Corruption in the Underdevelopment of the Niger Delta in Nigeria

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Abstract:

This paper rethinks corruption as the 'curse' of development and political stability in the Niger Delta region of Nigeria. The thesis is anchored on the character of the Nigerian state, mainly its prebendal and patrimonial tendencies that allow for the privatisation of the state. The recommendations of the study are two-fold: first, that Nigeria should intensify its on-going efforts to diversify the national economy. This is the only option, which in the long run can shrink the country's reliance on crude oil, making it less sensitive to national income and development. Second, that corruption in Nigeria can be remedied by incorporating insights from the theory of public choice into the design and execution of new corruption clean-up programs.

Key Words: Corruption, Development, Nigerian state, Public Choice.

Introduction

Since the discovery of crude oil in Nigeria, politics has been largely a scramble for petrodollars (Apter, 1998: 141). Drawing on a World Bank report, Afiekhena (2005: 15) estimates that, "about 80 per cent of Nigeria's oil and natural gas revenues accrue to one per cent of the country's population. The other 99 per cent of the population receive the remaining 20 per cent of the oil and gas revenues, leaving Nigeria with the lowest per capita oil export earning put at \$212 per person in 2004." Worse still, most of the wealth that accrues to the one per cent of the Nigerians (the elites) who have ransacked the "national oil cake" ends up outside the country. As Afiekhena (2005: 15) again notes, "Nigeria had an estimated \$107 billion of its private wealth held abroad." As a result, not only are most Nigerians excluded from the profits of the oil wealth, most of the wealth has not been invested within the country, contributing to most Nigerians living below the poverty line. Thus, Cyril Obi (2010: 443) has argued that oil is more of a curse than a blessing in Nigeria. Such a view is informed by the fact that oil wealth has tended to bleed away the pockets of public officials, warping a country's development and far too often leaving a people destitute. Nowhere is this more obtrusive than in the oil-rich Niger Delta region.

Ordinarily, the Niger Delta region should be a vast economic reservoir of national and international import. Its rich endowments of crude oil and natural gas resources feed methodically into the international economic system, in exchange for massive revenues that hold the promise of rapid socio-economic transformation. Unfortunately, the Niger Delta region remains arguably the poorest and least developed area in Nigeria (Omotola, 2006: 4; cf. Jike, 2004: 686-701; Ibeanu, 2000). The region is home to deep ironies. Life expectancy is falling in an age of blockbuster oil prices. Energy availability is epileptic in a region that provides one-fifth of the energy needs of the United States. The Niger delta needs to import fuel despite producing over two million barrels of crude oil per day! There is an almost total lack of paved roads in a region whose wealth is funding huge infrastructural development in other parts of Nigeria and expensive peacekeeping activities in other parts of Africa (UNDP, 2006: 151-159). For many inhabitants of the Niger Delta region, progress and hope, much less prosperity, remain effectively out of reach.

Conflict theories have shown that when a cultural group's shared grievances about unfair treatment are combined with a strong sense of group identity, there is a tendency for the outbreak of violent responses against the source of their deprivation, either real or imagined (Omotola, 2006; Gurr, 1994: 347-377; Osaghae, 2005: 100-119). Thus, on account of the deepening contradictions in the Niger Delta, "there has been a growing wave of mobilization and opposition by ethnic minority groups against their perceived marginalisation, exploitation and subjugation in the Nigerian Federation" (Suberu, 1996: 2). Any peaceful protest by the people and popular movements is often met with the leviathan of official violence and repression. This became acute under military rule. As Ken Saro-Wiwa (1996: 43) commented during his fathom trial by the Abacha junta: "The Nigerian military dictatorship survives on the practice of violence and the control of the means of violence."

While repression can silence or curtail group action, it has the net effect of radicalizing movement action, "as violence under this condition becomes the easiest of all options available for use by disadvantaged group because it does not have a high threshold of social transaction costs in terms of preparation and is also easier for isolated, illiterate and local groups to imitate" (Osaghae et al 2007: 6).

Given the above, the paper is predicated on the thesis that corruption breeds underdevelopment and political instability in the Niger Delta. The paper argues that the underdevelopment of the Niger Delta cannot be meaningfully examined in isolation from the general predicament of the Nigerian state as a weak state marked by misspent oil rents and chronic bureaucratic and political corruption. Thus, the rest of this paper (1) provides an understanding of the Niger Delta, (2) looks at the concept of corruption and development, (3) provides a perspective on the Nigerian state. Section five probes the development impasse in the Niger Delta, (4) presents some theoretical perspectives on the Niger Delta, (5) is an empirical account of how Nigeria's wealth serves the few and starves the many, and (6) provides concluding remarks and makes some policy recommendations.

