

HAS ANYTHING CHANGED IN THE UNTENABLE OLD STORY OF HIKE IN THE PRICE OF FUEL?

By Biodun Olamosu

Introduction: hike in the pump price of fuel

The price of premium motor spirit (petrol) has increased successively over the years. In June 2003, this rose from N26 per litre to N40 and this was the third of such increase between 1999 and 2003. This was against the background of earlier increase from N20 to N22 per litre in 2000 as the aftermath of the struggle against the hike by the working people in the country. In 2002, this was again increased to N26 per litre. Diesel and kerosene rose to N26 per litre and later to N38 per litre in 2003 and in 2007 to N70 per litre while in 2012 it rose to N140 per litre. It sold for N185 per litre under the watch of Muhammadu Buhari before he left office as president two months ago.

Upon the inauguration of Bola Ahmed Tinubu as the new president on May 29, 2023 he increased the price of petrol from 185 naira to 500 naira and it now sells for over N600 per litre. The increase was in line with the promise made by him earlier in the course of electioneering campaign, to increase the price of petrol whether people like it or not and that no amount of resistance would be enough for him to renege on his plan in this regard. His argument was predicated on subsidy being a scam by the marketers that imported refined oil products.

There has been a sharp response against the increase by Nigerian people since Obasanjo started such not well thought out policy during his being a military head of state, when he raised the price of petrol from 8 4/5 kobo (January 1966 – 1978) to 15 1/3 kobo in October, 1978. The pattern remained under Babangida, Shonekan, Abacha, Abdulsallam when the price of petrol, kerosine and gas oil increased from 42kobo, 15kobo and 35kobo in 1988 to N18, N17 and N19 in 1999 respectively. But since these regimes were typical military dictatorship, they care less about the plight of Nigerians. They believed they came to power to rule the country like a conquered territory and they did behave to type. It was for this reason that each successive regime has been giving virtually the same reasons for increasing the price of petrol even when such arguments have been defeated theoretically.

Table 1: Pump price of fuel in Nigeria (1981-2023)

Years	Govts in power	Price in Nig. (per litre in N/kobo)
1981	Shehu Shagari	0.15 1/3
1982	„	0.20
1983	„	0.20
1985	M. Buhari	0.20
1986	I. Babangida	0.39 1/2

1987	„	0.39 ½
1990	„	0.60
1995	S. Abacha	11.00
1999	Abdusallam	20.00
2000	O. Obasanjo	22.00
2002	„	26.00
2003	„	40.00
2004	„	50.00/65
2007	„	65.00
2012	G. Jonathan	97.00
2015	„	87.00
2016	M. Buhari	145.00
2020	„	145.00/125.00
2022	„	166.00/185
2023	Bola A. Tinubu	500.00/600+

From Table 1 as above, the percentage change in the price of petrol prior to SAP period, 1981-1986 was 33.06 per cent but this increased geometrically in the post SAP period, 1986-2003 by 16,900 per cent. In comparing the situation with USA, oil producing country that Nigeria has been trying to copy, the price rather than increased during this period it decreased by 11 per cent.

Table 2.5: Comparative Analysis of the Price of Oil in USA and Nigeria

Years	Price in USA (per litre in \$/cent)	Price in Nig. (per litre in N/kobo)
1981	0.35	0.15 1/3
1982	0.33	0.20
1983	0.31	0.20
1985	0.30	0.20
1986	0.26	0.39 ½
1987	0.24	0.39 ½
1990	0.29	0.60
1995	0.29	11.00
1999	0.29	20.00
2000		22.00
2002		26.00
2003		40.00
2007		70.00
2008		60.00
2012		96.00
2015		86.00

When we look at the price per litre of petroleum in Nigeria and other OPEC countries, the pump price could be said to be at the same level but when other factors like worker's wage, GNP/capital and the well being of the people are to be considered, it becomes glaringly clear that Nigeria is far behind in benefiting average Nigerians as oil producing country.

