising into the upper atmosphere and causing black rain over a large areas. Coalition bombing, which struck nuclear and chemical weapons installation, also caused serious environment damage; coalition bombing may also have contributed to the release of oil into the Persian Gulf.

The coalition move toward war was opposed by a substantial segment of public opinion in most of the involved countries. In the United State congress normally divided on the issue and anti war demonstration took place in many cities. In France, Defense Minister Jean Pierre Chevenement resigned. And in many countries throughout the world there were large and sometime, violent public protests.

Thereafter, debates continues as to why the war was necessary to accomplish Iraqi's withdrawal from Kuwait, why the United State went to war with a regime it had armed and supported until just before the crisis, and why the U.S ambassador to Baghdad implied U.S disinterest in the mounting crisis in an interview with the Iraq leader only days before the invasion. Thus, natural resources production and consumption patterns also influence the operation of the international system. From this perspective, the U.S military reaction to Iraqi's attack on Kuwait in 1990 and its threat to the rest of the oil rich Persian Gulf region was virtually for ordained by the importance of petroleum to the prosperity of the United States and its economic partners. As U.S Secretary of state James A. Baker, explained to reporters "The economic lifeline of the industrial world runs from the Gulf, and we cannot permit a dictator, to set astride that economic lifeline (John T. Rouke 2008-97).

In fact, economic radicals would argue, for example, that the US role n the Persian Gulf region dating back to World War II epitomizes neo imperialism. The United States protects or tries to protect the power of obscenely rich, profoundly undemocratic rulers of oil rich states, such as Saudi Arabia and Kuwait, as it did in 1991. In return, the king and emir keep the price of oil down, which benefit the economic of the United States and other oil importing EDCs crude oil was sold for an average of about $20 a barrel in 1990. After the Persian Gulf war through 1999, oil prices dropped to an average of about $17 a barrel, a significant economic advantage to the United States and other import oil dependent counties.

The war was the first major military conflict in the post cold war period. As such, the Soviet Union played only a secondary role in the crisis and in general tended to support the United State. The United States emerged from the war as the undisputed leader of the global political and military system. Thus, the Persian Gulf 1990-1991 came close to fulfilling the idea of collective security.

We are interested in the Gulf War although with serious implications, it favour Nigeria because it attained in 1991, its target of 20.00 billion barrels of oil reserves. And Nigeria make a hand some amount of crude oil sales. The average as earlier on stated was raised by the panic of 1990, during the build up to the Gulf War.

Oil Revenue/Foreign Earnings Drive In The 1990s

The Gulf war of 1990-1991 had a positive effect on the oil industry in Nigeria. The price of oil nations outside the Middle East rose dramatically overnight. After several fluctuations in the past fourteen years, Nigeria seem to have come into another windfall as a result of the crisis in Iraq. The U.S led coalition forces occupying oil rich Iraq, the crude oil price has hit on all time high of $42 per barrel. As the country's main revenue earner, oil fetches, over 900/c of foreign exchange revenue. Between 1988 and 1993, the government earned an

average of $10 billion annually. Oil also account for 48% of Nigeria's GDP and provide about 78% of the total commercial energy consumption, petroleum account for about 33.2billion dollars in 1994 and 40.5 billion Iv dollars in 1995.

OPEC announced that further prices increases expected as production as halted in Basra (Iraqi's largest oil terminal) which has more than 1,000 oil wells and pumps 2million barrels of oil daily for sale in the international market. The positive effect on the oil industry in Nigeria, can be depicted in the table below.

Table 1:1 Contribution Of Oil To Total Revenue 1981-1999 (N million)

S/NO	TOTAL COLLECTED REVENUE	OIL REVENUE	PERCENTAGE
1981	15,290.5	8,564.4	56.0
1982	11,433.7	7,814.9	68.4
1983	10.508.7	7,253.0	69.0
1984	11,253.3	8,269.2	73.5
1985	15,050.4	10.923.7	72.6
1986	12,595.8	8,107.3	64.4
1987	25,380.6	19,027.3	75.0
1988	27,596.6	39,130.5	71.9
1989	53.870.4	71,887.1	72.6
1990	98,102.4	82,666.4	73.3
1991	100,991.6	164.078.1	81.9
1992	190,453.2	162,102.4	86.2
1993	192,769.4	160,192.4	84.1
1994	201,910.8	324,547.6	79.3
1995	459,987.3	369,190.0	70.6
1996	520.190.0	416,811.1	71.0
1997	582.811.1	289,582.3	71.5
1998	463,608.3	738,798.7	62.5
1999	949,187.9		77.8

Critical Analysis of Nigeria Economic Development In The 1990s

In fact, both the civil class and the military were fed up with this draconian leadership and Major Gideon Okar attempt to unseat General Ibrahim Babangida in 1990 failed and the coup plotters were massacred, reminiscent of Adolf Hitler gas chamber during the Second World War.

Perhaps the most dramatic instance of this, as the research has stated was the unexpected revenues from Gulf war of 1991. In that particular year, a journalist from the financial times of London focused on how the windfall from the Gulf war had been spent. Specifically, he reported that a huge portion of the five billion dollars which Nigeria realized from the increased sales of oil during the Gulf War could not be accounted for. He went on to allege that between $250million and $500 million of the amount was spent on peace making operations, $150 million in hosting the organization of African Unity conference, and $810 million n financing the aluminum smelter plant in Akwa Ibom State.

Predictably, the government response to killing the journalist, was instant and vicious. Barely two days after the report and with just twenty minutes, notice, the reporter was thrown out of the country and declared persona non grata (unacceptable) (Tell 1994:10). The research has discovered that the reporter was an apostle of truth after all, considering the Pius Okigbo report earlier on highlighted somewhere.

In another development, the government promulgated the transition of civil rule decree 1987 setting out a clear programme of transition to civil rule. June 12, 1993 will ever remain indelible in the annuals of Nigeria's history as the day the fairest and freest presidential election was conducted and won by the late Chief M.O.K Abiola by a landslide victory. Every other democratic structure had been set up. Abiola's victory was annulled by General Babangida. The research has uncovered that the clamour for democracy nationwide was fierce and incisive, and

the National Democratic Coalition (NADECO) at home and abroad fought the dictatorial military government.

'Sanctions and embargoes were imposed on Nigeria by the international community for human right abuse. On August 26, 1993, General Babangida stepped aside, handing over the mantle of leadership to Chief Ernest Shonekan.

One agency that Nigerian is applauding is the National Agency for rug Administration and Control (NA1DAC). The agency established by decree No. 15 of 1993 during Gen. Ibrahim Babangida is a parastatals of he federal ministry of health, with the mandate to regulate and control quality standard for foods, drugs, cosmetics, medical devices, chemicals, detergents and packaged water imported, manufactured locally and distributed in Nigeria.

The management under the former dynamic leadership of Dr. Dora Akunyili has made intensive effort to positively touch the lives of stakeholders, consumer through public awareness campaign and education.

The agency works at checking the activities of corrupt businesses who distribute expired, adulterated, and fake drugs and food in Nigeria. This 'has long been a lucrative business for unscrupulous character. The agency tirelessly seizes and destroy these products and seals off affected business premise. Nigerian are applauding the national agency for food and drugs administration and controls, as the only effective government organization fighting corruption today.

However, the last time the nation experienced an interim government, which incidentally was its first, was when General Ibrahim Babangida, after annulling the June 12, 1993 election installed Ernest Shonekan as head of the ING on August, 27 1993 as he was stepping aside for the "necessity child". There was nothing to show interms of economic development of Nigeria during this period. All that the ING was concern has to do with maintaining the relative peace and stability of the

nation, considering the near breaking apart of the country, due to high tensions and anxieties at that time.

Thus, Chief Ernest Shonekan, found the exalted seat too hot that he resigned on November, 17 1993 after three months of going through hell, as the press was not on his side.

When General Sani Abacha came into power on November 17 1993, May 39th, 1998 it pledge itself to the onerous task of restoring law and order and returning the nation to a strong, stable, virile and viable democracy. General Abacha said "our commitment to hand over to an elected government stem from our sincere conviction that democracy is the right of a people" (Town Crier 1996:6). The elaborated process of forging national consensus and evolving a political process that could contain the competitive demands of our national life started with the defunct national constitutional conference. The conference which operated between June 27, 1994 to June 27, 1995 was to become the platform for popular participation of all Nigerians in the process of collecting discussing and mutually resolving our national puzzles.

The General Abacha regime claimed might have made tremendous achievement. This is because; there was flagrant violation of law and order, gross insecurity, undesired uncertainties, civil disrespect for constituted authorities and unmitigated threat to live and property. The nation was boiling in crisis and confusion. All these were precipitated by the abortion of the transition programme and resultant frustration of the people's ardent hope in a democratic nation. At the end of 1993 fiscal year, for instance, Nigeria 'recorded a budget deficit of N103 billion.

To buttress this scenario, General Abacha asserted that there is in our country today a greater yearning for a new direction. At the birth of the nation, expectations were high and the possibilities for greatness were almost limitless.

But just as it seemed as if our sun was rising twilight came nd we have been grapping ever since waiting for a new dawn. That we must re-commence our journey to greatness is clear enough (the new Direction 1994:2). He said further history will remember as someone, ho was thrust to, the forefront, of national leadership, at a time of national crisis, who grappled with the challenges and left the scene a better place.

The conviction that the country is poor in economic and political performance is neither reflective of her potential nor in consonance with the aspirations of her citizen, and their determination that their nation should occupy the rightful place in the comity of nation led the administration to embarked on the vision 2010 programme Head by the Head of state and seasoned technocrat of world repute, chief Shonekan as the Head of the committee on vision 2010. General Abacha maintained that, the time was now ripe for the country to definite vision of the type of society, we want especially one that is economically prosperous, politically stable and socially harmonious. That is what gives people purpose and direction and that without vision, will perish because a vision is the fuel in the dynamic of development.

'The philosophy of the vision 2010 political and socio cultural were identified as follows:

One, defends and upholds the principles and practices of democracy.

Two, respect fundamental human rights and the rule of law.

Three, cherishes and promote unity in diversity.

Four, emphasizes national identity and rewards merit and excellence; Five, promote cooperation and social cohesion, thereby engendering
sense of belonging amongst the people.

In economic terms, the vision should be capable of developing a strong public that is private sector driven, particularly in the petroleum, agricultural and

solid minerals sub sector. This is meant to promote entrepreneurship and competition within the ambit of fair, equitable and enforceable laws. Encourage adequate investment in education, health, technology and infrastructure.

The strategies adopted by General Abacha to achieve the vision 2010, include;

One, to deregulate economic activities

'Two, reduce government involvement in productive sector

Three, encourage competition and private initiative.

Other pronounced achievement by the General Sani Abacha apologist include. the reconstitution of the National reconciliation and transition implementation committee, the federal character and national human Right Commission, approval of the principles of rotation power sharing and revenue allocation based on derivation.

Moreso, on October 1 1996, General Abacha once again rolled out other surprise package, he created six new state, and 182 local government council arid six geopolitical zones with Headquarters that riclude North West Kaduna, North East Maiduguri, North Central Jos, South ast Enugu, South South Port-Harcourt and South West Ibadan.

That General Abacha achieve macro economic stability within three tears, and as at June 30, 1996, appreciated the macro economic environment with a surplus of N8 billion. Others include enhanced earning from non oil export, increased foreign reserves, favourable balance of payment and stricter fiscal discipline. The economic package was expected to systematically usher in a glorious era of national stability and economic prosperity.

Gen. Abacha appointed General Muhammadu Buhari, a former Head of state as chairman of the Petroleum Trust Fund in 1995. Through the PTF its released

N1.76 billion for the renovation of prison nationwide. The PTF apply the bulk of its resources for investment on roads, water supply, health service, and education.

The family support programme initiated by the wife of General Sani Abacha which was targeted at the women was commendable. The Family economic Advancement programme (FEAP) earmarked N7.4 billion, which as disburse as loans to cooperative societies for economic activities.

General Sani Abacha outdated that recorded achievement. After several years of Abacha mysterious death, the search for Nigeria's looted funds contitinues in his numerous foreign accounts. When General Abacha tainted to leave the stage for a civilian government, the worlds ostracized Nigeria. With a massive disrespect for human rights, the killing of political opponents and the enthronement of full blown dictatorship, the world stopped doing business with Nigeria. And Nigerian's were denied access to countries that had all along interacted with them.

The state of Nigeria's foreign policy during General Sani Abacha was aptly described by the Guardian editorial of July 7, 1998. It stated Nigeria's foreign policy in the last three years of Abacha's administration as characterized by lack of fairness and decorum, and the burning of diplomatic bridges. Rather than make friends for the embattled administration, key government officials choose to multiply the administrations enemies". This accounted for why the nation was systematically alienated by her traditional international friends and allies.

Thus, related to the implementation of FEAP, reports indicate that ere was a lot of insincerity in the implementation, and facilities did not dually reach the target groups and so productivity did not improve as expected.

We have to acknowledge the fact that the goals, of the vision 2010 programme are not. altogether new to our nation. General Sani Abacha could not adopt a revolutionary process to properly articulate our national aspirations and ensure that all our materials, natural and intellectual resources were properly

harnessed and coordinated to fulfill these aspirations. We have had several, well intended and packaged plans which have all left us further away from our desired goals of being a land of economic prosperity, social harmony and political stability.

In fact, General San) Abacha regime exposed the people of the Niger Delta to injustice wrecked in them, when he invited two million people of Abuja to campaign for his stay, people from the Niger Delta saw how-Abuja as developed from the money realized from oil in their areas and become aggrieved and determine to address the injustice.

However, despite the pervasive physical and social transformation of our national scenery enhanced by our resource, cry of dissent and allegation of utter neglect by the people instability the areas in which this rational wealth is extracted have remained persistent. They have continue to lay the causes of their tribulations at the door step of the oil companies, ho are accused of carting away their national heritage without caring to give much in return. They also allege that government has used the revenue to develop other parts of the country at their own expense, while the unending exploration of petroleum in their backyards has resulted in total destruction of the environment leading to the destruction of flora and fauna and contamination of agricultural and water resources.

Notwithstanding, the laudable achievement iron out by the proponent of the General Sani Abacha constitutional conference. Many Nigerians dismissed the conference as a screen for perpetuating a hidden political agenda.