Defining the Niger Delta

The Niger Delta – the delta of the Niger River – covers an area of about 70,000 square kilometers, and is considered the largest wetlands in Africa. The wetland area is made up of 36,000 square kilometers of marshland, creeks, tributaries and lagoons, and is teeming with fish and wildlife resources, with a high biodiversity and a miscellany of flora and fauna (Omotola, 2006). Jike (2004: 68) defined Niger Delta as "both panoply of geographically contiguous states and a convenient nomenclature for resource allocation and distribution among nine states in the south of Nigeria." These states are Delta, Edo, Bayelsa, Rivers, Cross River, Abia, Imo, Ondo and Akwa Ibom (see Fig 1.). Importantly, ethnic minority groups such as the Ijaw, Urhobo, Iteskiri, Isoko, Kalabari, Nokws, Ndom, Ogoni, Efik, Annang and many others are, collectively, predominant in the region (Ojakorotu and Uzodike, 2007: 92).

Figure 1. Map of Nigeria Numerically Showing States Typically Considered as a Part of the Niger Delta



Source: *Wikipedia*, Available http://en.wikipedia.org/wiki/File (Retrieved on May 16 2011). Notes: 1. Abia; 2. Akwa Ibom; 3. Bayelsa; 4. Cross River; 5. Delta; 6. Edo; 7. Imo; 8. Ondo; 9. Rivers.

Conceptualizing Corruption and Development

The issue of corruption is fast becoming of critical importance in all political systems, but chiefly in developing countries. Unfortunately, although more studies are being published on the issue, corruption remains a relatively elusive topic. This is partly due to the secretive nature of activities associated with it, partly due to its obvious links with many traditional cultural forms, and the tendency by academic writers not to wish to ascribe blame to them. Most prominently perhaps, corruption defies easy treatment due to the complex nature of the socio-economic relationships directly responsible for its presence and reach. Modern science has identified three basic models of corruption: first, corruption is linked to the performance of the various duties associated with a public office. As Joseph Nye (1967: 419) argues, corruption is "behaviour which deviates from the normal duties of a public role because of private-regarding (family, close private clique), pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence." Second, corruption is connected to the economic concept of exchange. For example, the regulation of private exchange by the state can provide civil servants with opportunities to extort bribes from entrepreneurs who are seeking ways to reduce the burden or leviathan of government regulations on their operations (Mbaku, 2008: 428).

Lastly, corruption is linked with the public interest concept. As argued by Friedrich (1990: 15): "the pattern of corruption may therefore be said to exist whenever a power holder who is charged with doing certain things, that is a responsible functionary or office holder, is by monetary or other rewards, such as the expectation of a job in the future, induced to take actions which favour whoever provides the reward and thereby damage the group or organisation to which the functionary belongs, specifically the government."

While the meaning of corruption is still moot in many respects, certain universal generalisations about corruption are useful for this paper:

- 1. Corruption has been found in all political systems, at every level of government, and in the delivery of all scarce public goods and services
- 2. Corruption varies in origin, incidence and importance among different geographical regions, sovereign states, political cultures, economies and administrative arrangements
- 3. Corruption is facilitated or impeded by the social context (including international and transnational influences) in which public power is exercised.
- 4. Corruption is facilitated by unstable polities, uncertain economies, maldistribution of wealth, unrepresentative government, entrepreneurial ambitions, privatization of public resources, factionalism, personalism and dependency.
- 5. Corruption favours those who have (over those who have-not), illegal enterprises, underground economies, and organized crime.
- 6. Corruption persists substantially as long as its perpetrators can coerce participation, public attitudes towards it vary widely, and it greatly benefits a privileged few at the expense of the disadvantaged population.
- 7. Corruption can be contained within acceptable limits through introduction of new and more relevant rules, reform of existing laws and institutions, provision of more effective and relevant incentive structures, and enforcement mechanisms to reduce the profitability of opportunism, although its complete elimination is still beyond human capability (Caiden, 1988: 3-26).

Moving on, the concept 'development' has evolved from a relatively straightforward concern with industrialization plus increasing gross domestic product to a much more complex mix of quality of life, participation, empowerment and good governance. Remenyi (2004: 25) argues that development is a process of growth towards self-reliance and contentment; it is a process by which individuals and groups obtain the means to be responsible for their own welfare and future. The antithesis, de-development, is when the capacity for self-reliance and contentment deteriorates, typically because the means to be responsible for one's own livelihood, welfare or future has been lost to war, civil unrest, natural calamity, or the foisted need to flee and adopt the life of a refugee (Remenyi, 2004: 25). In this paper, development will be conceived as the improvement of people's living standards which includes improved education, incomes, skills development, and adequate access to information, good infrastructural facilities, decent housing for the populace, and employment opportunities in the modern sector.