**Table 2.7:
Comparative Refineries, Refining Capacities and Energy use in OPEC Countries in 2002-3**

OPEC Countries	Population (mil) 2003	No. of Refs	Refining Capacities in barrels	% of ref cap	Total Energy produced	Total Energy used	No of motor cars & vehicles	Gross National Income (\$billion)	Per-Capital GNI	GNI in PPP (\$billion)
Algeria	31.8	6	765,000	88.5	150,292,000	30845000	2730000	61.6	1930	189.0
Ecuador	13.0	5		72.2	22209000	9048000	990000	23.8	1830	45.0
Gabon	1.3	3	366,000	77.5	12690000	1590000	66000	4.5	3340	7
Indonesia	214.7	14	1,056,000	86.5	240908000	156086000	5720000	173.5	810	689
Iran	66.4	8	1,494,000	89.7	240522000	133960000	1320000	133.2	2010	465
Iraq	24.7	7	644,000	90.5	105414000	28996000	1000000	29.5	1190	38.8
Kuwait	2.4	6	905,000	90.7	105991000	22189000	754000	43.0	17960	47
Libya	5.6	6	725,000	88.8	69519000	18704000	1211400	25.6	4570	35.0
Nigeria	125.5	4	445,000	27.7	192660000	97675000	2953500	47.5	350	123
Qatar	0.624	3	655,000	88.7	73505000	20875000	292500	13.4	21500	18.1
S/Arabia	22.5	12	1,911,000	89.2	462807000	126387000	2880000	208.1	9240	298
UAE	4.0	3	645,000	88.8	142148000	36072000	435600	71.0	17750	92.8
Venezuela	25.7	6	1,199,000	97.5	210150000	54006000	2266000	89.7	3490	122

Sources: The World Bank :2005 World Development Indicators, Washington DC, USA, tables 1.6; 2.1; and 1.7; World Almanac and Book of Facts, 2003-2005, (Nations) USA and World Energy Statistics, Energy-on-line, 2005; Conscience International (Nigeria), Volume 2 No. 4 edition 2006/2007(p.9)

Arguments for and against increase in the price of Petroleum Product

The various reasons advanced for increasing the price of petroleum products by the government are the same with that of the successive governments in the past.

The need to remove Subsidy on petrol

One of the reasons given by the government (led by Olusegun Obasanjo) for increasing the price of petroleum products was that it could not afford to subsidise petrol (PMS), kerosene and other petroleum products because 30 million litres were being consumed per day and that the entire

four refineries grounded require to be refurbished and repaired in order to make operational goal achievable such as meeting the internal consumption needed by the people and to export crude oil to earn more revenues for the country. The full operational capacity of the refineries is put at 13 million litres of petrol while the balance to be imported to fill the gap of the shortage between the volume of consumption and refined products will amount to 17 million litres. So, the government therefore maintained that it could not afford paying N204 million per day as subsidy. In the estimation of the government it is better to spend such huge total sum of money as N80 billion on developmental projects in such specific areas as education, health, roads, bridges, etc. that would have direct effects on the poor. In justifying this argument further, the defenders of the removal of subsidy argued that the civil servants in the country that constitutes only 5 percent collect overhead expenditures of 85 percent.

In order to counter this argument, the opposition civil society groups have argued that there is no subsidy on oil as crude oil is made available to local refineries at the rate of \$9.50 and at that marked price, profit is already included above the production cost of crude that is less than \$6 per barrel apart from the royalties and petroleum profit tax accruing to the federal government on the crude oil produce.¹ So, subsidy can only be said to have taken place when the selling price is lower than the cost price. What the government and NNPC usually referred to as subsidy is opportunity cost i.e. the price the petroleum products would have been offered for sale at the best favourable alternative market elsewhere internationally. The price at which government would have preferred to gain if the same products were to be sold at another market at an optimum or higher price, to enhance higher profits; rather than the price offered for consumption at the local market.

In the present situation, Agbon made us to understand that:

Since 2016, NNPC has been operating a Direct Sale Direct Purchase (DSDP) arrangement; whereby NNPC exported crude oil to about 16 oil trading companies; and in return the companies imported refined products (including petrol) of the same value for NNPC. The products were then sold to oil marketers for distribution or sale to the Nigerian public.²

¹ Special Committee on the review of petroleum supply and distribution - Labour Group Report, 2000, p. 102

² <https://socialistlabour.com.ng/2023/06/30/fuel-subsidy-corruption-is-centred-on-the-nnpc-izielen-agbon/>

Direct Sale Direct Purchase program (DSDP) - 2020

There was no PMS Subsidy in 2020 from the DSDP program. There was a profit of \$490.572 million at the regulated price. Despite the profit, subsidy claims of \$370.469 million were collected. It was all a big scam.