By 1992, it was estimated that between 45 and 50% of the people in south Saharan Africa including Nigeria were definitely living below poverty level. The $260 per capital income in 1995 was exactly the figure in 1972 inspite of 20years gap. As at the 1990s GDP rose to $26.8 billion in 1995. According to the report of the federal office of statistics “in Nigeria in 1985- 1995 total extreme poverty

increase from 10.1 million people to 13.9 million with a near threefold increase in urban extreme poor from 15m'illion to 4.5million people.

That was June 8 1998. The day the draconian walls of dictatorship crumbled before the glorious dawn of democracy. He held on to power and got intoxicated. General Abacha died on the June 8, 1998 under mysterious circumstance. And this contradict his earlier statement that, power and authority belongs to Allah and only Him can decide the future with certainty. But absolutely, I don't have any intention to perpetuate myself in power.

In his maiden broadcast when he assumed the mantle of leadership on 8 June, 1998 - 29 May 1999 General Abdulsalam Abubakar solicited for e full cooperation of all Nigeria in the sacred business of moving the nation forward. He extended invitation to all those in self exile to freely tome home to join the process of reconstruction, reconciliation and conclusion of the transition programme. He reiterated that eleven month earlier, the nation was on the brink of disaster. Following the annulment of June, 12, 1993 presidential election, the incarceration of pro June 12 agitators, labour leaders, human right activists, alleged coup convicts among other events, had created deep crisis and confusion, resulting in mutual inter ethnic discord, disaffection and hostility.

At the height of these crises, many prominent Nigeria took to exile; there was definitely no peace in our land. At the international arena, Nigeria lost its prestige and recognition. Scorned for alleged human right abuses and rejected as a nation with primitive political practice, Nigeria succumbed to the gloom of international isolation.

To this end, General Abdulsalam Abubakar stated that Nigeria demands fair hearing and systematic engagement, not isolation. We remain an important member of the international system through the framework of the United Nations,

a veritable instrument of international cooperation's and interdependence from pariah status to international glory (Town Crier NOA 1989:5)

To facilitate the process of reconciliation General Abdulsalam Abubakar on June 15, 1999 ordered the release of nine detainees, including Chief Olusegun Obasanjo. This was followed by the release of 17 ether detainees on July 24 1998 and the withdrawal of all charges against the exiles. The release of Ogoni 20 and the 57 detained Bank officials, on September 22 and December 5, 1998.

Another cardinal principle that endeared Abubakar to the people was at of open consultation. General Abdulsalam Abubakar threw the gate of governance open for dialogue and consultation. He embarked on series of extensive, all inclusive and high powered consultation with the various interest groups across the country. Meetings were held with traditional rulers, opinion leaders, human right and pro democracy organization, including the National Democratic Coalition (NADECO), the group 34, among others. He had very fruitful discussion with late Chief MKO Abiola, the alleged winner of June 12, 1993 presidential election before his unfortunate death oh June, 7, 1993.

General Abdulsalam Abubakar, understood that Nigerians were weary and wary of any transition in deception, he declared I am not going to tempt the good lord in heaven with any hidden agenda. My aim is to allow everybody participated in public affairs. With this pledge announced a short and expeditions transition programme leading to the enthronement of full demctracy on May 29, 1999.

He said for a multi-ethnic nation like Nigeria, we must have enduring bonds that bind us together. General Abdulsalam Abubakar on November 18, 1998, paid a working visit to the Niger Delta area to personally feel the uIse of their grievances and attend to their yearnings and aspiration. Rather than clampdown on the Niger Delta people at the heat of their uprising.

The press, also had its fair share in the human right posture. Nigeria oved away from the tradition of press repression to unfiltered press freedom. He released all detain journalist.

Through the Petroleum Trust Fund (PTF) the sum of N60.2 billion as spent on roads, N 17.4 billion on health, N6.8 billion on education and 17,5 billion on water supply. Most of our dilapidated roads were made motorable; our hospitals were stocked with PTF drugs sold at subsidized price. A good number of our rural areas also had good water supply. To make fertilizer available and affordable by the peasant farmers, he made money available to NAFCON to update its facilities and enhance production. The price per bag was slightly reduced from N1,850.OO to about hl,500.00.

As it could be recall, fuel crisis nationwide created serious transportation problem across the country. As a temporary measure, government embarked on large scale importation of fuel to alleviate the imediate problem of scarcity and promised turn around maintenance of the refinery that was completely grounded. He released money to the Kaduna, Port-Harcourt and Warn refineries for a turn around maintenance.

Despite the laudable achievement recorded by the General Abdulsalam Abubakar, particularly the successful handing over the regimes of power to a democratically elected government. Many have criticized the transition, which was rush over, with huge expenditure for its execution.

In short, less attention was given to the total overhaul of our decayed infrastructure that ranges from NEPA (PHCN), NITEL, Roads, Railway, Education, Houses and other social service. The PTF which its inherited and claim to have positively changes things were a mere duplication of function, with series of allegation leveled against the organization.

It is in record, particularly during the 1990 that stolen funds held in foreign banks by private Nigerians was estimated at $67 billion, nearly double Nigeria's external debt at that time (Daily Independent Friday May 2007: B4).

4.2 Instability of Oil Prices and Economic Development in Nigeria in the Year 2000-2008

International politics are heavily influenced by numerous factors related to the traits of human as individuals and as a species, to the complicated structure of government with it many important system in 'which all countries operate. The steady run in of prices between 2003 and 2008 was the result of a sharp increase in global demand, as well as a perception that the international energy industry was having difficulty bringing sufficient new source of supply on line. All this fueled fierce efforts by major consuming nations, to secure control over as many foreign sources of petroleum as they could, and Chinese firms, grapple up oil concession in Africa and the Caspian sea basin.

The current absence of intense competition does not however, mean at oil prices will cease to have an impact on global politics. While competition among' consuming state may lessen, negative political condition, within producing nation are sure to be magnified. Many of these nations, including Angola, Iran, Iraq, Mexico, Nigeria, Russia, Saudi Arabia and Venezuela among others, rely on income from oil export for a large part of their government expenditures, using this money to finance health and education, infrastructure improvement, food and energy subsidies, and social welfare programs. Soaring energy prices, for instance, allowed many producer countries to reduce high youth unemployment and so potential rest. As prices come crashing down, government are already being forced to cut back on programs that aid the poor, the middle class, and the unemployed, which is already producing waves of instability in many part of world.

Interesting enough, beginning in 2000, oil prices began to rise, and hen the US, Britain, Australia invaded Iraq on Thursday 29th March, 203, economic radical theorist were suspicious that Washington was motivated, at least in part, by the prospect of driving down prices by dominating and increasing Iraqi oil production.

From this perspective, it is possible to argue that, in light of the continued oil prices increases, the post war pressure on the Arab oil states to democratize is not the result of a sincere U .S concern with democracy, but a threat to undermine the autocratic oil sheiks, if they do not reduce petroleum prices.

On the other hand, although the September 11 2001 attack on the World Trade Centre and the pentagon, both in the United States, might have changed American perception of its invincibility, this has not in any way altered or eroded it power to use all the military might at its disposal, to achieve it economic, political, military or strategic objectives on a World scale. This was demonstrated in the American invasion of Iraq in March, 2003 against world public opinion.

This clearly justify the French Philosopher Rousseau who said “the strongest is never strong enough to be always the master, unless he transforms might into right and obedience into duty (quoted in SF Finer 196220).

The failure of the United Nations to stop two members of it Security Council, the US and Britain from unilaterally invading Iraq, another member ration of the UN has brought to question its relevance in preventing wars and maintaining world peace. This is also a pointer to the total insecurity that faces mankind at the turn of the 21st century. The world has now been turned into a jungle where the powerful eat up the weak. The hypocrisy of the UN has now been laid bare for all to see. In 2003 when President Bush f the US and Prime Minister Blair of the UK invaded Iraq, the Security Council did not even meets to condemn this aggression. Compare to 1990s hen Iraq invaded Kuwait, the UN quickly held a Security

Council meeting iii which it condemned the action and directed Iraq to withdraw from Kuwait. When Iraq failed to comply with the security councils resolution, a mandate was given to kick Iraq out of Kuwait and this was done. The question now is why this double standard are they now saying that US and UK can invade other countries and get away free because they have weapons of mass destruction.

Thus, the U.S and Britain failed to get this Security Council resolution passed not just because two other. permanent members of the Security Council, Russia and France had threatened to invoke their veto powers but that the other non permanent members, representing all the counties of the world, including a leading NATO member, Germany explicitly stated their unequivocal refusal to lend their support to such resolution. This meant that the resolution on the use of force against Iraq could not secure the mandatory 9 out of the 15 votes required to make it valid under international law.

The invasion of Iraq in 2003 was also a criminal act under all the rulings of the international courts of justice at the Hague and the rulings of Nureberg and other crime tribunals set up since 1945. It is criminal because it knocks the bottom out of the present structure of international relations. This structure is based on the recognition of the sovereignty of all nations' state and the prohibition of interference in their internal affairs. This is a clear indication that the US and the British want to take over the vast oil reserves of Iraq which is the third largest in the world after Saudi Arabia and Russia. This is an act of brigandage punishable in international law.

Since the invasion, tens of million of people around the world have participated in peace rallies, which denounced the brazen aggression against Iraq. These rallies were highly successful even in the US, Britain, Australia and Italy. Yet despite this massive international public denunciation of the invasion of Iraq, they have turned deaf ear onto the world public opinion, despite their claim to

being leaders of democracies. They have been joined in this brutal aggression by member of Arab countries notably, Saudi Arabia, Kuwait, Jordan, Qatar, Bahrain and the United Arab Emirate were they base their invading troops and their war facilities.

Over the years, Saddam Hussein has been labeled by the western media as a viper and a wicked dictator, who has brought untold hardship on the Iraq people, while the United State along with her closest ally Britain are heroes and watchdogs of international human right, who want to liberate the Iraq, people from a repressive regime. This propaganda is an attempt to justify the continues invasion of Iraq and cover up the horrifying atrocities and human rights violation on the Iraqi people by the U.S and British government since the Gulf War till date.

In fact, US official known as the think tank, that include dick Cheney, Donald Rumsfeld, defense secretary, Paul Wolfowitz, Rumsfeld Deputy, Bush, younger brother Jnr Bush and Levis Libby, Cheney's Chief of Staff repeatedly denied that petroleum was connected to the war in 2003. Specifically secretary of defense Rumsfeld for one asserted that the US campaign against, Iraq "has laterally nothing to do with oil (CBS News 2902':49). A question was ask, was the war fought to bring about peace? President Bush argues yes. He told Americans "the cause of peace requires all free nations... to work to advance liberty and peace (John T. Rourke 2008:293) in the Gulf region.

However, the research sum up from the majority of analyst who believe that US sought to control Iraq to its already strong influence over Saudi Arabia, Kuwait, Qatar, and other oil rich state in the region. Even the former US Ambassador to Saudi Arabia, Chas Freeman, argues that the administration of Bush have to control resources in order to have access them. Thus, controlling Iraq is in about "oil as power rather than as fuel; control over the Persian Gulf translate into control over Europe, Japan and China" (Robert Defuses 2003:50-51). The real

motives further reveal that the US invasion of Iraq has to do with oil and to do with empire getting control of Iraq's economic oil resource. The motive was just about importing oil to the United State. Instead the issue is control, undermining OPEC, and controlling access to oil for Germany, Japan and the rest of Europe (China). This would give the United States tremendous political and economic clouts in the rest of the world.

In fact, there has also been some debates that the opposition of France, Russia and some other countries to the U.S led invasion and their support for easing sanctions on Iraq oil export were in part oil related. The contention is that these countries were concerned with the contract their oil companies had with Iraq to developed it oils production once sanction were lifted, and they feared that those agreements would be abrogated 3nd given to U.S firms in the wake of a U.S occupation of the country. As one U.S oil expert put it before the war, most of these governments have a financial interest with current Iraqi government surviving. It is not trivial... once it is developed, the oil will be 2.5 million barrels, worth about $70 million per day.

Iraq oil resources are vast, surpassed only by Saudi Arabia, and as cheap to extract as Saudi oil, as the research has shown. The country 115 billion barrels of proven oil reserves are marched by perhaps equality yet to he explained. From the point of view of U.S oil interest, the sanction are a double edged sword. Even as they keep international competition temporarily at bay, they preclude the exploitation of oil reserves with an estimated value of several trillion dollars. The war against Saddam Hussein as intended, among other things, to resolve this contradiction.

Therefore, the United State has for decade sought to play a more permanent role in Gulf regional security. While the unresolved conflict with Iraq provides the

unmediated justification, the need for a substantial American force presence in the Gulf transcend the issue of the regime of Saddam Hussein.

Another report prepared in April 2001 for Cheney by an institute run by James Baker (US secretary of state under George Bush Sr) ran along similar lines. "Iraq remains a destabilizing influence the middle east". The Cheney's report calls for a major increase in U.S engagement in regions such as the Persian Gulf in order to secure future petroleum suppliers. It could be recall within hours of the attacks of September of 11, with no evidence pointing at Iraqi's involvement in the attacks U.S defense secretary Rumsfeld ordered the military to begin working on strike plan.

Meanwhile, Saddam Hussein then demonstrated a willingness to use oil weapon and he use his own export programme to manipulate oil markets. Adding that there was a possibility that Saddam Hussein might have remove Iraq oil from the market for an extended period of time, in order to damages prices internationally.

Simply put, for the neo-conservatives operating under the patronage Cheney and Rurnsfeld, the immediate interest are demonstrating that e overwhelming military power of the U.S can and will be efficaciously deployed to make and unmake regimes and guarantee access to oil. Destroying the Iraqi regime and installing the long term US, military presence in the Persian Gulf of even greater magnitude than now exist and Il remove the present limited threat to U.S oil interests in the region Analysis 2004:11). According to the U.S, it would reduce the need to conciliate the Saudis or the Russians or to develop alternative sources of energy. Therefore, Iraqis instable situation was creating conditions for the S. To achieve a vital objective: permanent installation of its military in rest Asia direct control over west African oil resource the worlds richest rid most cheaply accessible would allow the U.S to manipulate oil supplied rid prices according to

its strategic interest and thereby consolidate American global supremacy against any future challenges.