The Nigerian State in Perspective

Prior to colonialism, the region known as Nigeria today used to be a melting pot for different groups. To all intents and purposes, colonialism 'united' these separate and mutually hostile groups and systems to create Nigeria while paying scant attention to issues of disparities in cultural values and preferences. The imperialists failed to consider the ethnic configuration of the two protectorates as well as the futuristic implications of their being yoked together within an unwieldy political framework. Predictably, the Southern and Northern protectorates "continued to develop along different lines" (Osaghae, 1998: 4), with the spectre of mutual suspicion looming large and threatening interminably to tear at the core of national identity and cohesion.

The legacy of colonialism bequeathed the Nigerian state certain characteristics. First, the post-colonial Nigerian state, no different from its colonial progenitor and other African states, remains "a law and order state based upon on the use of force" (Omotola, 2006: 6). As Ake (2000: 36) says: "more often than not, the post-colonial state in Nigeria presented itself as an apparatus of violence, and while its base in social forces remained extremely narrow it relied unduly on coercion for compliance, rather than authority." Second, the colonial foundation of the Nigerian state ensured its premature integration into global capitalism. This was to facilitate the sole raison d'être for colonialism – exploitation of capital and surplus value. Osaghae (1998: 19) calls this the "extractive role" of the state. Soon, the silhouetted conception of the state as a tool of accumulation and patron-client ties as the dominant mode of political relations began to crystallize. Omotola (2006: 7) argues that in these perverse relations, "the state lacked autonomy because its apparatuses were not only underdeveloped, but also captured by the governing elite to advance their parochial interests." The attendant privatisation of the state, seen as the appropriation of the state to service private interests by the dominant faction of the elite (Ake, 1996: 42), became deeply entrenched in the political system so as to thwart any attempt to reverse the trend.

Since attaining independence in 1960, the most widely lamented characteristic of the Nigerian federal system has been the overcentralisation of power and resources (Suberu, 1996: 67). This overcentralisation may be attributed to: (1) the protracted periods of military rule, (2) the heavy reliance of the political economy on centralised oil revenues, (3) the popularity of centralist philosophies and strategies of development and (4) the weak commitment of key elites to the practice of democratic decentralisation. Among other implications, this "extreme centralization" has resulted in the virtual abrogation of truly federalist institutions and values, the destructive competition for the control of the central government machinery, the loss of financial coherence and discipline at the federal level, the extreme dependence of the states and localities on federal developmental patronage and financial largesse and, consequently, the persistent communal pressure for new, federally-funded units of state and local government (Olowu, 1990; Suberu, 1996).

Specifically, for the ethnic minority groups, overcentralisation has precipitated inauspicious and obnoxious outcomes such as: (1) the erosion of the autonomy and security that true federalist arrangements guarantee for minorities, (2) the inordinate appropriation by the centre of the resources of the oil-rich Delta minority communities, and (3) the direct and often counterproductive intervention of central authorities in those local and regional issues, such as the determination of local government boundaries, that are best left to sub-national authorities or communities (Suberu, 1996).¹

Development Impasse in the Niger Delta

From the 1970s, oil has eclipsed agriculture as the engine of the Nigerian economy. For example, from less than 1 per cent in 1960, the contribution of oil to gross domestic product (GDP) rose to 14.6, 21.9 and 26-29 per cent in 1970, 1975 and 1979, respectively. By 1992, it had reached a height of 46.8 per cent. The contribution of oil to Nigeria's export earning has been much higher: "From 58.1 per cent in 1970; it rose to 95.6 per cent in 1979. Throughout the 1980s and 1990s, it remained very high, accounting for №210 billion or 96.1 per cent of total export earnings in 1996" (Omotola, 2006: 8). The Niger Delta region is responsible for over 95 per cent of the Nigeria's total export earnings, 40 per cent of gross domestic product (GDP) (Adedipe, 2004), and 95 per cent of the federal budget. But instead of oil serving as a blessing to the Niger Deltans, it has become a curse to the people of the region. According to Watts (2008: 44), "by any measure of social achievement the oil states [in Nigeria] are a calamity," characterised by "nestled shacks, broken-down canoes, and children who will be lucky to reach adulthood."