2020 - Month	Crude oil Export Volumes(BBLS)	Crude oil Value (US\$)	No. of Vessels	PMS Import Volume received (MT)	Value (US\$)	PMS Volume received (Litres)	PMS Pump Price/litre (N)	Offtake Price at landing cost (N/Litre)	Revenue (\$) from PMS Sales in Nigeria	
JAN	15,931,696	983,492,173	34	1,459,335	929,294,121	1,956,968,074	145.37	125.37	679,626,281	
FEB	14,376,473	781,225,104	24	1,137,445	664,015,684	1,525,313,584	145.41	125.41	529,888,024	
MAR	13,327,050	328,749,241	36	1,673,964	846,152,869	2,244,785,630	145.40	125.40	779,767,640	
APR	13,848,146	228,847,500	22	1,158,429	266,843,165	1,553,453,839	130.84	110.84	476,966,270	
MAY	5,890,262	143,550,324	11	557,941	122,273,510	748,199,350	129.67	109.67	227,299,232	
JUN	7,506,495	300,041,963	15	570,596	193,858,424	765,168,579	128.80	108.80	230,610,364	
JUL	11,093,140	489,775,931	22	990,444	384,329,583	1,328,185,632	143.63	123.63	454,857,589	
AUG	14,249,158	641,785,998	22	879,242	339,240,364	1,179,063,710	148.78	128.78	420,608,932	
SEP	10,412,128	419,207,591	24	1,174,668	460,829,856	1,575,229,560	161.06	141.06	615,517,678	
OCT	14,313,167	579,329,198	39	1,778,819	782,287,251	2,385,396,011	161.17	141.17	932,815,387	
NOV	16,374,467	691,862,211	29	1,235,021	511,271,978	1,656,163,711	167.27	147.27	675,632,215	
DEC	11,416,105	582,005,109	23	1,176,682	534,693,046	1,577,929,932	165.70	145.70	636,854,269	
TOTAL	148,738,287	6,169,872,344	301	13,792,586	6,035,089,850	18,495,857,611			6,660,443,882	
PROFIT									490,571,538	PROFIT
SUBSIDY									0	SUBSIDY
SUBSIDY CLAIMS									370,469,472	SUBSIDY CLAIMS
Sources										
DSDP Export and Import volume and value data from NEITI 2020 report										
PMS Pump prices from NBS PMS(Petrol) Price Watch Dec 2020										
Average Exchange Rate (2020) N361/\$1										
Figures don't lie, but liars will figure - old saying										
Izielen Agbon										

The result of the DSDP arrangement was such that NNPC made profits - \$72million and \$490million for the years 2019 and 2020 respectively. So ordinarily they ought not to have been entitled to lay claim to oil subsidy in such circumstances, yet they claimed the sum of \$1.6billion and \$370million for both years respectively. For this reason, it is very clear where the search light of those responsible for the corruption associated with oil subsidy should be focused. As opposed to the narrative of mythical unknown forces said to have accumulated oil subsidy, the real culprits are no less than the NNPC itself and such corruptions were being carried out officially by claiming oil subsidy contrary to the guiding rules or conditions on ground before a claim could be made for oil subsidy.

There is also the need to understand the very reason for the big disparity between the price of petrol at the international market and local market. This is largely due to the introduction of SAP in 1986 which was responsible for devaluation and cheapening of the value of Nigeria currency and by extension value of labour output from Nigeria. Typical of this is the situation of the Nigerian oil workers who are being engaged cheaply in comparison with other (oil producing) countries. So, low earnings of Nigerian workers constitute subsidy to the economy and cheap price of petrol and other petroleum products. It will therefore not be a correct position to expect Nigerians to buy fuel at the same rate it is been sold at international market as this might result to provocation as the effects might be too much for people to bear.