Interesting enough, the instability of oil price in the international market reveals that oil in the context of Washington's bungled Iraq war rid soaring world oil prices after 2003, has enable Russia to begin the arduous job of rebuilding its collapsed economy and its military capabilities. Its using the oil weapon and rebuilding its nuclear one. Why can't the PEC countries do the same. China's growing demand for oil is significantly changing the international geopolitics of energy especially in the Asian pacific region and Gulf Guinea. For example, China's oil demand doubled between 1995 and 2005 reaching 6.8 million barrels per day.

Prior to the economic meltdown, o companies found it difficult to source funds for marginal field project owing to the unsavoury perception the Niger Delta crisis in Nigeria's oil industry, the mainstay of the country's economy. Meanwhile the current global economic recession in 1.108, was estimated to last for at least l8months, depending on the amount funds pumped into the world economy. The crisis in the global financial market was precipitated by three failures namely on:

One, regulatory and supervisory failure in advanced economies.

Two, failure in risk management in the private financial institution.

Three, failure in market discipline mechanism.

What was regarded about two years ago as a small town America sub prime loans problems, has now metamorphosed into multi billion dollar bank crashes nationalization of legendary business concern and outright intervention by several government to bail out banks. The magnitude of the credit collapse and its multiplier effect is estimated to be in excess of trillion as United States Dollars in the worlds not surplus and donor countries.

The manifestation of the current economic crisis, therefore became much more compounded by two basically recent happenings namely decline in oil revenue which is the major means through which all sectors re fed. Secondly, the predatory character of the Nigerian ruling class. As t 2008, the World Bank is forecasting for 2009, that commodity price will go down between 20-25 percent compared. This is one possible way that the continent might be negatively affected to the previous forecast. Lending credence recently to African's vulnerability World Bank managing Director for Africa and the Middle East Dr. Ngozi Okonyo Iweala, and UN Secretary General Banki-moon both painted a gloomy picture of the disastrous crises in Africa.

Not helping matters is the fact that most people invest in buying stocks, bonds and other financial instrument, and if there is financial crisis in the economy, the people would lose confidence in the banks and begin to look for safe havens. By extension, if banks do not have money to loan the oil companies, their operations would be adversely affected, since there would be limited probability for credit lines to be extended to any company. Reliable source reveals that investors loses N2trillions, in the Nigeria stock exchange as at 3 February, 2009.

The instability of oil price could rightly be noticed in the year 2000 to 2008 when for instance, ministers of the OPEC agreed November 14 to cut their oil production quotas by 1.5million b/d by January 1, 2002 but only if on OPEC producers also reduce their combined output by 500,000 b/d, so 8S to infringe on the cartel's market share. Chakib Khelil OPEC president noted that OPEC members had already slashed precaution of quotas by 3.5 million b/d, or l3%, on three separate occasions together with the resulting revenue, partly to the benefit of non OPEC producers.

OPEC hard-line approach was aimed at Russia, the only non OPEC producers with the potential production capacity to challenge OPEC's control of

World markets. Other non OPEC members include Mexico and Oman. Paul Horsnell, head of energy research for JP Morgan Chase and co in London, earlier predicted that any production cut by OPEC would be 'explicitly linked to further cooperation from non OPEC countries, making it dear that the price war threat is not an ideal one (oil and Gas journal 2901:41). Although OPEC is willing to sacrifice market share near term for e sake of higher prices, we believe the cartel will• ultimately regain market share, as the only non OPEC country that posses a credible threat longer term is Russia. While skeptic portray the relatively low level of compliance as a breakdown in OPEC discipline. We believe that there was 3il aberration that is partly attributable to the cartel's uncertainty over the pact of the September 11 events and the dynamic state of the US and global economics as the research has shown ealier. Oil prices have softened in the face of weakening demand, particularly for aviation fuel in the wake of the September 11 terrorist attacked on the U.S.

Today, the oil industry is burdened with excess output and insufficient demand a se fire recipe for plunging oil prices. Even the December 17, 2008 decision by members of the Organization of the Petroleum Exporting Countries (OPEC) to reduce their collective output by 2.2 million barrels per day has failed to lead to a significant increase in prices. Saudi Arabia King Abdullah said recently that we consider $75 a barrel a fair price for oil.

How long will the imbalance between demand and supply last? Until the middle of 2009, if not the end of the year, most analyst believe. Others suspect that a true global recovery will not even get under way until 2010, or later. It all depends on how deep and pronged you expects the recession or any coming depression to be. A critical factor will be China's ability to absorb oil. After all, between 2002 and 2007, that country accounted for 35% of the total increase in world oil consumption and according to U.S. Department of engery, it is expected

to claim at least another 24% of any global increase in the coming decade. The upsurge in Chinese consumption, combined with unremitting demand from older, industrialized nations and significant price speculation on oil futures, largely Explained the astronomical way prices were driven up until the year, 2007. But with the Chinese economy visibly faltering, such projection no longer seems valid. Many analysts now predict that a sharp drop-off in Chinese demand will only accelerate the down ward journey of global energy prices.

At present, the world enjoys the relatively unfamiliar prospect of a global air production surplus, but there is a problematic aspect of this. As long as prices remain low, oil companies have no incentives to invest in costly new production ventures, which means no new capacity is being added to global inventories, while available capacity continues to be drained. Simply put, what this means is that when demand begin to surge again, global output is likely to prove inadequate. Signs of a slow down in oil output investment are already multiplying fast. Saudi Arabia, for examples has announced delays in four major energy projects in what appears to be a broad retreat from it promise to increase before output. Among the projects being delayed are a $1.2billion venture to restart the historic Damman oil field, and construction of new refineries at Yonbu and Jubail.

In addition, most easy oil reserves have now been exhausted, which means that virtually all remaining global reserves are going to be of the tough oil variety. These required extraction technology for too costly to be profitable at a moment when the per barrel price remains under $50. Principal among these are exploitation of the tar sands of Canada and of deep off shore fields in the Gulf of Mexico, the Gulf of Guinea and waters of Brazil, while such potential reserves undoubtedly harbor significant supplies of petroleum, they won't return a profit until the price of oil reaches $80 or more per barrel nearly twice what is fetching today. How oil prices are very dangerous for the world economy, commented

Muhammad Bin Dhaen Al Hamli; the United Arab Emirate energy minister, at a London [ii industry conference in October, 2008. With prices dropping, he noted a lot of projects that are in the pipeline are going to be reassessed.

The current global economic recession makes it more imperative for us to remind the Nigerian government on the need for quick and productive action when issues of urgent national economic importance are at stake. This includes. Textile industries, large number of employer of labour, banking conglomerate, mortgage homes, and auto factors. As at 6 January, 2008 falling oil price ranges at about $40 a barrel compare to $150 a barrel. This is contrary to the continued reassurance by managers of Nigerian economy, that the nation's economy especially the banking sector, is insulated from the global financial meltdown, the banking sector s now at the receiving end. As a result of increased cost of doing business occasioned by global crisis, some banks are now on the verge of laying off thousand, of workers as part of strategies to stay afloat remiscent off of hat is happening in Europe, Asia and America

Today oil at over $40 a barrel, cost less than on third what it did on July, and some economist have predicted that is could fall as low as $25 a barrel in 2009 if they ensure severe economic hardship in oil producing countries like Nigeria, Russia, Iran, Kuwait and Venezuela that depends on energy exports for a large share of their national wealth.

However, with the current fall in the prices internationally, Nigeria grants might be depreciated because we have already started witnessing the signals. We are now in a serious problem economically, whereby the price of our fuel commodity which went up astronomically in some years hack,' now is on the reverse. Therefore, the global economic crisis continues to deepen the agitation for economic nationalism which is on the rise around the world.

Confronted with collapsing industries and growing anger over job losses, government are reaching for protectionist measures despite the disastrous consequence of such beggar thy neighbor in 1930s. At the G-20 summit in mid November, 2008 the leaders of the world largest economic pledge not to raise barriers to trading and investment even those allowed under World Trade Organization for a year.

Russia "state budget for example, remains balance only when oil prices stay at or able $70 per barrel. With government income dwindling, the kremlin has been forced to dig into accumulated reserves in order to meet its obligation and prop up sinking companies as well as the sinking ruble. The nation hailed as an energy giant is running out of money quickly. Unemployment is on the rise and many firms are reducing work hours to save cash. The decline in oil prices has been particularly damaging to natural gas behemoth Graz prom, Russia's biggest company and the source in good times of approximately one quarter of government tax income.

Plunging oil prices are also expected to place severe strains on the government of Iran, Saudi Arabia and Venezuela, all of which benefited from the record prices of the past few years of finance public works like Russia, these country adopted expensive budget on the assumption that a world of $70 or more per barrel gas prices would continue indefinitely.

Now, like other affected producers, they must dip into accumulated reserves borrow at a premium and cut back on social spending, all of which risk a rise in political apposition and unrest at home.

The government of Nigeria and Iran for example, has announced plans to eliminate subsidies on energy-a move expected to spark widespread protest in a country where unemployment rates and living cost are rising drastically. Saudi Arabia has promised to avoid budget cuts for the time. being by drawing on

accumulated reserves but unemployment is growing there as well. Diminished spending in oil producing states like Kuwait, Saudi Arabia and United Arab Emirate will also affect non producing countries, like Egypt, Jordan and Yemen because young men from these countries migrate to the oil kingdoms when times are flush in search of higher paying jobs. When times are rough, however, they are the first to be laid off and are often sent back to their homelands where few jobs await them in the context of a planet caught in the group of a fierce economic down turn. Other stormy energy scenarios involving key oil producing countries are easy enough to imagine. When and where they will rise cannot be foreseen, but such eruption, are only likely to make any future era of rising energy prices all that much more offer.

However, the 'international economic crisis has hit Eastern Europe with full force and brought long simmering social and political tensions to 'the surface. Approximately 10,000 people protested in Latvia against the rampart corruption and incompetence of those in highest public offices. The struggle between the population and the mounting elite will inevitably increase because of the mounting crisis. The government of Hungary, Bulgaria and Rumania have already announced they will implement further austerity measure to stabilize the state finance.

Economic success depends entirely on the supply of capital from abroad. The sudden drying up of these capital flows as a result of international financial crisis caused massive problem for the Eastern Europe states. Only international support has enabled a complete collapse to be avoided so far.

Thus, Mrs. Ngozi Okonjo Iweala, at the IMF/World Bank meeting in Washington, observed that if the developed countries go into recession and meging markets, like India and China also experience the same thing, then you will begin to see some impact on Africa exports, because the prices of exports commodities

will begin to go down and demand will be falling. That means Africans countries will be getting lower revenue than they used to get.

Therefore, the steady run up in oil prices between 2003 and 2008 as the result of the sharp increase in global demand, war, as well as a perception that the international energy industry was having difficulty bringing sufficient new sources of supply of line.

Oil Revenue/Foreign Exchange Earnings in the Year 2000-2008

Nigeria has been having a field day. This single product is the pivotal heel on which the politics of the country revolve. President Olusegun Obasanjo during his 8years rule, oil revenue rose sharply, with our reserves hitting $63 billion. Even in the current $114,750,000.00 per day earnings from crude oil exports, this is based on January 2005 OPEC quota of 2.5m 'bbl/day and crude oil price of U.S $51.00 per barrel as at 5th April, 2005.

The price of oil is almost certain to rise if OPEC does not authorize production increase or of the United States does not release oil from its strategic reserves for its domestic use. Even in Nigeria violence, in the Niger Delta that is disrupting production pushed oil prices about 72 dollars per barrel in 2006. Means here that is 2006, Nigeria's oil export revenue hit $52.7 billion, a 16.9% increase from $45.1 billion in 2005. According to projection made by the U.S Energy Information Administration (EIA), the crude price for OPEC's net export revenue for 2006 would increase by 10% from 2005 levels to $522billions.

Put differently, Nigeria made in an estimated $503O,704,8O0 (N629.452,887,128) from the sale of crude oil and condensates in the month of July, 2006 the Central Bank of Nigeria monthly report has indicated. That Nigeria is crude oil production, including condensate and gas liquids, was estimated at 2.16 million barrels per day (mbd) in 2006 compared with 2.30 mbd in 2005. Nigeria gross external reserves increased by 4.4 percent to us $38.07 billion in July, 2006.

Non on export by Nigeria's top 100 exporters in July, 2006 amounted to US $52.0 million indicating a decline of 31.6 percent from the level in 2005.

Beginning from 2007-2008 crude oil price drops to $40 a barrel related to the earlier price of $150 a barrel.

Critical Analysis of Nigeria Economic Development

In The Year 2000-2008

To this end, history was made on May 29, 1999 when Nigeria stepped into the fourth republic, with the swearing in of Chief Olusegun as the president and commander in-chief of the armed forces of federal of Nigeria. In his inaugural speech, Chief Olusegun Obasanjo described himself as a man who had walked through the valley of the shadow of death. He recalled the dark days of Nigeria and paid tribute to the 9reat and gallant Nigerian, who lost their lives in the cause of the struggle for liberty, democracy and good governance. That they held the beacon of freedom and liberty high in the face of state terrorism and tyranny. Their sacrifice has not been in vain we will always remember them.

He noted that Nigeria is endowed with abundant human and natural resources, but instead of progress and development, the country has persistently deteriorated, leading to instability and weakening of all public institution. This had led the citizens to develop distrust, in government because promises made for the improvement of the conditions of the people were not kept and all statements by government met with cynicism.

President Obasanjo's most violent attack in his inaugural speech was on corruption, which he described as the greatest single bane, of our society which must be tacked head on at all levels. He observed that one of the greatest tragedies of military rule, in recent times is that corruption as allowed to grow unchallenged and unchecked even when it was glaring for everyone to see. The president then declared that in the crusade against corruption, there would be no sacred cow. He

thus, admitted further that our infrastructure NEPA (PHCN), roads, railways, education, housing and other social services were allowed to decay and collapse, our country has thus been through one of its darkest period.

Similarly, President Chief Olusegun Obasanjo mapped out strategies which will give the country a great leap forward within the next 6 months, during his inaugural speech on May 29, 1999.