The poor living conditions of the Niger Delta people as a result of corruption on the part of political leaders can be inferred from the findings of Ibeanu (2006: 3):

...available figures show that there is one doctor per 82,000 people, rising to one doctor per 132,000 people in some areas, especially the rural areas, which is more than three times the national average of 40,000 people per doctor. Only 27 per cent of people in the Delta have access to safe drinking water and about 30 per cent of household have access to electricity, both of which are below the national averages of 31.7% and 33.6%, respectively....Poverty remains widespread, worsened by an exceptionally high cost of living created by the petro-economy... At the same time, access to education, central to remedying some of these social conditions, lags abysmally when compared to other parts of the country. While 76 per cent of Nigerian children attend primary school, in the Niger Delta the figure drops appalling to between 30 and 40 per cent.

Theoretical Perspectives on the Niger Delta

How can we appropriately locate the deepening crisis of development in the Niger Delta? Different theoretical perspectives have been advanced: Ethnic Hegemonic Theory (Saro-Wiwa, 1992), Collectivistic Dictatorship or Tyranny of the Majority (David-West, 1994: 32), and/or Internal Colonialism Thesis (Naanen, 1995: 46-78). The central claim of these theories is that the oppressive hegemony of Nigeria's three major ethnicities of Hausa-Fulani, Yoruba and Igbo has served to legitimize "the inordinate expropriation of the resources of the oil-producing communities as part of an official strategy of centralized national 'cake-sharing" (Suberu, 1996: xi). According to Naanen (1995), internal colonialism includes the incidence and ways in which majority ethnic groups have come to attain political power on the basis of their numerical superiority, and the use of such political power to transfer resources from ethnic minority territories to areas controlled by ethnic majorities.

To be sure, some evidence exists (Udogu, 1994: 159-171), which seems to support the claim of internal colonialism. For instance, Eme Awa noted that before 1967-70, a mere two of the three majority groupings – the Yoruba and the Igbo – controlled 88 per cent of the Nigerian federal public service (60 per cent and 28 per cent respectively). Lagos and Abuja, two of the biggest cities in Nigeria, which are dominated by majority ethnic communities, benefited enormously from petro-dollars received from the oil produced in the minority ethnic group areas in southern Nigeria. By contrast, communities in the Niger Delta areas that have served as cash cows for Nigeria's developmental efforts have endured neglect, poverty, underdevelopment and political underrepresentation (Uzodike et al, 2010: 167).

The gradual de-emphasis of the derivation principle of revenue (which stood at 50 per cent between 1960 and 1967 and plummeted to a low of 3 per cent in 1999) by the federal government is equally adduced to support this point. The crux of the problem is that the national government has centralised the ownership and control of oil resources in such a way that nearly all component states and local government areas depend primarily on transfers. Many in the South, particularly the Niger Deltans, often adjudge the transfers to be done so unfairly that the North – with apparent control of political power and, as such, resource sharing power – is unduly favoured. Quite aside, the deleterious effects of oil exploration on the environment have also been described by Onosode (2000: 13): "as an ecological war in which no blood is [apparently] spilled, no bones are [seemingly] broken, no one is [assumedly] maimed; but men, women and children die; flora, fauna and fish perish; air, soil and water are poisoned; and finally the land and its inhabitants die."

This is not to suggest that oil companies have done nothing to ameliorate sustainable development in the Niger Delta. For instance, in its "Sustainability Report" (Royal Dutch Shell, 2008: 20), Shell publicizes that it paid \$1.4 billion in royalities and taxes to the Nigerian government in 2008, including about 95 per cent of the revenues from crude oil and natural gas generated in the country.

Further, it is claimed that Shell contributed \$158.2 million to Niger Delta Development Commission (NDDC) as required by law. Added to this, Shell spent \$84 million through its own Shell Petroleum Development Corporation (SPDC) to provide, *inter alia*, microfinancing and business training schemes to women. All these have had only a modicum of impact on the real-life situation of the Niger Deltans due partly to the extent of damage that had been inflicted on the environment by the activities of the oil companies, protracted neglect, and due to corruption, misappropriation, and mismanagement of available fund by the rapacious ruling cabal.

Studies have also implicated ethnicity, defective federalism, and inequity in the explanation of the crisis of development in the Niger Delta (Akpan, 2007: 161-191; Dunmoye, 2002; Jike and Okinomo, 2008; Obagbinoko, 2008; Osaghae and Suberu, 2005; Uzodike et al 2010). The allocative power of the federal government and the preponderance of the majority ethnic groups in the administration of the Nigerian state have been used to support this position. As Osuntokun (2000: 5) contends, "... the problems of Nigeria are structural and this goes also to the heart of the Niger Delta problem. There is overconcentration of power in the centre with the result that we have a strange situation where power devolves from the centre rather than regions surrendering what inherently is theirs to the construction of an overarching federal structure [sic]."