Among issues raised by the government was to compare the price of fuel in the neighbouring countries that do not produce oil but where smugglers on taking the advantage of nearness sell at high price than the selling price in Nigeria. It has also been argued that the disparity between the price of petroleum in the country and other neighbouring countries is due to the tax element that such countries place on imported oil as a way of generating revenue from any product passing their borders. By this, smugglers are also at a disadvantage except by the definition of smuggling they are not expected to pass through legal routes and therefore pay no tax. If Nigeria is wise enough, she would have made efforts, in collaboration with the

neighbouring governments in the West African sub-region, to establish filling stations that would provide fuel to them at the same price being obtained in Nigeria.

For whatever reason, a policy of this nature has never been contemplated how much implemented. It would be difficult to have such policy in place when disparity in price of fuel is being experienced across the country even when a percentage of tax called equalisation tax has been computed to make up the price of oil in order to have one price for selling fuel across the country for the purpose of taking care of the problem of distance and cost of transportation of fuel to faraway places within the country.

The price for sales as approved by OPEC at the international market is the same for all OPEC member countries but there is disparity when it comes to the price at the local market. The two markets cannot be compared because a situation whereby citizens of the oil producing countries cannot enjoy such advantage in buying at a cheaper price will amount to economic alienation. This is a bountiful area in sociology that hinged on how the produce of labour is separated from its producer thereby estranged from the products s/he produces. This is also what is called price discrimination in economics which means two markets for a single product. A case in point is a motor assembly/manufacturing company where cars are produced as a result of the labour output by the workers but at the end of the process many of the workers found it difficult to own a car of theirs because the products no longer belong to them.

It is normal in industrial establishment noted for production of goods for workers to enjoy lower price of goods produced with their labour power. This is to say that there is the need for subsidy and this should be canvassed for by social committed rights activists but what we have now that is being touted as subsidy is the subsidy for the rich organised by the government itself, not shared with the poor Nigerians.

When one takes into consideration such transactions required to compute the unit price of petrol or how this is arrived at per litre? It is obvious that there is always no transparency on how this was arrived at. NLC (as at 2000) argued against how NNPC was involved in the act of double counting in respect of costing what was produced. This include such cost items as marketing allowance that was divided into bridging cost, transports' margin, dealers' margin and marketers' margin. It was computed arbitrarily and this was how the government arrived at N22 rather than N15 as cost of producing petrol per litre. The cost structure of petroleum products in the year 1994– 1998 as a reference point helped in no small measure to expose the arbitrariness in the cost structure of this product in the year 2000 and thereafter.

The experience of Sanni Abacha led Government is important here. In 1994-1998 it fixed the price of petrol (PMS) per litre at N11 and this include other cost and the profits margin of N5.32k that was ploughed back to Petroleum Trust Fund that was originally meant to fund uncompleted projects but in practice extended to include welfare programme such as provision of drugs in the hospitals, maintenance of roads, providing water, etc. Other successive governments have not succeeded along this direction as little or no benefit is derived from the hike in the price of petroleum products imposed by it.

Non-Maintenance of Refineries

One other reason given by the successive governments to justify the hike in the price of petroleum products was for reason of the poor conditions of the existing four refineries. But the question the government refused to answer is who is responsible for such neglect and non-maintenance of the refineries? Is it the common man or the government? It is wrong to deny that enough resources were not allocated for the maintenance of these refineries. There was never a time money was not allocated for it but the point is that despite this they were neglected while the money meant for this purpose were diverted by the public officials into personal use. The maintenance of the refineries at Warri, Kaduna and Port Harcourt were carried out at various times in 1993, 1995 and 1996 respectively and that of Warri was repaired in 1997. The same misappropriation was also repeated under Obasanjo's regime (1999-2007) and Buhari before he left office in May 2023 spent nothing less than \$5billion as maintenance to resuscitate the four extant refineries.

Enhancement of Development

The argument here that the hike in the price of petroleum price will help to stimulate development and that the gains accumulated from this will be utilized for such projects as road; agriculture, education, health care system, etc. are no doubt flimsy excuse to deceive the general public. It is difficult to accept this argument since it was not unusual to have such promise without keeping to it. And more so that people hardly find the evidence of what has been achieved with the statutory budgeted money for such developmental social services on annual basis.