The priority issues to be tackled urgently included:

1- The crisis in the oil producing areas
2- Food supply, food security and agriculture
3- Law and order especially armed robbery and cultism in educational institution
4- Exploration and production of petroleum
5- Education
6- Macro economic politics, particularly exchange rate management
7- Supply and distribution of petroleum products
8- The debt issue
9- Corruption, drugs, organized fraud called 419 activities and crimes leading to loss of lives, properties and investment
10- Infrastructure water supply, energy, telecommunication, post, ways, natural shipping, Nigeria railway etc
11- Resuscitation of the manufacturing industries
12- Job creation and creation of conducive environment for investment
13- Poverty alleviation
14- Housing both civilian housing programme and barracks refurbishing and new for the armed forces and the police
15- ECOMOG
16- Health services

17- Political and constitutional dialogue

18- Women and youth empowerment

To achieve this laudable objectives Chief Olusegun Obasanjo, said he will need good men and women of proven integrity and record of good performance in his cabinet.

In fact to match his words with action, President Olusegun Obasanjo, came up with a number of reforms, in order to meet up the challenges of Nigerian economic development, based on it's accrue oil revenue/foreign earnings between 1999-2007. This includes:

The economic reforms that gave birth to National Economic Empowerment and Development Strategy (NEEDS). It was a Nigerian home grown Poverty Reduction Strategy Programmed (PRSP). It was Federal Government Plan found on a clear vision, sound values and enduring principles build on a solid foundation for the attainment of Nigeria's long term vision of becoming the largest and strongest African economy and a key player in the world economy.

The five goals of NEEDS include: poverty reduction, wealth creation, and employment generation value re-orientation. Strategies adopted to implement the NEEDS goals include: reforming government and institution, growing the private sector, implementing a social charter and value orientation.

Toward, this end, the rate of unemployment decline by 18% with introduction of GSM service. Telephones lines increased and GSM introduced with almost l0million Nigerian now have private GSM lines.

In fact, President Olusegun Obasanjo took upon itself the major task of redressing the twin problem of poverty and employment creation. To demonstrate its commitment toward the achievement of this task, the government earmarked the sum of N10 billion for the creation of 200,000 jobs in the year 2000. Government desire to eradicate poverty was borne out of the conviction that the incidence of

poverty and unemployment have assumed a dimension that is socially, economically and politically unacceptable. All beneficiaries under the programme were entitle on allowance of N3,500. per month.

Therefore, the federal government initiative to execute the poverty alleviation programme was timely and highly commendable. The programme also has the potential to boost the economy and enhance the overall development of Nigeria. It is also on record along this line, that the telecommunication revolution, with the number of telephone lines increased from about 400,000 in 1999 to about 3million in 2003. It is on record that the rate of unemployment declined from l8percent in 1999 to 1O.8% in 2003, with estimated 3.5. million new jobs created during this period.

Another milestone, occur with the food security programme through a revitalized agricultural development programme. The various initiatives in agriculture resulted in a boom, with the groundnut pyramids returning in the north and the FAQ in 2003 declaring that agriculture grew by an unprecedented 7%.

There was also the banking reform via N25 billion capital bases for all banks in Nigeria. The banking consolidation exercise which brought fresh inflow of N400billion, as funds into the Nigerian investment market. Out of 89 banks, only 25 Banks emerged in December, 2006. As at May 2007, the reserved stood at 43.8 billion United States Dollars as opposed to less than 5billion dollars in 1999. President Olusegun Obasanjo has done a lot not only for Nigeria, but also for the G-77, in presenting the argument about debt relief to the leaders of G-8, the industrialized nations, at Japan, mandated by G-77 summit in Havana in April elected as chairman to take the crises, resolution requests problems of the south to G-8 meeting, supported by Thabo Mbeki of South Africa as chairman of NAM, and president Boutefika Of Algeria as chairman of AU. It will be recall that debt restructuring results in accumulated debt service, payment of arrears, penalties on

payment due but not paid, aggravated by the depreciation of the dollar vis-à-vis other currencies. The total effect of the above is that in spite of Nigeria paying $2billion every year; Nigeria's debts stock which stood at $29.4 billion in 1994 rose to $32.6 billion in 1995, declined to $28.1 billion in 1996 and rose to the current level of $30.5 billion in December, 2005. The Paris debt relief of $l8billion announced on 12th July, 2005 by minister of finance Mrs. Ngozi Okonjo Iweala. Obasanjo effort that has led to the Paris club is debt relief of 60% to total debt stock of $30.515 billion.

On water supply the Olusegun Obasanjo administration, made available the provision of water alone over 8,000 bore holes and water points to 8,000 communities. While there was road construction programme under the federal ministry of works and housing to the tune of about N700 billion. He began an ambitious N60 billion road project, the agenda include the opening up of rural roads and rehabilitation of major road linking every state with the rest of the, country.

Power generation between 1999 and 2007 president Obasanjo promise Nigeria that epileptic power supply will be a thing of the past, because we are revitalizing the power generating centres that the power centres were to be reactivated fully.

President Obasanjo, barely three months after he came to power launched UBE on September, 30th 1999 in Sokoto. The thrust of the UBE according to the president, was to make formal education free of charge to every Nigeria child up to junior secondary school level. From 2000 to 2002, the scheme was claimed had gulped the sum of N12 billion. Despite this huge amount of money the World Bank development report for 2004 reports that primary school completion rate had reduced to 67% in 2001 from 722 in 1991.

In this, education sector, all the 36 state will share in an equal basis 70% of the fund to be contributed to the federal government for the Universal Basic Education (UBE) scheme launched with fanfare in Sokoto State. The UBE is a progression on a similar programme initiated by the Obasanjo Military regime 22years earlier tagged UPE, it was targeted at the first tour of the education sector. It was free and Universal Now the UBE, extended to pupils from age six to 15, having added another feature, it is compulsory. The argument of this research is that to develop a nation, you should first develop the people, transform the people through basic education, basic training, making sure that they posses the skills, so that they can now transform the society.

In another development, recognizing the damage done to the economy through the waste pipe of financial crime and other forms of financial corruption, president Obasanjo took some steps early in his tenure 1o address corruption. These included the retirement of all serving military officers who had held any political posts, the scrapping of Petroleum trust Fund, and the setting up of the Independent Corrupt Practices and Related offences Commission (ICPC). And in his address at the occasion of the signing into law of the Anti-corruption bill on June 13 2003, President Olusegun Obasanjo correctly observed that "with corruption, there can be no sustainable development, nor political stability. By breeding and feeding n inefficiency, corruption, invariably strangles the system of social organization. In fact, corruption is literally the anti-thesis of development and progress" (Obadan Mike 2002:6). And later the Economic and Financial Crime Commission (EFCC) at the instance of the International Financial Taskforce response to the role money laundering played.

The EFCC made tremendous strides in its moves against advance fee fraud (419) yaho yaho boys and cybercrime effort, numbering hundred related arrest, and recovered million of naira. For example, it was headline pews when the presidency

announced the removal of serving employment and labour minister Hussaini Akwanga in connection with corruption charges. A former Internal Affairs Minister and a number of other prominent persons were also arrested and prosecuted, Late Professor Sunday Afolabi.

On health sector, priority was given to this sector in the areas of immunization, drugs procurement, training and retraining of staff. For instance during the president Obasanjo, malaria summit was held in Abuja, which was well attended and as a result of that $700 million plus was raised. Then HIV/AIDS awareness. campaign was intensified from the tonal, state and local level through collaboration with Donor agencies for funding and awareness outfit through CBO, NGOs, FBO to extensively put he campaign across all segment of the society. Similarly, the U.S also raised financial aid to Nigeria from $7million in 1998 to about $lO9millionin 2Q03 and provided support for the fight against HIV/AIDS and the military operation in the sub region.

Nigerian campaign for foreign investment in its economy was backed with action. A tax holiday for foreign investors, exports grants and prompt repatriation of dividends to countries of origin which were all parts of the new economic thrust that was worked out by the Obasanjo government. however, foreign direct investment in the non oil sector grew from almost zero in 1999 to no less than U.S $2billion in 2003.

Other reform adopted by president Obasanjo include, monetization of utilities in public service, privatization and commercialization of public service. Where Nigeria offered for sale virtually all the 60 major public enterprise that have been ruined by mismanagement and massive looting of resources. The bureau of public enterprises announced N4.9 billion in technical assistance from the World Bank and the U.S agency for international development (USAID). The government

during his reign made great strides in bringing Nigeria back on to the international investment map after its year as a pariah nation and a no-go environment.

President Obasanjo knows that he had to tap his contact around the world to get his country back to work. He embarked on visit to important countries and secure a listening ear for Nigeria case for debt rescheduling and foreign investment.

The president Olusegun Obasanjo, adopted the civil public service reform via rightsizing and downsizing of civil servant and servicom, budget stabilization reform through due process, labour reform via labour reform ct of 2005, petroleum stabilization reform lead to commercialization of down stream well, arm forces reforms through highly professionalize arm forces whereby politician among members of the arm forces were forcefully retired, and the political reform/constitutional reform courtesy of National Political reform Conference (NPRC).

Interesting enough's in order for Nigerian to be partners in progress for economics development globally, on September 2000, 189 countries including Nigeria unanimously agreed on the Millennium Development coals by 2015. Therefore, the MDG's is a global initiative committing embers state to achieving the following targets by 2015; these are:

One, eradicating of extreme hunger and poverty.

Two, achievement of universal primary education with emphasis on girl child education.

Three, promotion of gender equality including empowerment of women.

Four, reduction of child mortality and in particular, reducing by? The mortality rate among children under five.

Five, improvement in maternal health,

Six, combating HIV/AIDS, malaria and other diseases and

Seven, ensuring environmental sustainability Eight, development of global partnership for development.

The extent to which Chief Olusegun Obasanjo administration achieve re enumerated goals in Nigeria, remain the big question, that has continue to look for answers.

In the oil sector, President Obasanjo inherited a horrific fuel crisis. The world sixth largest oil producer could not meet domestic needs. One after another, the four refineries collapsed and imported fuel supplies could not meet demand. And Nigerians had to sleep for weeks at the filling stations. The helmsman of the NNPC then Jackson Gaius — Obaseki, said new strategy of fuel importation has saved the country $1.6billion the year 2000.

According to the world development report as at 2000, Nigeria is a rich country with an army of poor folks. Nigeria GNP in 1999 was $37.9 Ilion making it the 5' richest country. But with an average annual per pita income of $310, the country ranks 179th out of 206 nations in the world. Seventy percent of Nigerian survive on an income of less than $ a day, while 90.8% survive on less than $2 a day. This compares to south Africa's 11.5% and 35.8% living on $1 and $2 per day respectively.

Despite the Launching of UBE scheme, indication show that between 999 to 2007 most of the primary schools in the rural, as well as the urban areas, were still in a dilapidated state, without furniture and teaching materials. A common example, of the state of primary education in the country today is how pupils are forced to sit on bare floors in classroom cause of the absence of furniture's in many of the primary schools. The secondary and tertiary institutions were not an exception.

While the Chief Olusegun Obasanjo administration pledge to resuscitate the neglected agricultural, and the solid minerals, manufacturing and tourism sectors

of the economy. The extent to which he was able to do this is debatable, but the Nigerian government, at least by its policy pronouncement, has given the impression that a one export product economy is economic suicide for the international comparatives of he nation.

The reform programmes pronounced by Chief Olusegun Obasanjo 8dministration, were without a human face, have come to be a destructive force to the social and economic wellbeing of citizens. However, this programme consisting of diverse macro economic policy measures that ere to assure the promise of prosperity for a strong, United and stable 4igeria has failed and the federal government that had committed to a prudent and transparent macro economic strategy that support poverty reduction in achieving economic growth and sustainable development for national unity, democracy, social justice and human security has not lived p to its promise as only a select few privileges Nigerian are able to participate.

'Eight years later, a rush of fuel price hikes, constantly declining living standards, a static and declining manufacturing sector, widespread poverty, poor state of infrastructure, and a permanent perch on the international corruption ladder warranted a hard work at Obasanjo's social and economic reform failures. Therefore, it is a known fact that numerous petroleum price likes have been carried out under the Obasanjo government, more than it occurred under any other Nigerian government.

In the first four years of the Obasanjo government 1999 to 2003, the pump price of petrol rose 275%. The standard of living and the quality of life for most Nigerian was already complicated by insecurity, deprivation and the removal of fuel subsidy. This has led some to wonder aloud that if the Nigerian masses are not entitled to oil subsidies, which other subsides an they enjoy. According to the

African institute of applied economics, subsidy removal without spending of the associated savings would increase the national poverty level.

Poverty remains a serious and endemic problem throughout Nigeria and is acute in parts of the Niger Delta the core area of operation for the motivational oil and gas companies. National in meeting the millennium development Goals, which aim to decrease the number of people living on less than one dollar per day and extend better health, education and environmental protection by 2015 has fallen behind schedule.

Based on the 2005 UNDP human development index, oil rich Nigerian has been ranked a dismal number 141 out of 174 countries. Nigeria is one of the twenty poorest countries in the world. The economic downturn is seen in the country's reliance on imported food and the high rates of unemployment and human insecurity.

'According to recent compilation and reconciliation by the debt management office, Nigeria external debt stock rose to $37.5 billion on December 31, 2004. The Nigerian government most disturbing practice as the allocation of almost 37% of total government expenditure to debt servicing. The huge amount was too high to enable it to undertake the vital social and infrastructural spending needed to alleviate poverty.

Despite the minimal pick up growth in foreign exchange reserves driven by the sharp increase in oil prices, Nigeria experienced its lowest increase in real GDP per capital to date in 2006. The country was still groaning under heavy burden of debt with no real improvement in economic and social indication, for instance inflation rates, have been unnecessarily high, while the poverty level is constantly increasing to new levels.

The Obasanjo administration spent about 310 billion naira without making any significant change in the task of rehabilitating federal roads across the country

or develop its mass transit programme. The same government that prides itself for it fight against corruption has conveniently looked the other way in response, to call that, the former works minister, Mr. Tony Anenih, should be probed for squandering over 2.25 billion dollars meant for Federal Road Construction and Maintenance.