The difficult terrain of Niger Delta is often used to justify the curse of development in the region. Thus, it is argued "although the area had what should have been something of a head start in being one of the earliest parts of the country to have contact with Europeans and forces of westernization, its terrain constituted a major obstacle to development" (Osaghae et al 2007: 7). As Osuntokun (2000: 7-8) argues, "in the case of the Niger Delta, the neglect is real. This neglect no doubt arises from the geomorphology and difficult terrain of the place, but it is real." In a similar vein, Durotoye (2000: 33) adjudged Niger Delta to be harsh and unattractive for human habitation.

This notwithstanding, Niger Deltans argue that though the difficult terrain argument has some validity, it is a ruse which has been used by the political leadership at the federal, state, and local government levels to validate their atrocious performance, inefficiency, and dysfunctional policies. The people of the delta argue that their region's underdevelopment is political not geographical, because Lagos, the former federal capital has an equally difficult terrain and perches mainly atop land reclaimed from the sea but it has modern and well developed infrastructure (Osaghae et al 2007: 7). Indeed, it is an irony that oil multinationals in search of oil wealth, have penetrated the remotest swamps of the Niger Delta whose poor development has been premised on the difficult terrain innuendo.

In view of the gaps in the difficult terrain thesis, this article argues that corruption should be taken more seriously as the curse of development and political stability in Nigeria's Niger Delta region. The situation is not helped by the "softness" of the Nigerian state which belies the overall development of the society.

Diamond has noted that the Nigerian state "can command and expend vast resources, but it cannot get things done. Hence, the state has become the primary means for the accumulation of personal wealth" (quoted in Olugbade, 1992: 293). Similarly, Joseph (1987) contends that the "politics of competition over allocation of resources, or what in Nigeria is called 'the national cake', has its most dire consequences in the transformation of the offices of the state into prebends..."

According to the theory of prebendalism, state offices are regarded as prebends that can be appropriated by office holders, who use them to generate material benefits for themselves and their cronies. In view of this, Ikporukpo (2002: 208) describes Nigeria as "money miss road state." In such a state, the inordinate clamour for primitive accumulation among the leaders is unfettered. Seteolu (2005: 36) has noted that "Clientelism assists to understand the mechanism of how class control legitimizes the lopsided distribution of resources among social groups and enhances the status of the political elite." Therefore, Nigerian political culture is unenviably couched on clientelism and prebendal politics which further enhances our understanding of political corruption.

Since independence, Nigerian rulers at all levels of government have been obsessed with looting the common wealth. Indeed, "[Nigeria] has suffered from government that have looted the resources of the state; that could not or would not deliver services to their people; that in many cases were predatory, corruptly extracting their countries' resources, that maintained control through violence and bribery; and that squandered and stolen aid" (Commission for Africa, 2005: 106). Nigeria's foremost contemporary griot Chinua Achebe was even more emphatic in his excoriation of Nigeria's leaders and their corrupting tendencies. "The trouble with Nigeria," he argues, "is simply and squarely a failure of leadership" (Achebe, 1983: 22). He further notes that "corruption in Nigeria has passed the alarming and entered the fatal stage; and Nigeria will die if we keep pretending that she is only slightly indisposed (Achebe, 1983: 58).

Nigeria's Wealth: Serving the Few, Starving the Many

Nigeria is ranked as one of the most corrupt countries in the world. Although some Nigerians vaguely believe that corruption is not in the best interest of the nation many hold the view that life is a grim battle for survival. To those who endorse this believe it is a waste of time to talk about corruption, they only smile when they come across opportunities to be corrupt (Amadi, 1982). Crucially, ethnic solidarity is used to justify corruption in Nigeria. As Guest (2004: 121) notes, "Nigerians almost all say they disapprove of corruption, but they tend to forgive or even applaud the perpetrator if he is one of their own tribe."

Since gaining independence in 1960, most of Nigeria's leaders have clearly lacked a sense of noblesse oblige (the obligations of rank). According to Adebajo (2008: 2), "An estimated \$380 billion of the country's oil wealth was stolen by its post-independence leaders: about two-thirds of all economic aid given to Africa during this period." The Government of General Ibrahim Badamosi Babangida (1985-93) was unable to account for \$12.4 billion of missing oil revenues that were part of a windfall from the Gulf War of 1991 (Apter, 2005: 247). The king of crooks was Sani Abacha, the late northern Muslim dictator who ruled from 1993 until he died in 1998. According to Guest (2004: 121), "He used to send trucks round to the central bank with orders that they be filled with banknotes." After his death, the records showed that he and his cronies had stolen over \$6 billion – more than a million dollars for every day he was in office, including weekends. He also awarded \$1 billion in contracts to front companies, and accepted another \$1 billion in bribes from foreign contractors. In addition, the family of General Sani Abacha had to return \$700 million in looted money after his death in June 1998 (Adebajo, 2008: 2). In recognition of the harm corruption has been doing to the nation, several policies and institutions have been established to fight it, such as the "War against Indiscipline" campaign and the "Corruption and Independent Corrupt Practices Commission" (ICPC). The fight against corruption in Nigeria is presently led by the Economic and Financial Crimes Commission, (EFCC).