Elite and the Poor

The ruling governments always come with the idea that cheaper price of oil would only benefits the elite that possess fleets of cars. This dimension of painting the elite bad is very surprising because there is no record of the government's programme that benefitted the poor except the elite. So, it is suspicious that the government is making case for the poor while talking ill of the elite when its objective has been to serve the interest of the same elites; the very purpose upon which they came to power. It is glaring to note that the poor are the ones that will suffer the consequences of the policy by way of hike in the cost of transportation fare, food and other consumer goods such as textile materials, housing rent, communication etc. The elite are not likely to suffer anything as they can afford to pay in spite of high price. This is called inelastic demand in economics.

Regular Fuel Supply

The argument that hike in the price of the products will help to bring about regular supply of the product at the market place could not hold water either because such promises in the past failed to yield useful result. Such flimsy promises were the case in 2000, 2002, 2003, 2022, 2023

etc. The only way to resolve the problem of fuel shortages which on many occasions were artificial, is by meeting the required domestic needs of the people by adequate production and supply to the market and to achieve this, the refineries have to be put in proper conditions and there is the need to build more refineries that will be commensurate with the demands at the domestic market. In the recent war between Russia and Ukraine, other oil producing countries made gains but Nigeria could not as it found it difficult to meet OPEC production quota even before the war; as it produces at a shortage i.e. less than what are expected from her.

Government's Solution to Oil Crisis

The policy plank of the successive governments in resolving the crisis in the oil sector has been anchored on neo-liberal policy that is geared towards privatization of the sector which has failed in other sectors of the economy where this has been implemented. Despite the resistance of the working people against the policy in the key sectors of the economy as oil and gas but the government has been recalcitrant and insist on carrying this out. Many struggles have been waged in the past by oil workers and labour oriented civil society groups – NUPENG, PENGASSAN, NLC, TUC, LASCO, Socialist League (now Socialist Labour), etc to prevent the government selling the refineries to private hands³.

The rights groups are out to address the anti-poor policy of the government in this regard that has caused the working people untold hardship. Instead of being proactive in refining the quantum of oil that are needed in the domestic market, what the government resort doing include selling the refineries to private hands and giving licenses to members of their class to dig oil wells and these are being resold to other people at a profit without performing any work. This is a testimony of how the ruling elite accumulate wealth that neither involves labour power nor any form of entrepreneurial skill except political patronage. It is for reason of this kind of orientation they believe in funding Dangote private owned refinery to the tune of over \$19billion in order to make him a monopoly to replace NNPC as sole oil producer in the country. This much was being done at the expense of neglecting the four public owned refineries in the country.

The four refineries in the country remained unmaintained and unrepaired despite the huge money earmarked for it on regular basis but there is nothing to show for this. The government's advisers, IMF and World Bank believe that the refineries are old and therefore not viable if repaired, they therefore prefer importation of refined oil into the country. This argument could hardly hold water because other countries including India and Ghana with old refineries operate at a maximum level despite this. So the most important issue here is about regular and prompt maintenance rather than age factor. Such pressure of the marketers on the government to hands off further fixing the price of petroleum products any longer as they were determined to take control of importation of refined petroleum products has been on but adequately check-mated on each occasion it reared its head by the combative working people.

The penchant for such arbitrary price increase reached its peak under the second coming of Obasanjo as head of state (1999 – 2007) and Goodluck Jonathan when this jumped to N75 and N96 per litre respectively though in respect of Obasanjo this was reversed to N65/litre upon the

³Labour Factsheet, Vol.13 No. 1, Jan-March 2009, pp. 20-30

pressure of the working people by the Umaru Yar'dua led government that succeeded it. Buhari led government has increased this to N185 and the new government of Bola Tinubu take off from there and increased it by about 300 percent to N500 and later N600 (within six weeks of getting to power). This shows act of insensitivity on the part of the successive governments that are competing with each other on who to gain prize of inflicting more pains on the poor over another.