On the HDI ranking, in 2001 Nigeria's rank of 152nd in the world, with a 0.463 HDI value. A major compounding factor facing the Nigerian economy is the dependence on the oil industry, which today account for nearly 98% of the country total export revenue and more than three quarter of GDP. With regards to available infrastructure, Nigeria has been variously described as having one of the worst physical development indication in the world. The country is also at the bottom in human development factors, ranking 158 in the world in the 2005 human development index. Means here that the roads, bridges and school building collapse one after the other, hospitals in rural areas grind to a halt unnoticed by the leaders in the big cities.

The privatization programme share loan scheme which was meant to enable hither to economically powerless Nigerian to obtain a loan of '110,000 naira to buy shares in the privatized government companies was inadequately implemented and still plagued the rich. Time was to determine the success of the share which took of on a rather shaky note.

Unemployment and underemployment were serious issues for the citizenry of Nigeria. The number of people unable to find to support themselves is always on the rise. In the wake of the privatization on the EPA (PHCN) and the sacking of 4,000 workers the federal government announced that it created more than 2mllon jobs.

Agreed, as a matter of fact that the coming of Chief Olusegun Obasanjo led administration in 1990 to a great extent helped in the fashioning out of economic

policies that assisted in no small measure in revamping the oil dependent economy of the nation.

The Obasanjo government also failed in the area of employment generation as youth unemployment and poverty increased during its tenure. Billions of Naira were spent on poverty alleviation, only for much of the money to end up in the pocket of party loyalties. The unemployment problems compounded the security situation especially in the Niger Delta region, and above the youth to serious crimes, thus making live, and property very insecure. The Niger Delta question has now become a national embarrassment as more and more expatriates fall victim to kidnappers, threatening oil production levels and denting the nations international image.

It most be emphasize by this research that the NEEDS, anti poverty programme which was meant to address economic, social and infrastructural issues so as to uplift impoverished Nigeria, and diversify the economy, did not go any far. As a complimentary alternative approach, it is suggested that NEEDS framework have had limited impact in generating meaningful, sustainable economic development, a complimentary alternative macro relevant structural reforms and education, which serves as the best anti poverty strategy and the best sustainable economic development programme implementable simultaneously with NEED in an integrated manner.

The EFCC ended up as the political attack dog for president Obasanjo's administration against his political enemies in August 2004, Nigeria economic and financial crime commission began to investigate allegation of evasion of multinational oil companies, in collusion with government officials. It is important to note that to date, nothing has come of this investigation, rather, the commission has embarked on political witch-hunt.

In 2006, Nigeria was still perceived as among the most corrupt nation in the world according to survey given to businessmen and officials by transparency international. The EFCC has become a farce disguise as an anti corruption crusade through politicization. It has only investigated political enemies of the president.

In fact, the Abacha family was the first guinea pig of Obasanjo's anticorruption crusade. One of the sons of the Late Military ruler, Muhammad bacha, was thrown into detention as a way to make him surrender the money his father already stole while in office. Billions were allegedly recovered from the family of the deceased general and the money purportedly converted, into the provision of basic. Ironically, no body in the former Obasanjo administration could convincingly account for these received billion allegedly stolen by the Abachas.

In the eye of most Nigerians, the money most have been stolen by those that perceived themselves as angus of innocent and icons of integrity.

While he was busy hounding the Abachas, he aided and abetted the escape of his cousin from justice, the former permanent Secretary in the Ministry of Defense Mr. Joseph Makonjuala. He was facing corruption charges amounting N420 million. But to the shock of most Nigerians, the then minister of justice, Mr. Kanu Agabi, entered a legal term to indicate the withdrawal of interest in the prosecution on an offender by the state. Following the inexplicable withdrawal of the case against him, Mr. Makonjuala escaped abroad.

Again, despite the massive corruption in the sale of federal government houses, the thievery of aviation rescue funds, the diversion of billions of subsidy withdrawal proceed and many others criminals offences involving Obasanjo's association in the matter.

The privatization policy and he reckless granting of import duty waivers to Obasanjo's friends and associates was also tainted with corruption, the disproportion between honest labour and fraudulent advantages of public office is

so glaring that former Obasanjo was even afraid to declare his assets in public while leaving office. (Leadership Tuesday, April 7, 2009, P.34).

Thus, undermining its integrity, while the EFCC may be a good public watchdog, it only serves as Obasanjo's private watchdog the EFCC is a very good tool that was abused by the president Obasanjo, says Dr. Usman Bugaje a former member of legislative who was elected on the ruling party ticket, but recently switched to an opposition party.

The EFCC decision not to prosecute the minister of works and internal affairs and other politicians closely released to the president has led to questioning of the tough image portrayed by the commission. An example, of such politicization is the EFCC list released on February 10, 2007, that cited 135 candidates running in April 2007 election as unfit to hold public office because of corruption.

Another example, was the former senate president in2007, Ken Namani, said that there were credible reports that some person who were initially on the list of corrupt candidate submitted by EFCC were removed, while person who were not on the EFCC list were later added by other authorities. From this he inferred that the president had quickly set up an administrative panel which he used to disqualify his political opponents. This created a moral challenge for the commission together its independence in indicting some politician and not others who it had earlier declared corrupt. The former EFCC chairman Nuhu Ribadu was only engage in selective justice. Lamenting that democracy had been turned into a military dictatorship in Nigeria, the former chairman of PDP, Audu Ogbeh, wondered if this was the original motive of those who fought for democracy or the intensive of the act that establish the EFCC.

The EFCC was challenge to refocus its anti corruption programme on government agencies such as NNPC, Nigeria Port Authority, the Federal Ministry of Works and Transport, where it was alleged that bigger thieves exist.

The due process department in the presidency which was initially loathed by dubious government officials and contractors ended becoming infested with corruption and undue process. President Obasanjo anti corruption policies were understandably created with cynicism, but a few highly placed government officials were brought to book. This can only be the very beginning of an effort that most be sustained for any meaningful pact to be made.

Electricity remain a luxury, Nigeria's number one sick baby, the NEPA (PHCN) which supplies power in fit and starts could not undergo the vans formation pronounced by Obasanjo. Apologizing on national television after NEPA plugged the nation into darkness on March, 2000 president Obasano confessed that Nigeria might have lost about $800 million as a result of unsteady power supplies by NEPA.

The former president Obasanjo boastfully told the nation that his administration would boost over power generation to 10,000 megawatts by the end of 2007. However, by the time he left office on the 29th of May, 2O7, power generation was fluctuating from 2,500 to 3000 megawatt, despite the billions of dollars purportedly invested into the effects. A part from. the $16 billion of power, the $800 million were also spent to rehabilitate Nigeria four refineries, but their functional status did not improve significantly. (Leadership April, 7, 2009:34).

Inefficiency was also witness in Nigerian Telecommunications (NITEL), with only 400,000 telephone lines for a population of 140 million. Notwithstanding the reduction of the installation fee by the present regime, first from N50,000 to N20,000 and further down to N15,000, all within a year lines have remained scared.

To cap it all, while the government of Obasanjo was earning huge revenue from oil, poverty, unemployment, hunger, insecurity and disease got out of control. In fact, despite these colossal revenue, Nigeria is one of the country's making the poorest progress in the achievement of the Millennium Development Goals (MDG). It was believe that the gloomy non performance record of the Obasanjo administration had led million of 1citizens to be alienated from the government. Worse still the enthusiasm that greeted Nigeria's return to democratic rule, has formed to despair, frustration and anger, thereby leading many otherwise innocent young en and women into crime. The frequent involvement of university graduates into criminal tendencies is a reflection of the ugly picture of poverty, which became grimmer under Obasanjo, despite the billion of oil revenues his administration earned.

Suicide rate were also increasing among Nigeria's, so also were incidence of rising hypertensions, depression and declining life expectancy. Nigeria continue during that period to die from easily treatable and preventable diseases as access to basic medical care becomes impossible. Corruption also witnessed an unprecedented rise so much that Nigeria was ranked as one of the most corrupt countries of the world by transparency international. Good leadership demands competence and concrete performance. In contrast the former Obasanjo administration defeated all the arguments for subsidy withdrawal. In fact, some officials of the petroleum pricing and regulatory agency are currently facing charges for diverting N46billion from proceed of subsidy withdrawal. Notwithstanding, all these performance, former president Obasanjo not only received a debt relief of l8biBion dollars but also earned the biggest oil revenue levels Nigeria have ever seen.

The research stand firm to state the views of the majority of Nigerians during this period, who said that Nigerian overrated democracy, thinking that those

who would take over the reins of government from the military would hit the ground running to face the problems of purposeful governance. But they have seen no focus, even those who oppose Obasanjo quarrel over shares of booty. That was made clear by the factions of Peoples Democratic Party (PDP) that stated among their grievance with him about not being rewarded with offices after victory for their efforts.

Earlier, in his inaugural address on May 29, 2007 President Umar usa Yar'adua acknowledge that our election had some short coming. thankfully, according to him we have well established legal avenues of redress, and he urge aggrieved Nigerians to pursue them. Yar'adua said further that we are determined to intensify the war against corruption. sore so, because corruption itself is central to the spread of poverty. Its corrosive effect is all too visible in all aspects of our national life.

That today we are talking about Nigeria's potential, to become one of the 20 largest economies in the world by the year 2020. That is a measure of how far we have come, he urge all Nigerians to march with him into the age of restoration. Let us work together to restore our time honour values of honesty, decency, generosity, modesty, selflessness, transparency and accountability. These fundamental values determines societies that succeed or fail, we must choose to succeed. Our goal now is to build on the greatest accomplishment of the past few years. Relying on the seven point agenda that formed the basis of our compact with voters during the recent campaign. They include:

One, Power and Energy

Two, Food Security

Three, Wealth Creation

Four, Transportation

Five, Land Reform

Six, Security

Seven, Education

President Yar'adua unequivocally stated that he will set a worthy personal example as Nigerian president. No matter what obstacles confront us. He have confidence and faith in our ability to overcome them. After all, are Nigerian we are a resourceful and enterprising people, and we have it within us to make our country a better place. He sum up that the challenge is great the goal is clear, the time is now.

The extent and degree of how far President Umaru Musa Yar'adua has gone in implementing his seven point agenda for Nigerian economic development is a limitation of this research. This is because the research scope is too short to begin assessing the Yar'adua administration between May 29, 2007 — 2008. To do justice to this administration, interms of its achievement and weaknesses, the researcher has live the room open for interested persons to continued with the research were I have stop, this is because it is an incumbent government, and it is the scope of the research at stake.

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CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATION

It is the contention of the research that, a number of new developments have taken place around the worlds, which have profound implication for international politics of oil and Nigeria economic development. This include, the consolidation of the powerful European economic community, the German unification, the rise of separatist nationalist factors and movement around the world, brought to the fore the significance of the nation, as distinct from the state, at the core of international politics.

Prominent also among these was the September 11 2001 attacks on the U.S.A and subsequent declaration of war against terrorist by the George Bush administration and competition between OPEC and non OPEC countries. More so, oil its revenues and its effect on Nigeria economic development, has being regarded as a blessing, while others sum it to a curse. It is the contention of this research that the U.S. Over the years was not fundamentally threatened by the oil price hike in the international market. While it paid higher oil prices, most of the extra funds flowed to IMF, World Bank and World Trade Organization.

Oil revenue in Nigeria ranges from petroleum profit tax, rent on royalties and crude oil sales, proceeds from domestic consumption, NNPC earning from direct sales and sales of Gas, penalty from Gas flared, pipeline licenses and other fees and foreign reserves. The volume of these reserves now is determined by two things. The first one is the earnings from the scale of crude oil. The second one is the amount we pay to foreign counties from it for good and services, and as profits, fees and salaries repatriated by the foreign companies and foreign nationals operating in the country.

The external reserves are disbursed through the four ways.

1- Payments arising from the imports of good.

2- Payment arising from services rendered here or abroad.

3- Transfer of profit abroad, by foreign investors.

4- Re-payment of the principal and interest of foreign investors.

I have tried in chapter four to project the eradication of international politics of oil on Nigerian economic development with respect to the Gulf \Nar Windfall and instability of oil prices in relation, to Nigerian economic development from 2000-2008. The research spelt out the international dimension of oil politics within the realm of the global recession that begin in 2008 and how far the Nigerian economy fared.

Subsequently, this chapter is the final one that has tie down the research into summary, conclusion and recommendation.

5:1 **'SUMMARY**

The research is premise on the analysis that power and national interest, are the moving force of international politics and can therefore, be considered a frame of reference for understanding the international politics of oil and Nigerian economic development. Power according to Hans Morgenthau is the acquisition and control of those things that could help in establishing hegemony over others (Morgenthau H.] 1950:8).

War, has led to the fluctuations of oil prices, huge foreign, earnings to oil, producing countries and inflict pains and agony to the victims of such as. Most war were fought based on oil interest for instance, contrary to the U.S propaganda, the Gulf war was not intended to attack Iraq to force her to withdraw from Kuwait, nor was it concerned about the violation of the human right, the Iraqi people. President Bush snr had every intention to destroy Iraq, create a permanent U.S military presence in the Persian Gulf, to geopolitical domination of its oil resources and of the Arabian Peninsula and the Gulf region. He made this interest clear when he declared "our jobs, our way of life, our freedom".

'It is clear that the brutal invasion of Iraq by the United States, Britain and Australia which began at dawn on Thursday 20th March, 2003, was the culmination of twelve years of sustained and vigorous attack on the country, its people and economic by western powers led by the U.S since the 1991 Gulf war.

The research has shown that oil money was sufficient to finance Nigeria economic activities, and enable them and their cohort to live beyond their normal means. The leadership both the civilian and of the military did not have the foresight to plan ahead nor the capacity to see the need to maintain the nation's economic infrastructure or to diversify the economy by strengthening other sectors of the economy, particularly the social sector. Investment in human, capital formation for indoctrination as low priority to the leadership.

We have tried to evaluate the various strategies, development plans and vision so far adopted by the government of this country to tackle the problem of economic development. There s no doubt that many of the scheme were well thought out and could have made significant impact on the lives of the people. But this has not happened due to poor implementation of the scheme. The beneficiaries of the scheme, the people were not often closely involved to the implementation and so would not cooperate. This is a very critical issues, that the state must relate closely with the society for its programmes to sail through

In the 1960s, those abreast of history say the nation was self sufficient in food production as agriculture provided 95% of food needs such that food never appeared on the import list until the early 1970s.