The Niger Delta region is currently riddled with bad governance and corruption on the parts of government officials, both at the state and local government levels. It has been argued that if government officials in the region have utilised judiciously their monthly allocations, to better the lots of the people through job creation and infrastructural development, the situation would have been better than what is presently obtainable. This allusion is further captured by Joseph Amberkederim of the South-South Elements Progressives Union in an interview with *Daily Independent* newspaper:

The amount of money that has accrued to the South-South governors in the past nine years is enough, more than enough to transform the Niger Delta... If monies are being used judiciously and religiously, the monies that have come to the governors of the South-South today, we would not have the problems we are having in the Niger Delta. Do you know what one billion naira can do in a community? What are these people asking for anyway? Roads, water, electricity, school buildings and furniture for these schools...The corruption among the governors in the South-South is enormous, the stealing is enormous... (quoted in Ogundiya, 2011: 78).

There are examples to corroborate the central thesis of the above quote. Rivers State government, for example, had a budget of \$1.3 billion in 2006 which includes transportation fees of \$65,000 a day for the governor's office; \$10 million for catering, gifts and souvenirs; \$38 million for two helicopters (Ejibunu, 2007: 18).

Health services received \$22 million. Besides, Rotimi Amaechi (the current governor of Rivers state) served in the Rivers State House of Assembly during the Odili administration and in that capacity was implicated in an investigation by the EFCC in a corruption debacle involving the alleged theft of some \$\frac{\text{\text{M}}}{100}\$ billion. This, in fact, was the primary reason adduced by Peoples Democratic Party (PDP) for keeping Amaechi off the ballot (EFCC, 2007). Among the ongoing cases of corruption in Rivers state is the allegation of criminal breach of trust and conversion of public funds totalling \$\frac{\text{\text{\text{M}}}{4.670}\$ billion against Ezebunwo Nyeson Wike, Chief of Staff to Governor Rotimi Amaechi of Rivers state, by the EFCC (EFCC, 2009).

Another example is the former Governor of the oil rich Bayelsa State, DSP Alameiyesegha, who stashed hundreds of millions of dollars in foreign bank accounts to buy mansions in the United States and send his children to private schools in London (Usman, 2007; Ejibunu, 2007: 18). The situation in Delta state was not different. A United Kingdom (UK) jury at the Southwark Crown Court, London, in June 2010, convicted Christine Ibori-Ibie, the sister of the former Governor of Delta state, James Ibori, on charges of money laundering and mortgage fraud. She helped her brother embezzle an estimated \$101.5 million from Nigeria's Delta state into the governor's UK bank accounts. Nigeria's anti-graft agency, EFCC, comments that Ibori stole as much as \$292 million while he was the governor in the oil-rich state in the Niger Delta (Okobie, 2010). These examples show that most of the state governors spend their monthly allocations on frivolous things that have no corresponding value on the teeming and suffering population. In this way, corruption and unscrupulous leadership continues to undermine the project of development in the Niger Delta, since funds earmarked for development purposes are often embezzled. According to Julius Ihonvbere, "If you go to the Niger Delta, some states that collected over \(\frac{\text{\text{\text{\text{M}}}}}{600}\) billion (about 34 billion euro) since 1999, have nothing to show for the huge money" (Vanguard Newspaper July 7, 2007: 6). The increase in the revenue allocation formula of derivation to 13 per cent since 1999 also meant more financial allocation to the Niger Delta. (Amaize, Vanguard Online, 14 July 2006). Yet, there are no visible signs of development in the region to account for these huge financial injections into the region. Indeed, it is against the background of this increasing financial allocation to the region vis-à-vis the excruciating human conditions prevalent in the area that we surmise that the problems may not be with the oil companies and/or the Nigerian state, but the managers of the Niger Delta.

Commenting on the extent in which public funds were mishandled or swindled, the former head of the Nigerian Anti-Corruption Agency, the Economic and Financial Crime Commission (EFCC), Nuhu Ribadu, estimated that in 2003, 70 per cent of oil revenues (more than \$14 billion) was stolen or wasted (Usman, 2007). The situation in which earnings on crude oil sales continues to sustain and incubate a class of corrupt people, with essentially none of it reaching the ordinary people, has created condition for insurrection. Since its inception, the Niger Delta crisis has rippled across energy markets, contributing to higher prices and tighter supplies.