The poverty of ideas of the successive governments has been exposed when it comes to the veracity of the genuineness of whether there is a subsidy or not. Based on government methodology of calculating the price of refined oil per litre, it is clear that there is no subsidy. The price of oil in the market place as at 2012 stood at N34 per litre. So, selling price at N65 per litre was questionable. Nigeria happened to be the only oil producing country in the world that instead of her people happy with increase of fuel price at the international market, it means sadness to them because the price at the local market increase correspondingly. In the interview granted Goodluck Jonathan in 2011 prior to the removal of the oil subsidy, it speaks volumes as he pointed out that the Government led by him depended on loans to implement its budgets; whereas a Government led by Obasanjo was able to pay \$18 billion loan to the Paris Club at a swoop at the expense of the people that were at the receiving end of marginalisation. The promises made as to the benefits to gain from such payment of huge debts amounts to nought and this was against the background of avalanche of protest by the people against the payment made without the consent of the people. The argument of the people was that it would amount to insensitivity on the part of the government to pay such huge sum of money at a swoop despite the level of poverty and unemployment in the country and that it would not only give false impression about the country that it is rich whereas the debts had been paid back over times to the creditors. Another round of huge debts has been accumulated since this payment was made. This stood at \$3.62billion–2009, \$10.1billion – 2012, \$9.711billion – 2014 and \$9.46billion in 2015 and \$108.30 billion (N49.85 trillion) (2023) under the government led by Mohammadu Buhari and passed to Bola Tinubu.

It is a ruse to say that the country lacks enough money to prosecute its programmes for the people. Falana identifies various sources of wastages in the system that if blocked would amount to huge resources equivalent of seven years annual financial budget for the country and these include incentives given to some oil and gas companies - \$1.5bil; outstanding royalties from International Oil Companies - \$62billion; interests on \$7billion withdrawn from foreign reserve and saved in 14 domestic commercial banks; sales of banks in which CBN made huge investment but sell at bottomless price e.g. Polaris sold for N50billion upon investment of N1.3trillion; theft of crude oil estimated at \$23 billion (2023); theft of gold and other solid minerals put at \$54billion (2012-2018); AMCON is owed N5.4 trillion by about 370 corporate bodies; import waivers for the business class put at N16 trillion; unremitted or diverted surpluses in government owned enterprises by CEOs – N10 trillion; unpaid ground rents by buyers of Government properties across the country – N6trillion; verifiable stolen crude oil - \$29.7 billion; crude oil theft and smuggling siphoned away from the country – N16 trillion. So the direction of

the Tinubu led government in taxing the poor traders, artisans and working people while giving the Dangotes, Odetolas, Ezes and others tax haven is meant to cause more pains for them while increasing profits for the rich.

The way out of this vicious circle of poverty and underdevelopment despite abundant resources of oil and non-oil products available for the country could hardly be achieved by the prevailing policy of neoliberalism inspired by external forces as IMF and World Bank that is antithetical to the interest of the working class in the country and elsewhere. This is why no other social groups support such policy beside the ruling elite as they are the ones that benefited from it.

The argument of the Goodluck Jonathan led government that Nigeria's high population density is responsible for the poor state of the economy is puerile because this could be utilized to an advantage rather than being a disadvantage. But in an economy that largely depends on exporting of raw materials rather than industrialized goods and skilled services, population cannot but be seen as a disadvantage. This is the reason countries with low population density but naturally endowed with huge oil/mineral resources are better off than a country like Nigeria when the gross national products of the country would have been divided by the population to obtain per capital income.

The way society is organized would largely determine the state of any country's development as there is a possibility of having higher per capital income or steady growth when in actual fact there is huge gap between the rich and the poor. So under such circumstance what are associated with the poor people in statistics may amount to nought in reality as chunk of the resources are that of the rich class. This is the situation in many of the underdeveloped countries not because they are poor and in many cases they are rich in terms of abundant natural and human resources but for social inequality resulting in the distribution of such wealth the poor are made to be on the receiving end.