While in the 1970s, General Gowon, Murtala/Obasanjo administration count it, fortune from oil revenue, whereby agricultural sector suffered from oil boom which contributed to the negative growth of agriculture, as the boom in the oil sector lured labour away from the rural sector to urban area. In fact, this led its socio economic status dwindled, infrastructural facilities decayed and its public

institution collapsed. No wonder then that by 1975, the economy had become a net importer of basic food items.

On the other hand the decade of the 1970s was a decade for the construction of road, airports, ports, dams, stadia, telecommunication, universities, teachings hospitals polytechnics and refineries. But despite this massive investment in infrastructure, economic management has not been prudent.

In the 1980s, the end of the thirteenth years of military rule saw General Obasanjo hand the government over to a democratically elected resident, Alh. Shehu Shagari, that did not do any better as it could not institute appropriate economic policies to turn the economy around. Infact, due to the inept and corrupt practices and the inability of this civilian administration in its second term to revive the Nigerian economy, it was truncated by General Muhammad Buhari in a military coup. General Ibrahim Babangida came into power in a palace coup in 1985.

The 1980s therefore saw the decline in oil revenue as a result of the translation of the crisis of capitalism in the imperialist centre into the sector. It is also partly the outcome of the attempt by these imperialist industrialized countries to adjust to this crisis, so often referred to as energy crisis. This involves long-term and short-term plans and strategies in a bid to find both alternatives to oil and at the same time cheapen it as an input in the production processes for attaining recovery from the crisis.

Also in the decades of the 1980s OPEC faced numerous problems, which gave rise to these situation, as the research has unveil

First, Western capitalist countries increasingly pursued strategies at weakening OPEC and destroying the organization as an effective third world solidarity organization.

Second, Western capitalist countries pursued a strategy of developing alternative source of energy aimed at reducing their dependent on OPEC resources. Three, they introduced policies of energy conservation western capital, aimed at reducing their expenditure on oil and dependence on it.

Four, they pursued a policy aimed at political and military control of the strategic region, that is middle east and the Gulf area, were the bulk of OPEC oil comes from.

Five, they attempted to divide and rule the organization particularly by encouraging non OPEC oil producing countries to undercut pricing and production policy of OPEC.

By the middle of the 1980s, was the consequence of all strategies that were pursue by the western capital countries in order to reduce their dependence on oil.

In the 1990s, Nigeria saw the extension of General Ibrahim Babangida regime, Chief Ernest Shonekan and General Sani Abacha and later General Abdulsalam Abubakar.

It is the contention of the research that the initial euphoria over the windfall of petro dollars streaming into the country has fizzled out after the raw deal which left the country reeling with squander mania and economic agnation. In fact, there was indulgence in import dependency and attendance waste of foreign reserves, that characterized the oil boom and gulf war windfall era.

Thus, Nigeria historical and celebrated return to democratic rule in May 1999 through the year 2000, marked a new beginning or at the hope of for a new beginning. But this new beginning has not changed anything from the era of civil war as the magnitude of deprivation and the level of inequity that exist between Niger Delta region and non oil producing region continues to widen, this divide has caused much poverty and suffering and profoundly ailing economy.

Some observers described Nigeria's oil as a blessing, while other say is nothing short of a curse. This is because, while the country has made billion of dollars from oil, majority of the populace have not felt the impact due to high level corruption and bad leadership. The bad leadership in Nigeria as revealed by the research have the characteristic of low moral characters when is associated with lack of integrity, indiscipline, violence, corruption and capriciousness in behaviors. They lack societal understanding which manifest in a lack of understanding of the people interms of their basic aspirations and how to motivate them to contribute positively to development efforts. Such leaders lack innovative ability as reflected in lack of ideas and un willingness to take risks and bear uncertainty.

That oil as a blessing provided for the country considerable resources which have been deployed into various project and have kept the economy going to the extent that the country has been largely dependent on oil Thus, without oil money it will have been otherwise

While the curse of oil is the neglect of other sectors of the economy, particularly agriculture, it could have been blessings, if we had also grown sectors. Leading to rising food import bills and deficit of the balance f payment, large scale of rural-urban migration, leading to urban congestion and increasing social cohesion, oil spillage, leading to pollution f land, water and area with its attendant lands in the major Delta region, a high rate of inflation arising from extravagant spending by both organization and individual, monoculture economy leading to over defense oil with its attendant problems. A misplacement of social attitude and valued that is growth of get rich quick syndrome, inflated contracts, white collar fraud etc. Oil generally regarded as the devil sheath.

In fact oil is the genesis of the lingering crisis in the Niger Delta region. By the account of community members in the Niger Delta 50 years of oil production, and export in the region has meant five decades of agonizing deprivation,

environment degradation and poverty. The present agitations were only but a reaction to the many decades of neglect.

One of the endemic problem militating against progress of Nigeria is corruption our leader have embarked on self motivational policies that are beneficial to them and have no concern whatsoever for the plight of the masses.

Earlier in Nigeria, the cookey report of the political bureau of the Babangida government has stated in 1986, that "corruption pervades all strata of the society from the highest level in the political and business elite to the ordinary person in the village (Mike M. Obadan 2002:4).

And as the vision 2010 committee report; 1997 had also confirmed, corruption is so pervasive that it has become institutionalized as a way of life. According to the report, it is not only the politician and the executives that are corrupt in Nigeria, but so are bureaucrat, public servants, bankers, insurance, brokers, officials involved with the administration of justice, law enforcement agencies, the press, religious leaders and other members of the public (Obadan 2002:5).

Over all in a democratic system with endemic corruption, the government cannot deliver the so called dividends of democracy such corruption in Africa has:
"Led to bad roads and decaying infrastructure, inadequate medical services, poor schools and falling education standards, and the is appearance of foreign aid and foreign loans of entire projects without a race (or their delayed completion, leading to higher costs). Corruption has leant that fewer imported goods enter the country than were paid for, foreign exchange earned from exports is not repatriated; national assets are rundown and ruined production capacity in industry, agriculture, and services has been reduced and repairs of buildings, equipment, vehicles 'and physical and social infrastructure have been paid for repeatedly but never performed. Corruption distorts the economy through the waste and misallocation of

resource. Citizens fundamental need food, shelter, health education are neglected. Thus corruption creates an artificial need for external assistance to compensate for corrupt and irresponsible management of local resource. Having creates the need, corruption then impedes foreign assistance and investment" (Obadan 2002:12).

Today in the Nigerian bureaucracy if you are not corrupt, you are tagged as enemy of progress, while those that are corrupt are been honoured with all sort of traditional tittles and national awards pray sooner or later, that we would have leaders who will be concern about the predicament of the masses rather than aggravate them.

The political situation in Nigeria is such that even the public sector and human development responsibility is rarely implemented due to lack of commitment, insincerity and political and government corruption. Little effort is been spent on Nigerian welfare and social programmes.

Poverty ravages the country like a vulture; poverty dis-empowers the people and prevents them from developing a coherent political culture through which they could express their dissatisfaction against corruption. Put differently, is a fundamental threat not just to democracy but even to the very survival of the nation. It is humiliation the worst form of disempowerment. Poverty has become a major problem in Nigeria and despite the federal government policy on poverty alleviation, more and more Nigeria are falling into the poverty trap. For example, the World Bank president observed recently that Nigeria's $300billion of wealth was stolen in the last four decades (Kayode and Odofin 2007:37).

Similarly, Malam Nuhu Ribadu former chairman of EFCC recently claimed that corruption and mismanagement swallowed about 40% Of Nigeria $2Obillion annual oil income. That at least 100,000 barrels or 4% Of natural oil export are stolen every day in Nigeria an estimate show that within the 50years of oil industry, Nigeria has generated about N29.8trillion ($238.4billion) an amount that

could have shaped the economy of Nigeria if it was judiciously used (New Nigerian 2008:32).

The implication of this said development is that most Nigeria are becoming poorer to the extent that 75% of Nigerians are struggling to five not less than one dollar per day equivalent to N 125. To measure the extent of poverty in Nigerian does not require any complicated approach. All that is required is a close observation and interaction with various segments of Nigerian citizen the youth unemployed, employed. Who now both men and women, roaming the street without place of abode begging for their daily bread. By and large, the rampant prostitution which has become a major export industry, child and human trafficking, drug abuse and other social malaise threatening the foundation of Nigeria are directly linked to the extent of poverty in Nigeria.

It is therefore, necessary to grasp what the vicious circle of poverty is l about, it is the concept that explain the factors which make the majority of people in an under-developed country lived at almost starvation level.

Low per capital productivity leads to how per capita income, which given high propensity to consume, leads to low level of savings, low level of invertible funds, which leads to little capital formation (investment) which is turn leads to low per capita productivity providing conclusively that poverty, the bane of society is self perpetuating. This can be illustrated in a diagram.

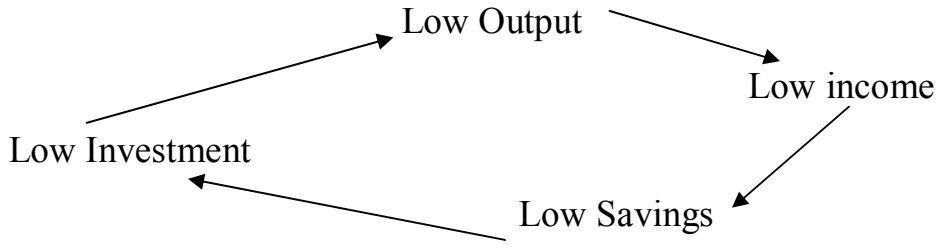


Figure 1:1

As shown in the diagram, the relationship will be aggravated by the fact that in the early stage of development, there will be a need to deviate a larger proportion of investment of producing economic and social capital 1or infrastructure, meaning the basic foundation of economic activity, such as administration, good road network, telecommunication, water, electricity and soon.

These are items that are not directly productive but are essentials for economic growth and development. Put simply, poverty is hunger, Jack of shelter, sickness and not being :able to see a doctor. It is also not having access to school, a job, but fear for the future and living one day at a time. Several programme and policies were enunciated and executed by government on this direction, including strategies like DFRRI, NDE, FEAP, and NAPEP among others. These strategies in fact had little impact in turning poverty and unemployment.

We are richly blessed in Nigeria and our people have no cause to suffer from squalor, hunger unemployment and starvation.

To what extent have Nigeria meet up with human development index? The human development index is a summary measure of human development, based on the average achievement of a country in three main dimension of human development. These dimension are:

One, long and healthy life, measured by life expectancy at birth.

Two, knowledge measured by the adult literacy rate and the combined primary, secondary and tertiary gross enrollment ratio and,

Three, decent standard of living, measured by poverty index and the GDP per capita. These indications to the index are determined by public expenditure to the social sector.

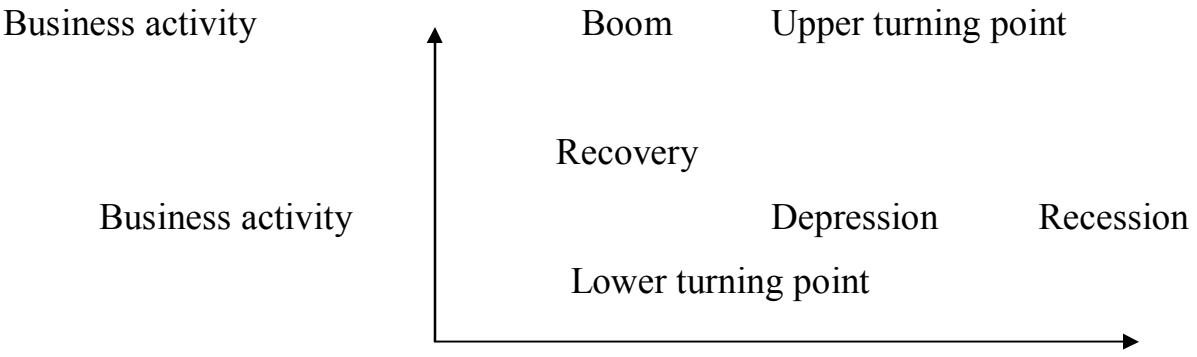
In fact Nigeria is often described as rich. Indeed so but the country is all money, no wealth. Money is not wealth but the raw materials that has to be

converted to wealth through selfless, productive hardwork in legitimate pursuits. In the context of a country, wealth-as we all know means good infrastructure, good health care delivery, sufficiency of potable water, a robust educational system etc. Nigeria today is hounded by a crushing wretchedness; the human Development Index, a measure of the quality of the life, is meaning less in such a situation. A human misery index would be more appropriate.

Indeed, the failure of agriculture in Nigeria is not a result of neglect by the state as uncovered by the research. Agriculture has been given heavy and adequate attention by successive government in Nigeria. The crucial issue is that the strategy or approach had always been faulty and serve as conduit pipe were accumulation and siphoning of external loans taken for such programmes. To date, the peasant is still the major source production in Nigeria, yet the peasant questions, has not been addressed and tackled. It is not surprising therefore that the policy measures have not resolved the crisis, but have rather of food properly external depend it.

At this juncture, it is necessary to paraphrase what trade cycle is all about in order to grasp the current global financial crisis that began in 2008.

'The ups and downs in economic activity are known as trade cycle. These are depression, recovery, boom and recession.



a- **Depression:** This is characterized by heavy unemployment, and a level of consumer demand that is low in relation to the capacity of industries to produce goods for consumption. Business profit will be low, because a substantial amount of unused industrial capacity.

b- **Recovery:** When something sets off a recovery, we say as a matter of terminology that the lower turning point has been reached. Old and obsolete machinery will be replaced. Employment income and consumer spending all begin to rise. As demands, expands, production will be expanded with relative ease merely by re-employing the existing unused capacity and unemployed labour.

c- **Boom:** As recovery proceeds, bottlenecks began to occur in various industries. All existing capacity will be fully utilized first in some industries than in others, labour shortages begin to occur, particularly in certain key raw materials development.

d- **Recession:** The point at which the boom turns into recession is called the upper turning point. Consumers demands falls. Investment that looked profitable on the expectation of continuously rising sales and prices suddenly become unprofitable. Production and employment fall as a result, so also income and expenditure. As demands falls, more and more firms get into difficulties. Prices and project fall, and new investment is reduced to every low level.