Attacks on oil platforms in the region usually push oil prices up. According to a report by *International Herald Tribune* (2007), an attack by gunmen on a boat carrying oil workers to an offshore rig in the Delta on Friday, 8th June, 2007, pushed up oil prices by more than \$1.50, to \$63.38 a barrel. The crisis has brought about serious security implication for the country.

The Nigerian Military, under the aegis of the Joint Military Task Force (JTF), have been fighting with the militants since 2006 when the Movement for the Emancipation of the Niger Delta (MEND) started its violent activities. MEND and other militia groups have been able to withstand the military in several clashes they have had. They have been able to do this because of their access to sophisticated weapons which they use in attacking oil platforms and facilities. According to a security expert, "the type of weapons available to the different militia groups in the Delta area are so overwhelming, that something should be done, to arrest the situation, before it turns to a high level civil war" (Whelan, 2007). She further noted that Nigeria's security is being undermined by the militia groups, for the military to have not been able to tame them. In her words, "the militants appear to be operating with almost impunity. To make matters worse, the militant's tactics and weaponry are increasingly sophisticated" (Whelan, 2007).

Although the amnesty deal – which saw over 15,000 Niger Delta militants surrender their weapons – has led to a lull in violence in the restive region since 2009, this paper argues that it affords only a cosmetic solution to the conflict. Specifically, cash payouts to armed militants and proposals to give oil-bearing communities a ten per cent stake in state oil revenues fail to seriously address the underlying issues of government corruption, political sponsorship of violence and environmental degradation that continues to fuel resistance in the Niger Delta.

Conclusion and Recommendations

This concluding section recommends two ways through which Nigeria can tackle the curse of corruption and development: first, that Nigeria should intensify its ongoing efforts to diversify the national economy; second, that the pubic choice theory provides a useful alternative for corruption cleanups in Nigeria.

Nigeria was primarily an agricultural country after independence in 1960; about 80 per cent of the country's labour force was engaged in agricultural activities, while agricultural products accounted for 85 per cent of Nigeria's foreign exchange earnings. The steady increase in the production and rise in the price of crude oil in the international market in the 1970's led to the neglect of the agricultural sector which provides employment for majority of the population. The lack of diversification of the economy away from oil production is one of the main causes of the conflict in the Niger Delta. The domination of oil politics has resulted in a disproportional focus of efforts to gain employment and be associated with the oil industry. This has resulted in a mono-focus that fails to realise the potential for other economic activities based on local assets (Nkoro, 2005: 7).

Yet there is still enormous potential for diversification to be one of the main solutions to the underdevelopment and mounting violence in the volatile Niger Delta region. The experiences of several countries that used oil wealth to develop their economy show that it is possible for the Nigerian government to use oil wealth to diversify the economy especially improving the agricultural and industrial sectors. Countries such as Qatar, Kuwait, Saudi Arabia, Mexico, Libya, Iraq, Iran, Russia, Norway, Egypt, and Oman have used petrodollars to transform their economies and better the lot of their citizenry.

Indonesia is a great lesson in development. Indonesia capitalized on its oil fortune and fuelled its industrialization policy that saw manufacturing export rise by 40 per cent, compared with less than one per cent in Nigeria. Okonkwo cited in *Tell* magazine (November 2, 2009) compared Nigeria to Indonesia. He argues that "Indonesia had average gross domestic product, GDP, growth rate of 5.9 per cent between 1965 and 2004 whereas Nigeria recorded 3.5 per cent GDP growth. In Indonesia, Manufacturing value added increase from 8 per cent in 1965 to 25 per cent by 2000, but declined from 5 to 4 per cent in Nigeria. Indonesia has not exactly been a model of good governance, but average incomes rose nonetheless, from under \$200 in 1974 to \$680 in 2001.. In the mid-1990s, the poorest fifth of Indonesia's people accounted for 8 per cent of national income, compared with about 4 per cent for the bottom fifth in Nigeria (*The Economist*, 13 January 2000). In 2002, the United Nations Development Programme (UNDP) reported that Nigerians are more than twice as likely as Indonesians to be illiterate or to die before the age of forty (UNDP, 2006: 151).