It is significant to note that the power wielded by Nigeria in international politics that made possible for the Government led by Murtala Mohammed as military head of state to bluff US Government in 1975 on its position that African countries should dissociate themselves from USSR and Cuba that were serving as technical advisors in the defence of the liberation movement in Angola was made possible by virtue of the country's oil power couple with the population as well that represents one-fifth of the population of the entire people of sub-Saharan Africa and 40 per cent of the people of West Africa. The Government therefore recognised MPLA, sent soldiers to support their cause against Apartheid South Africa and USA interest in Angola⁴. This marked the only independent government of its kind in the history of the country. Nigerian ruling elite after Murtala Mohammed regime and before him have been puppets of both British and US imperialism. Even the supposedly radical reform - the indigenisation Decree of 1976 and the one before it in 1972 only achieved incorporating the elite into the web of the world capitalist system. The government helped many of the elite to pay for acquiring shares in the various multinational corporations and restricted foreign investors from investing into certain

⁴Zwingina, pp. 231-32, op. cit

categories of small and medium business ventures⁵. To achieve the stupendous interest of this class, production of oil has increased from 540,000 barrels per day at inception to 2.5million barrels per day later.

The way of governance that could best be compared with the Biblical prodigal son is also the case too in the oil sector. This is the reason the huge wealth accumulated from oil are being stolen by the successive ruling elites in collaboration with the multinational corporations without caution whereas such commodity as oil has a limited life span. The optimistic report on the state of oil in the country put such life span at the 21st century. For over half of a century of exploration of oil, the economy has taken after the pattern of mono culture (producer of one commodity in the form of raw material) without being bothered to diversify its production base despite decades of promises along this line of thought. Even the agricultural sector in vogue before oil came into force that was responsible for the employment of 80 percent of the population and 60 percent of the GDP has been brazenly abandoned and left in the hands of the back bending peasant farmers with the old simple farming implements in use.

Environmental degradation and the case for oil producing communities

Not only this, we also have cases of environmental deprivation where Niger-Delta people on whose land oil is deposited and whose entire agricultural resources have been polluted and destroyed by oil spoilage. Marine pollution and acid rain for example caused by oil exploitation and gas flaring have been their lots. They have since been left at the mercy of nature, deprivation, abandonment and negligence without being compensated in accordance with the laid down laws that meet world standard⁶. This is responsible for the successive conflicts in the area between the oil producing communities, the oil corporations and the state. This has resulted to the militancy of the youths in the region that turned violence in order to fight against injustice meted against them. Not a few people lost their lives in the course of such struggles and this had produced such martyrs as Jaspa Adaka Boro and later, Ken Saro-Wiwa and other Ogoni activists executed by Sanni Abacha led government in collaboration with Shell BP.

It was not fortuitous to find the Abacha led government on the side of Shell BP against the oil producing communities not only because of being the first oil company in the country but also for being the major source of government's revenue. For this reason, Nigerian Government is ever ready to kill on behalf of the oil companies in protecting their both collective interests. This spate of injustice emboldened some educated elites in the area and this gave rise to the various environmental right groups that include Movement for the Survival of the Ogoni People (MOSOP) campaigning against the way communities and the people are being exposed to environmental hazard without protection⁷ as against the case in other oil producing developed countries; where the oil companies have their parent body. This was the reason Claude Ake described Shell's activities in Nigeria as a process of the militarization of commerce and the

⁵ *ibid*, p. 76, where Onoge described the policy as utopianism

⁶ See Ashton-Jones Nick, *The Human Ecosystem of the Niger Delta – An ERA handbook*, 1998, pp. 104-6

⁷ See Saro-Wiwa Ken (Autobiography), *A Month and a Day: A Detention Diary*, 1995

privatisation of the state⁸. This description intrinsically captured the primitive way of accumulation and oppression meted against the people whose source of living as fishermen have been subjugated. Even drinkable water is a luxury in such environment.

The history of domination and oppression was not new to the people of this region that first came in contact with the colonialists in exploiting palm oil and kernel that was the mainstay of the economy up to the independence period but centuries earlier the dominant force in the area was the Portuguese traders in the 15th century who engaged in spices and palm oil but later turned human slave traders. Other imperialist countries joined in the trade and the economic relationship was not without fight back and this cost some of the ruling elites in the region like Jaja of Opobo, Chief Nana Olomu of Itsekiri their freedom and somehow their life⁹. Even after independence the story remains the same as the system of exploitation continues.