In other words the current global financial meltdown since the year 2008 has exposed the financial flaws of operating a mono product economy, particularly for a country like Nigeria whose main exports is oil. Nigeria need leaders of vision and encouraged them not to relent until their policies are positively implemented. This is because, as the research has 1shown, countries, who are threatened by the

meltdown are countries ,who have failed to diversify their economy and open alternative source for their economic emancipation

However, the tragic reality of this world is one of blind ambition, hatred, competition, corruption and war. As long as the citizens of this world let themselves, knowingly or unknowingly, be guided by the 1selfishness, greed and exploitation of man and by man, peace and development will have no chance to blossom. To this effect, the charter of the United Nations that come into being in 1945, need to be strictly adhere to practically.

To buttress the states of Nigeria, it has been asserted by Rev. Fr Mathew Hassan Kukah as noted. "The 49years after independence the promises that Nigerians fought for have turned out to be naked lies, the dreams of a just society have turned into a nightmare, the vision of a one .united and great nation have become a chimera, the ideals that made independence an imperative now compel repulsion, the wealth and potential of great nation have turned into a suffocating curse" (Africa Today 2000:15).

Research Findings

On the whole therefore, the research findings base on the stated hypotheses has unveil that,

One, hypotheses number one shows that it is not correct to say that ;changes in oil prices has led to drastic political stability and economic development in Nigeria, taking cognizance of coup and counter coups, conflict over the control of resources. Poverty still reign supreme among e majority, which put to question the economic development in Nigeria.

Two, it is true that as stated. in hypothesis two, that state are in constant competition for resources (oil) for self interest, that turn the world into war of sorry and agony.

Three, It is true that struggle to conquered oil, have expose the world to danger of conflict internationally and even locally. Intra and inter hostilities in the Niger Delta, has disrupted the exploration, production and marketing of oil activities.

Four, the hypothesis four has prove to be incorrect base on the research finding. This is because poverty still dominate the two third majority despite the huge foreign exchange earnings accrue to the country through oil.

Five, the research findings in hypothesis five is correct and stand firm that there is correlation between good governance and economic development.

Six, it is also true, as stated in hypothesis six that the international polities of oil is been dominated by the western countries, NON OPEC and OPEC countries.

Seven, it is true according to the research findings that Nigeria overdependence on oil wealth and it has continue to undermine the diversification of the economy, as stated in hypotheses seven. While on the Dther hand, it is in correct to conclude that, the overdependence on oil has strengthen Nigerian economy, as reveals in the research findings.

5:2 CONCLUSION

In concluding, we assert that powerful countries like the United State, with alternative albeit lower means of oil can survive such pressures. Those without, will have to succumb and play around, depicts a clearity of international politics of oil.

Moreso, the earning from oil is volatile and fluctuate and we are tied to the tradition that part of the earnings is saved in saving account. This oil account for the largest population of the nation's earnings, expenditure and external reserve need to be utilized for economic development.

Despite, Nigeria's position as one of the world's top six oil producers among OPEC, the economy has performed far below potential. This is evident in every

sector from manufacturing, housing and education to agriculture, tourism and environment. The misuse of the oil wealth by the country's leaders has stunted the economic growth of this well endowed nation. The tragedy in Nigeria is that these enormous resources have not been translated into food, security, shelter, clean water, and education. The average Nigeria has not received any of the benefit from the oil reserves that well beneath his feet.

In deed, we assert that Nigeria is undoubtedly a country endowed 1ith immense natural resources, implying great potential for development, growth and overall prosperity among its citizens. As has been pin pointed in the previous chapters during the four decades, the country has made significant head way in policy formulation, but minimal improvement in any sectors of the economy due to policy implementation and type of policy instituted that has either increased on negatively affected per capita income, investing in education and infrastructure or in providing welfare services.

Nevertheless, despite its potential wealth, the rich oil reserves of Nigeria could have been utilized more efficiently over the many decades that oil has been found in commercial quantities. Due to oil politics, unsound oil policies, flawed management and corruption that together have seriously eroded the authority of the state, the country has not reached it full potential to turn the country into one of the most economically developed in the world.

Soremekun argues that oil, or better still proceeds from oil, have largely succeeded in crippling democratic aspiration in Nigeria. Drawing largely on Terisa Turner's famous triangle, it is contended that the lure of Oil revenues has tempted the military to repeatedly interfere in the country political process such as intrusive stance he argues, has in turn done much to wreak havoc on the oil industry, and in the process deepen the misery of the populace. (Soremekun 1999:97-105).

The research has also uncovered series of challenges to Nigerian economic development, which includes:

> HIV/AIDS — Nigeria, the most population nation in Africa with 140 million people has 2.9 million people living with HIV, placing her third in the league of nation hardest hit by the epidemic after South Africa and India. Median HIV prevalence among pregnant women attending antenatal clinics in Nigeria range from 1.8% in 1991 to peak at 5.4% in 2003. the most recent sentinel survey in this group reported a slight decline to 4.4% in 2005.

In fact, the joint United Nations programme on HIV/AIDS and the World Health Organization (WHO) estimate that AIDS has killed more than 25milllion people, since it was first recognized on December 1, 1981. It is estimated that about 0.6% of the world's population is infected with HIV. In 2005 alone, AIDS claimed on estimated 2.4-3.3 million lives of which more than 570,000 were children. These deaths are retarding economic growth and increasing poverty.

ii- Challenges to Governances and Accountability in Nigeria are in the form of:

a- Nature and character of the Nigeria state

b- Corruption and lack of transparency

c-, Appropriation, budgetary implementation, control and discipline.

d- Popular participation, democratic principles and practices.

e- Credibility of political (Electoral) process

f- Candidate sponsorship, political patronage and God fatherism

g- Campaign, and election funding or management

h- Authoritarianism and the culture of impunity

i- Abuse of notion of separation of power and the expected checks and balance

j- Issues and development that undermine governance and accountability, this ranges from the payment of retirement benefit, Foreign Direct Investment

(FDI) against Direct Investment (Self- reliance), crime (drug and human trafficking).

iii- The research want to challenge Africa and Nigeria, to use the global economic downturn as an opportunity to rapidly transform their economies through diversifying sources of growth, reforming policies, and strengthening governance. To this end, transforming economies required political will at the highest Level accountability for result by both leaders and citizens, and plans that supported by the right policies. It has been tougher for countries that depend on one commodity for example, oil. African countries need to cushion themselves from economic shocks by diversifying their economies.

1:3 RECOMMENDATION

Nigeria today is certainly not the Nigeria dreamt by the nations founding father. Some have been around long enough to remember the struggle of Nigeria's founding fathers, the sacrifice they made in battling the British Colonialist to a standstill, the dreams they dreamt and how they went to admirable lengths to actualize them in building a modern nation, where things would work, where every Nigeria child would be given the best education, receive shelter and good health care. They will be asking themselves today, how things were allowed to go so badly wrong.

Today, the problems of Nigeria are on enlargement of the problems Africa, but in many respects most of the mistakes that the nation has made are inexplicable. We cannot dwell in the past, but in the process of taking stock of our progress or lack of it, we must address our minds to what really went wrong. How a nation with so much possibility managed to squander its rich human and natural resources. A look at some of the major problems that beset Africa, (Nigeria) include, diseases (AIDS), foreign debts, grinding poverty, internal and national conflict, corruption and illiteracy.

The research wants to forward the following recommendation

1- **Development:** True development begins with a human being and how he uses the resources around him to progressively improve his materials condition of living. Therefore, in Nigeria where over 70% of the people live in the rural areas, any meaningful economic development process will certainly require a well designed strategy of socio spatial organization for rural producers into viable and well managed cooperatives. Economic development requires greater investment in agriculture, industries, in public health, in education and increased expenditure for public service and increased expenditure for public service and more efficient administration. The strategies for economic development shall involve.

a- The people of particular country wishing to develop economically must be fully prepare for a change for better. People's desire to change with conformity for modernity is both a fundamental and unequal non factor for development.

b- Self help project must be vigorously pursued by the people. There must be adequate surplus derivable from current production which will be channeled into investment, which is very indispensable for capital formation.

c- To make an effective instrument of economic and social development, there is the need for a central controlling body must be constitutionally competent, given enough financial resources and personnel, to remove and eradicate poverty, ,(literacy, diseases, squalor, corrupt practices in high and low squatters and laziness of the highest order in all facet of economic activities, factors which are all deterrent to social economic development.

d- Planning agency need to clearly define the goal of the national efforts interms of allocating and guiding scarce resources to specific uses in accordance with the urgent requirement of the nation. It must clearly layout

in the context of development plan, targets to be attained in the agricultural, industrial and infrastructural sectors of the national economy.

e- The agricultural sector should receive greater attention at the initial stage of development for several resources, a developed agricultural sectors means a greater utilization of land and labour, which are plentiful in this part of the world. It also provide raw materials for industries, adequate food supplies to the population needed to set the pace of industrialization and also provides the linkages and infrastructure. Inclusively, it is quite true to say that the people should be made to realize that under development, the poverty of nation, is pre ordained and immutable, the economic development can be stimulated, brought into being and sustained by deliberate action of the people, predicated on their enthusiasm and willingness to forgo some consumption now in order to save for the enjoyment of a better life in the future.

2- **Fighting Corruption**: Those who aspire to transform the Nigerian economy through democratic process must be prepared to push the war against corruption beyond political propaganda, witch-hunting and intimidation, legislation against corruption although a step in the right direction is not enough. Neither is the creation of legalized agencies the only requirement. The government must muster the political will to punish any corrupt element in the society; independent of his/her corruptly achieved status.

Public interest groups, such as transparency international, civil society groups and public interest campaigners need to be strong in relation to fighting corruption. As stake holders in good governance and institution mediating between the state and the public, the organizations that comprise civil society-citizens groups, non governmental organization, trade union, business association, think

tanks, academia faith based 0rganization and the media, among others can have an important role to play in constraining corruption.

We want Nigerian to be mobilized against corruption. Corruption in the past has ruined this economy, vital resources have been sucked away, and we were not able to complete progress. A case study of south Korea. Ye saw their iron and steel industry, one of the biggest in the world, which as started about the sometime as Ajaokuta, and Ajaokuta is still sitting there riot completed.

3- **Good Governance**: This has become too difficult to achieve in an atmosphere of corruption and poverty. Good governance is about free and fair elections, independent judiciary and the rule of law; freedom of speech and press, investment in human capital and combating corruption (Economic perspectives 2003:6-9). In other 'words, it refers to the manner in which power is exercised in the management of a country's resources for development. It relates to the efficiency and effectiveness of a government in promoting the economic wellbeing of its people.

The elements and characteristic of Good governance that need to be there to include; participation, rule of law, transparency, responsiveness, inclusiveness, consensus oriented, equity, effectiveness and efficiency, accountability. Notwithstanding, the road on which to ride is not bumps and potholes free.

Put differently, good governance can be measured by certain criteria with regard to government provision of amenities and facilities, promotion of peoples welfare and security, execution of development projects and human resources development.

4- **Niger Delta**: Niger Delta is one area in the country that suffers the most serious neglect. They are victims of decades of privations and suffering. There is noticeable absence of basic infrastructure and lack of adequate employment opportunities; oil spillage from tankers, pipes or off shore well

renders their water unsafe for drinking and dams coastlines thereby hampering agricultural productivity.

In short, the environment is abused, neglected and degraded constantly.. This result in a vicious cycle that threaten the people and their environment. The 13% revenue allocated to the state of the Niger Delta had only succeeded in expanding scope and gravity of public corruption.

The governance of the oil producing communities and state must be addressed urgently. There will be need to increase greatly the resources allocated to alleviate the distress and accelerate the development of the oil producing areas. The funds should be available for funding practicable, useful, well articulated projects developed by the oil companies, and other reputable private sector organization in consultation with the communities concerned in order to avoid constraint due to inadequate executive capacity and the rural failings associated with projects built and managed by the public sector in Nigeria.

Real development will come in direct relation to how fast and well we create a welcoming environment for investment, local and foreign, this call for peace.

Transformation of the oil producing areas will occur only to the extent that modern agricultural enterprises, agro-allied industries, petrochemical and other manufacturing industries, service industries should be allowed to establish and flourish and to serve the large national and international market. For this, security of life and property, peace and order are essential. This is the challenge facing the leadership of the oil producing areas today as well as the federal government. The purpose must be to optimize the contributions of the oil industry towards stimulating faster economic and social development to create the condition for political stability and democratic civil government.

5- **Energy Security**: The problem of poverty in the Niger Delta also need to be addressed head on in consonance with energy security as it stand to be the

only alternative to ascertain free and constant flow of oil out of the region. The economic, social and environmental conditions in existence in Niger Delta region will always affect Nigeria's economy and national energy security.

Energy security is defined here, as not only the availability of sustainable energy economy, but also the preservation of available energy sources, such as oil and gas, to avoid total dependence on importation. Recent military activities in the Niger Delta, have been increased attention to the issue of energy security. The following insecurities in energy security need to be address that ranges from;

a- Reliance on imported sources of energy.

b- Energy need of neighnouring West African countries and demands from developing countries such as China and India.

c- The debate over economic efficiency versus population growth.

d- Environmental issues in particular, climate change and deforestation.

e- The rise of renewable and other alternative energy sources.

6- **Economic Diversification**: The only solution to the lingering problems of import dependence, reliance on a single economic sector (oil), weak industrial capacity, low agricultural production, a weak private sector, high external debt overhang, in efficient public utilities, low quality of social service, and an un acceptable rates of unemployment is economic management involving economic diversifications, total commitment of the leadership and active participation of citizen in formulating honest, transparent, and human friendly nation. Certainly when we have a much more developed and diversified economy, men of vision, energy and ambition will have many avenues to express themselves. When people are employed and earnings reasonable income, they will feel a sense of belonging. Infact Nigeria should be in position to diversify its sources of

foreign exchange to non oil sources instead of depending largely on crude oil exports. This is the only viable long term way of stabilizing the value of the Naira.