The poor management of oil revenues during the boom and bust cycles has tended to create a highly volatile macroeconomic environment for Nigeria. Inadequate adjustment to oil price shocks during the downturn in oil prices in the 1970's and 1980's led to large fiscal deficits. The budget swung from a surplus of 11 per cent of non-oil GDP in 1974 to a deficit of 10 per cent in 1978 with the oil boom starting in 1973, Nigeria seemed to have derailed (Usman 2007). Nigeria is also endowed with variety of solid minerals ranging from coal, cassiterite and columbite in the southern region to limestone, iron ore, tin and marble in the northern region. Solid minerals exploration in the country is highly below optimal, mostly undertaken unofficially. Official data show that coal exploration was at its peak in 1958 with nearly 1.0 million tonnes in production. Thereafter, it declined to 20,000 tonnes in the 1990s. It is therefore pertinent that the Nigerian government put adequate effort into sectorial balance in utilizing the various resources available in the country.

Quite aside from the need for diversification, it is imperative for the federal government to strengthen its corruption clean-up campaigns. Corruption has continued to defy all possible solutions in Nigeria because the cost of corruption is too low and the political will to implement anticorruption laws is patently absent. Here, we argue that corruption in Nigeria can be remedied by incorporating insights from the theory of public choice into the corruption clean-up crusades in Nigeria.

Such insights include the introduction of new and more relevant rules, reform of existing laws and institutions, provision of more effective and relevant incentive structures, and enforcement mechanisms to reduce the profitability of opportunism.

In the early 1960s Gordon Tullock and James Buchanan, who had been studying the political dimension of wealth creation and economic growth, introduced the *public choice model* as a more effective paradigm for curbing corruption and opportunism. What, then, is public choice theory? According to Mueller (1989: 1-2; see also Downs, 1957: 3-20; Buchanan and Tullock, 1962: 17-39; Riker and Ordershook, 1973: 8-37),

Public choice can be defined as the economic theory of nonmarked decision making, or simply the application of economics to political science. The subject matter of public choice is the same as that of political science: the theory of the state, voting rules, voter behaviour, party politics, the bureaucracy, and so on. The methodology of public choice is that of economics, however. The basic behavioural postulate of public choice, as for economics, is that man is an egoistic, rational, utility maximize.

This study does not seek to provide the reader with an exhaustive review of the literature on public choice theory. Its main objective is to provide an alternative way to examine and deal more effectively with corruption and venality in Nigeria. Given the fact that elected officials and civil servants seek to maximise their own self-interest the same way they would in private (i.e. economic) markets (Mueller, 1989: 2), they must be constrained constitutionally in order to minimise their ability to engage in or undertake opportunistic activities, for example, rent seeking, corruption, and rent extraction. In particular, the public choice theory provides specific recommendations on how to minimize political opportunism, including such behaviours as corruption and rent seeking (Anderson and Hill, 1986; Gwartney and Wagner, 1988).

Since most rent-seeking activities and to a large extent, corruption, are linked to the effectiveness of institutions, providing each society with institutions that function effectively and adequately to constrain the exercise of government agency should minimise the ability of lawmakers in Nigeria to enact fiscally discriminating laws and of civil servants to extort bribes from entrepreneurs and other citizens seeking services from the state. Poorly constructed, inappropriate, and nonviable institutional set-ups are responsible for a significant level of the opportunism that has pervaded the Niger Delta, nay Nigeria, since independence. As Douglas North (1990: 2) puts it, "Institutions are the... humanly devised constraints that shape incentives in human exchange, whether political, social, or economic. Institutional change shapes the way societies evolve through time, and hence, is the key to understanding historical change."

Through democratic constitutional making, Nigerians can provide themselves with viable and relevant institutional arrangements. Those that: (1) adequately constrain state custodians and minimize their ability to engage in corruption and other forms of opportunism; (2) promote and encourage indigenous entrepreneurship and wealth creation; and (3) enhance the peaceful coexistence of the various population groups within Nigeria (Mbaku, 2008). Unless the foregoing recommendations are taken seriously, even increased derivation and the celebrated amnesty program would not make much difference to the ordinary inhabitants of the Niger Delta and security in the region, and indeed, in the whole country, would remain a far cry.

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¹ MOSOP, for instance, purports that "the fundamental problem of Nigeria is the centralization of state and economic powers which has led to the abject marginalisation and impoverishment of minority groups and to some extent other non-ruling groups" (*The Guardian*, 27 June 1994: 5). Similarly, a communiqué issued during February 1994, by Ademota, Graham Douglas, Edwin Clark, George Innih and other prominent southern ethnic minority elites, generally opined that "repeated military intervention and dictatorship had fully established unitary government in Nigeria, which was exploited by the three largest ethnic nationalities to the utter neglect of the interest of the small nationalities, especially the Southern minorities" (*The Guardian*, 6 February 1994: A20).