Niger Delta region noted for oil deposit and exploitation is filled with foreign corporations for the purpose of oil exploration and workers from different parts of the world also find their ways to the place to work for their employers. In the course of the workers performing their roles there emerged contradictions between them and the employers who are out to maximize their profits at their own expense. The conflicts that resulted from this relationship has been a regular phenomenon sometimes open and at other times covert leading to strike (general) and/or only negotiation respectively. Two forms of oppression are identified here. First is the oppression against the working class at the production level. Second is the form of oppression that is targeted against the people of the community where the oil are being produced or domiciled.

The later oppression has much to do with the people whose lives are tied to their land and their environment from which the foreign and the local capitalists with the backing of the state are making fortunes while the natural rightful owners of the land - communities' landlords are turned destitute. Both oppressed groups often time confront their oppressors and exploiters separately without deeming it feat to unite in solidarity against their common enemy whenever each of them had issue to grind with such forces of capital that is characterized by a strong force wielding the power of the entire western civilization, the forces of imperialism backed by the local state apparatus. It is believed that if the struggle is approached in this way there is much indication that both agitators, oppressed and the exploited working people would be able to achieve better result and won to their side more supporters to their cause among other poor people locally and internationally; rather than scaring people away by way of the approach of the struggle being adopted that sometimes is inclined to terrorist approach.

The agitation of the youths in these communities take different forms that involve campaigns with the intension of attracting attention of the world community to the situation in their area where they have been suffering for the sake of exploitation of oil and other related products. After a long period of time that it seems this option of struggle has not yielded result these

⁸ Claud Ake, pioneering Executive Director of The Council for Advanced of Social Science (CASS) is being associated with this quotation

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youths took laws into their own hands for reason of what they described as survival strategy. They started embarking on such form of struggle that is peculiar to them, unlike the working class tradition of strike, protest that the working class in the sector adopt, this category of agitators indulge in kidnapping foreign oil workers, and government officials or members of their families. They also involve in oil bunkering and theft. It has been argued that the part played by these aggrieved unemployed youths in this act of primitive accumulation is an exception as the dominant players are the influential and well connected politicians and business people.

In respect of the oil bunkering, a report confirmed how only about 30 per cent of the products refined by such crude method are useful while the rest 70 per cent are turned to waste¹⁰. The environmental hazard that the people are exposed to by this crude method of refining is another setback against the best interest of the people.

Years of military rule characterized by undemocratic way of conducting affairs of the country merely replicated itself in the oil sector just like any other sectors of the economy. What we have in the country as nationalisation of the oil sector is a jaundiced example of the idea of nationalization elsewhere where workers are important stakeholder in exercising control over the oil economy whereas the norms in Nigeria is the practice of concession, joint venture, production sharing contracts and service contracts. The oil multinational corporations are powerful and this could be confirmed by the volume of their business – assets, turnover, profits and rate of profits.

Conclusion

The country happened to be one of the few countries out of the oil producing countries with four refineries with limited capacities of 60,000; 120,000; 110,000 and 150,000 barrels in these plants – Port Harcourt (old), Warri, Kaduna and Port Harcourt (new) respectively. For example, Algeria possess 6 refineries while Ecuador has - 5; Gabon – 3, Indonesia – 14, Iran – 8, Iraq – 7, Kuwait – 6, Libya – 6, Qatar – 3, Saudi Arabia – 12, Emirate UAE – 3, Venezuela – 6. With the exception of Indonesia and Iran that have a population of 214.7 million and 66.4 million respectively the remaining countries are or less than a quarter of Nigeria's population which was 125.5 million as at 2003 but now over 200 million (2022). One would have expected Nigeria to take advantage of exploiting more oil to serve its interest by having more refineries like others. More worrisome is that none of refineries in the country is working, while the government is looking for alternative to NNPC poor performance as a monopoly in the sector, it chose to help Dangote refinery with about thirty billion (\$30billion) dollar. The ruling class has come to show that they could not even pursue policy to enhance its own interest in doing real business to make money apart from corruption. How can such class be entrusted to defend the collective interest of the working people? This is the reason why it is imperative for the working people to pursue its own interest by exercising pressure on the ruling class in order to get more concession for themselves.

¹⁰Socialist Worker, N0. 005 September-October 2013, p. 2



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