Investment funds in the development of infrastructure such as telephone, water supply and real estate is imperative. We must now begin to focus more on financing power supply, water, health care and other projects that will bring about the greater development of the real sector, reducing the cost of establishing them.

7- **Technical Know How**: The essential factor for economic development which is lacking in developing Nigeria is technical know how or technology. Technology embraces production processes, application of new or improved processes or materials and new application from old process or materials. In other words, technology involves knowledge of the process and of the method of application. This knowledge could be written down, but even when it is done it has to be interpreted and applied to face current challenges.

8. **Reduce Dependence on Multinational Cooperation's**: The monopolization of our economy by the multinational is largely responsible for the perpetuation of this catalogue of woes only through the breaking and or minima dependence of the multinational grips and the drastic revamping of the Nigerian economy can the economic circumstance be moved off dead centres and propelled into sustained economic growth. It is for this reason that the government which legitimately aspires to provide welfare to its people must cut off the pervasive tentacles of the multinationals. Nigeria very survival depends on this.

9. **Education**: The educational sector has to be overhauled which is the bedrock of any meaningful development. A new policy on education that would be focused on capacity building and or entrepreneurship should be

encouraged at all levels of schooling. Because of the falling standard of education, most of the recipients have become liability not only to themselves, but to the society at large. They have developed ingenuity for criminality, terrorizing the entire citizenry.

Education, should be a veritable avenue for the development of a visionary citizenry and progress of society. It most make our youths movers and changers of society, because those who raise society to greatness are those who have the course to attempt and surmount new obstacles in their own live qualitative and quantitative education should be our priority from primary to tertiary level.

Therefore, where we have a well trained youth population, we stand on a high pedestal of social progress. The youth will in return, put at the disposal of the society and fellow individuals, their knowledge and skills using the physical vigour, Intellectual flexibility and education at their disposal. In sum no nation can have sustainable development without its youths and the youths can only contribute well, when they acquired education.

10- **Patriotism**: One of the most damaging attitudes which has militated against our national development is the absence of commitment to national duty. In some countries the sense of patriotism is so strong that a citizen would almost instinctively feel a commitment to sacrifice his personal benefits for the overall interest of his nation. Many are even prepared to pay the supreme sacrifice of death, so as to protect the integrity of their nation. In Nigeria, such feeling of patriotism is very low, almost non existent among some nation.

By this token, patriotism need to be revived, we mean the degree of trust and support which people give to their government in pursuing its policies. It denotes the spirit of sacrifice, courage, loyalty cohesiveness and respect for leadership that is closely related to ideology. This can easily be drawn from the former U.S

President John F. Kennedy "Ask not what your country can do to you; ask what you can do for your country".

11- **Mobilization outfit to be strengthen**: There is the compelling need to involve the people in all facets of planning and implementation of the programme, for this is the only way to win their support and cooperation. A programme of people mobilization is therefore necessary, particularly in view of the low level of literacy in the country.

12 **Research and Development in the NNPC:** NNPC, has in the last couple of years, taken steps to become an international oil company. It has entered into joint venture partnership to markets its products. It is in the process of acquiring refineries abroad to refine its crude oil. It has taken steps to diversify its operation beyond the shores of this country. All this call for a proper research and development outfit to support the various operations of the corporation.

Our refinery activities started over a quarter of a century ago, but inspite of all these years of operational experience, the refineries are still faced with all a number of technical problems desperately calling for some serious research and development effort. The usual absence of adequate equipment and conducive infrastructure equipment and conducive infrastructure places enormous burden on research in this country. Even to effects repairs and maintain available equipments is an uphill's task, because of the death of replacement parts, and competent technicians who are knowledgeable and skilled enough to handle the equipment.

The refineries need to be maintained regularly (Turn Around Maintenance-TAM) which is quite costly, but enables the refinery to function to capacity. Spare parts need to be supplied fully and urgently, and nearly all are imported. Ideally there should be a permanent cohort of staff trained for each refinery.

13- **Food Security**: The need to formulate a policy to boost local food production with a view to resolving the food crisis cannot be over stated, as according to the Governor, central bank of Nigeria, Chief Chukuma Soludo, 65% of Nigeria are currently underfed, because they lack access to the quantity and quality of food regarded for healthy and productive life, just as inflation persists in the country with official statistics of food items range from 6.6% in 2007 to about 12.4% in 2008.

14- **A call for Respect to the UN Charter**: The UN charter on all crucial issues of state, independence provides this articles 2(4) of the UN charter, is to this effect: "All members shall refrain in this international relation from the threat or use of force against the territorial integrity or political independence of any state or in any other manner in consistent with the purpose of the UNs". Article 2(1)of the UN charter to this effective effect. "The organ is based on the principle of the sovereign equality of all its member". This will promote peace devoid of war among member nation state. This premise on the fact that, the tragic reality of this world is one of competition, corruption and war the UN charter needs to adhere to this principle for world peace and order.

15- **The Defense of Democracy**: It is not enough just to vote a government into power. We know that in our midst there are anti democratic forces, so we have to utilize radio, television, newspaper, face to face contact, civil society organization to deepen democracy to get it rooted; and the best way to do that is to enlighten the people, wake their consciousness and let them know that democracy is a far better forms of government than any other.

16- **Dialogue**: The research wants to transform the thinking of our people about how to resolve conflict, locally and internationally. Conflict need not to be resolved through violence, through agitation, that would divert our attention

from development. Dialogue the engine room of diplomacy is the best way of resolving conflict, you discusses issues locally and internationally. This will enable peace, security and development reign supreme. Specifically, this is one of the greatest challenge facing the people of the Niger Delta region and Nigeria in general.

17- **Political Stability**: Political stability is an ideal around which good governance can and should be built. It is also a precondition for national development, cohesion and integration. If nations must move forward, attain national cohesion and consolidate their human, material and mineral resource, gain international recognition and credibility, then they must find ways of achieving domestic stability. But the attainment of political stability does not necessarily occur because we have civil governments or does the presence of democracy lead to its automatically. We can attain political stability, when a regime hinges it philosophy on probity, service and accountability.

18- **Public Accountability**: For the stability of the fourth republic, there is the need for the people to be regularly and adequately informed on how their resources are being used or how their money is being spent. Accountability is an obligation to answer for the execution of one's assigned responsibilities. The key accountability reports include plans, budgets, financial statement, annual reports, state of the nation, address which should all be made public. Leaders of all level to lead by examples and not by precept and advised all religious leaders to teach their subjects the fear of God. This is premise on the fact that leadership is a product of its society.

19- **National Interest**: Most African nation including Nigeria in their national history have struggled to resolved the question of nationhood & d convergence of though of nation & aspirations, goats and vision and what

crystallize into national interest. The requirement of a clear definition of national interest is a sine qua non for arriving at any workable model that would propel Nigeria to prosperity As a fact, the quest for the defense and promotion of national interest inspires vision. It is this vision that drive leaders and citizens alike to evolve home grown solution based on the resolution of the basic impediment to nation hood as presently experienced in each African nation state and this set them on the path to real development. Ironically, Malaysia came to Nigeria in 1965 to study palm oil production and techniques for tending palm fruits. High yielding palm species were taken from Nigeria to Malaysia in the spirit of cooperation in palm oil production. Today, Malaysia is the world's largest producer of palm oil but Nigeria, till very recently, imported palm oil even for cooking purposes.

20- **Global Financial Crisis**: The research hold that only a comprehensive and holistic action plan would cushion the adverse effect of the crisis and swiftly move the economy forward for positive growth and sustainable development in the polity. The sharp drop in market capitalization on the Nigerian stock exchange to the current global economic crisis should serve as a challenge to laying the foundation for a more diversified and resilient economy. The government must focus on achieving macro economic and financial stability to restore confidence, improving public expenditure and revenue management, as well as financial governance structure and supporting real sector growth to boost employment, tackle poverty and food security, developing creative development financing alternative internally and externally, including reforms to tap into the domestic capital markets, and achieving synergy and complimentary with state and local government.

Put simply, the following most be done to address specifically economic crisis as earlier stated in the research.

a) The state must encourage and develop a wider internal market in the West African sub region and in Africa.

b) Research and development in industry must be supported by the state and industry.

c) Protection, subsidy and capital need to be given to indigenous manufacturers.

d) The ideological character of the Nigeria state must be transformed.

e) Education must be made compulsory and free.

f) The state must live up to its social responsibility of provision of social service, without this an economy cannot grow or function properly.

g) The peasant must be assisted through loans and expert advice in relation to production in this respect, the infrastructure of the rural areas, must be improved upon to cut down the, role of the middlemen, and women, storage facilities must also be developed locally, peasant cooperatives should be encourage and supported economically and politically, peasant household income should be protected in order for it to grow.

h) A more stable polity based on people empowerment must be put in place. This can only come through the vigilance of civil society and class and interest groups.

21- **Value Re-orientation**: Nigerians need a value reorientation for positive attitudinal, action and behavioural change in all walks of life. All stakeholders need to be involve in the crusade. And the National Orientation Agency need to be empower through adequate funding and materials in whatever capacity at the nationally, state and the local level, on this drive, setting the pace for the rebranding of Nigeria.

22- **Poverty Eradication**: The problem of poverty needs more serious attention. The material conditions of most Nigerians have been worsening over the years. All efforts at combating poverty have not produced any significant impact. The socio cultural, factors such as family system, and religious beliefs that appear to be reinforcing poverty have to be examined. Poverty can be eradicated if we practically adopt the following measures.

(a) Inner will and enthusiasm of the people to divest themselves of the vestiges of poverty and work assiduously to improve their own lots in life.

(b) Emergence of a truly dedicated leadership that will in all action and policies lead the people honestly to the desire goal that is path of greatness in social, political and economic emancipation.

(c) The people must be prepared to adopt to new ideas and forget about their traditional ways of doing things and readily accept and adopt modern methods of production.

(d) Education of the people must be given a priority attention. This is because, the education of the masses is a common denomination of progress. When people are educated, they became more receptive to modern ideas, more productive and more judicious in the use of available resource for the common good. Illiteracy breeds ignorance and lack of skills in human enthusiasm, erode human self help spirit.

(e) Social justice must not only be seen to be a mere slogan, but must be made a cardinal objective that must be achieved in the system. Its practical operation in the system will enhance everybody confidence in it, as it will imply fair or equitable distribution of the societal wealth, thus strengthening the people's willingness to participate actively in the development of their economy for a better life.

23- **Leadership/Followership Need to Change Positively**: Before Nigerian changes for better and move forward from its present unfortunate situation both the leadership and fol1owership must appreciate the need for change and be prepared to change positively. Nigerian people to play their respective roles effectively and efficiently.

Nigerian Leadership is required to live by example. Among the expected positive role Nigerian Leadership will play in order to move the country forward are:

a) Carries the whole nation along with it, if not all the time, at least most of the time. This will develop high morale among the Nigerian people to move the country ahead.

b) Ensures the resources of the country are being used for all round development of the Nigerian people, particularly those living in the rural areas where most of the resources are found. This will change significantly the present unfortunate insecurity situation in the country particularly the oil producing areas.

c) Unite all the section of the country into a strong, and indivisible entity where every citizen will have equal opportunities to develop to his fullest potential.

d) Enhances Nigerian people's capacity, ability and willingness both as individuals and as group in order to play more positive and active role in the development of the country.

e) Avoid display of wealth that will tend to suggest people want to be in leadership position to acquired wealth in order to improve the welfare of their immediate members of the family and sycophants rather than their communities and the country as a whole.

Nigerian Followership is expected to offer a hand of cooperation and understanding to Nigerian leadership provide, of course the leadership

demonstrates a high quality of leadership with a clear vision and single mindedness of purpose.

Among positive changes desired from the Nigerian followership are:

a) To become more aware of its rights and obligation in order to ensure elected representatives of the people at local, state and national levels of government play their roles as true representatives of their communities and Nigerian are allowed to exercise their civil rights, and responsibilities by electing or recalling/rejecting their leaders as the case may be.

b) To become more patriotic which will enable the Nigerian people face the task of social, political, economic, cultural and moral rehabilitation of the country very seriously.

c) To become more aware of the resources around it which ensures Nigerian people active participation towards making the best use of all resources for the betterment of spiritual and material living conditions of all Nigerian. This will, however, required people to form socio-economic development, association such as cooperative particularly at the grassroots.

d) To develop a bond of cohesive and unity which will encourage every section of Nigeria to contribute its quota to the national development. This will provide much desired peaceful co-existence, mutual respect and understanding among Nigerian people and avoid a situation where leadership of one section erroneously looks down upon the others in terms of their contribution to national development.

e) To ensure more matured, experienced and God fearing (religious) Nigerians are mobilized and encouraged to take active party politics particularly at local level. This will be the best way of influencing political parties and government functionaries to recognize and act on requirement of the people particularly the rural dwellers.

24- **The need to Sponsor more Research Chairs**: The petroleum Technology Development Fund need to sponsor research and development chairs in the department of political science in all the Nigerian universities on oil related politics, peace and alternative to sustainable development, just as is being done in other department.

25- **The Need to Develop Agro Allied Industries**: The government need to reactivate and resuscitate the ailing agro allied and textile industries in the major towns of Kano, Lagos, Enugu, Kaduna, Port-Harcourt and create new one's in all the seven hundred and seventy four LGAs to accommodate our vibrant youths for contribution to nation building.

26- **There is Need for Consistence Power Supply**: The country need a stable power supply from a robust mix of all viable resources to galvanize economic development to meet the target of being one of the first 20 economies in to desistance.

27- **Develop the Nations' Petrol Industry:** Despite the break through in the alternative energy, arena heralding the reality of a world no longer dependent on petrol, no one is about to give up on petroleum and petrochemicals as the mainstay of energy and industrial development web into the future. As Nigeria is faced with the challenges of a weak an inadequate capacity for domestic refining of petroleum products in a nation noted as a ranking oil producer with a huge demand for petrol. Kerosene and diesel, we most not lose sight of the need to accelerate the development of a dynamic, efficient and dependable petroleum industry so that we will not have to relive the horrors of long fuel queues sooner or later. For Nigeria to stand any chance of joining the rest of the world in the utilization of alternative energy, we must develop and master the science and technology of the petroleum and petrochemical industrial complex.

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