



Multinational Corporation and the Socio-economic Development of Nigeria

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Abstract

Globalization has become the defining process of the present day economic development, trade and commerce. The opportunities and benefits of this process have been increasing disillusionment among many policy-makers in the south, analyst academics, as well as the community of non-governmental organizations (NGOs) in both the South and the North. The failure of the Seattle Ministerial conference of World Trade Organization (WTO) in December 1999 is a signal of this disillusionment. For instance, the economic development of Nigeria as the giant of African Continent is generic. This has eventually raised global concern as it is wont to, given the fact that the major actors in the process are transitional – the multinational corporation (majorly, the oil multinational corporation) plays very uncertain and outstanding contribution in the crisis as a result of their insatiable quest to make profit, a changing perception of globalization. This paper examines the nature of economic development of oil multinational in Nigeria and the perception of globalization. It makes proposal and suggestion that Nigeria government should no longer compromise indigenous development, environment concerns and social justice with global economy and interest.

Keywords: Multinational Oil Cooperation, Economic Development, Post-Colonial Nigeria.

Reference to this paper should be made as follows:

Uzorka, M. C., & Ojima, D. (2018). Multinational Corporation and the Socio-economic Development of Nigeria. *International Journal of Scientific Research in Education*, 11(3), 411-419. Retrieved [DATE] from <http://www.ijre.com>.

INTRODUCTION

The benefits and costs of trade liberalization for developing country like Nigeria constitute an increasingly controversial issue. The conventional view that trade liberalization has general positive effects for development is being challenged empirically and analytically. It is time to examine the records and to formulate appropriate approaches towards trade policy in Nigeria (Khor, 2003). The Niger Delta crisis in Nigeria according to Ezirim (2009), has gone global, it has become a subject of discourse which has taken centre-stage in various fora at the international level so much.

That a lot of conferences, symposia, workshops and meetings have been held to resolve the crisis all to no avail. Rather, the problems seem to escalate further as efforts are made to resolve them. Much as government is making effort to manage the conflict-ridden region, and thereby stop further decimation of the environment and political instability, it is clear that there is a lack of understanding of the reasons for the volatility in the area and why it may not be enough to have a political will to do the right by the people. An exposition of the dynamics of global indices of conflicts would help in understanding the crisis in the region and how best clearly define the major actors in the region – the social forces/social movements versus the Multinational Oil Corporation (MNOCS).

As Claude Ake has noted, a state that has no legitimacy cannot be expected to serve as the engine of stability, growth, development and democracy: the external dependence, the decision of the political class to inherit the colonial socio-economic system instead of transforming it, the massive use of state violence to de-radicalise the nationalist movement and impose political monolithism in the face of deep-rooted social pluralism, and the use of force to repress a rising tide of resentment against the failures of the Multinational Oil Corporation, her leadership and policies, especially the mismanagement of development and the impoverishment of the masses (Ihornvbere, 1996). The post-colonial Nigeria is also disconnected from society and exists with it in a relationship of mutual hostility with minor expectations; the citizens of the state in contemporary Africa are disconnected from it (Farrell, 1994).

The economic growth proved to be elusive, managing an average rate of only 2.1. Percent per annum (in 1980s and much less in 2017). This translated into fall in per capita income at the average rate of about 1 percent per annum. The human and social conditions of the majority of the people worsen considerably. Poverty increased in both the rural and urban areas; real earnings fell drastically; unemployment and underemployment rose sharply; hunger and famine became endemic, educational condition and infrastructures deteriorated; dependence on food aid and food imports intensified; diseases of all sort decimated populations. All these became a real threat to the very process of growth and development, and the attendant social evils – crime, delinquency, and family disintegration intensified with vengeance (Sadig, 1994).

It is pertinent to note that, Multinational Oil Corporations (MNOCs), the giant oil companies that operate in the Niger Delta – Shell, Chevron, Agip, Mobil, Elf, etc. are generally known to have been partly responsible for the crisis in the Nigeria Niger Delta as highlighted above. According to Onuoha (2005), the oil companies represent the worst form of evil and the Nigeria government encourages them to behave irresponsibly. This is as a result of the unholy alliance between the state and these exploitative oil corporations, in which the one benefits from the enormous money that comes from the latter and so does not put it to task on its irresponsible activities like gas flaring, oil spillage and general environmental destruction and its attendant health hazards, which coupled with the level of poverty and unemployment and physical underdevelopment of the region, has manifested in frustrated aggressive tendencies of the Niger Delta citizens of Nigeria.

As reported by Emeozor and Sanyaolu in the Daily Sun of September (2016), it was gathered that Swiss trading companies are blending and dumping dirty fuel in Nigeria and other African countries with more than 100 percent toxic (sulphur) levels allowed in Europe, causing health and environmental hazards. According to report:

Dirty Diesel” from Swiss companies are taking advantage of weak African regulatory standards to use cheap and dirty additives to create what’s called “African Quality” fuels.....Senegal and Ghana are the other countries mentioned in the report. Vitol, Trafigura, Addax, Oryx and Lynx Energy have been named because they are shareholders of the fuel retailers. The practices are not illegal. The report quotes Swiss trading giants, Oryx, Trafigura and Vitol as noting that the blends met standards in the importing countries, with the largest going to Nigeria, Senegal and Ghana. They said they have no vested interest in keeping sulphur levels higher than they need to be (Emeozor & Sandyaolu, 2016, p. 26).

However, public eye accused the companies of lowering fuel quality to just above a country’s legal limit to maximize profits by adding toxic products known to cause respiratory diseases.

It is precisely these conditions of desperation and weakness that have constrained the ability of Africa to be effectively part of the changing global order in a positive sense. What this means is that Africa will likely remain in the backwaters of the new globalization, reaping most of the negative outcomes and being unable to influence on-going changes. The negative consequences of the new globalization have more implications for Nigeria and African countries survival than on-going positive developments: how can Nigeria and the rest African countries protect itself from further manipulations, exploitation, marginalization and vulnerability. The answer to this thought provoking question will be far-fetched considering a situation where the indigenous best brains are relegated, ignored and regarded as counterproductive to development. For instance, even with an outstanding experimentation and conclusions made by youths in the Niger Delta on the production of local fuel (popularly called Okpo-fire), efforts were consistently made by the state to stop its production instead of harnessing it because such activities is been considered criminal. This is a confirmation of the statement made by Saro-Wiwa: “Today is a very black day for the black man. It goes on to show that even the best of black man is nothing but a criminal (African Vision, November 13, 1995).

African countries and indeed Nigeria should understand that, it is only those economies with goods and services to sell that can attract investors because of viable political and economic structures, high credit rating, good infrastructure, and an aggressive global agenda will benefit from the emerging global economy. Only those nations with the ability to harness and process information, link up with or develop new technology, and those with high level skills relevant for a growing competitive globalised economy will benefit from the emerging order. Nigeria cannot make a stake on any of the grounds above except she puts a better attitude.

Theoretical Perspective of Development of Nigeria

The most powerful actors in the new globalization are transnational corporations. They are rapidly streamlining technology, labour training, utilization and exploitation: this also includes a strategy to as much as possible, streamlining and rationalise consumption around

the world to facilitate production and marketing of goods and services without frequent retooling investment in fixed capital or skill development.

It is obvious from the foregoing that extent theories of underdevelopment have not comprehensively captured and analyzed the fundamental causal factors and indices of underdevelopment in Nigeria. The continued stagnation and regression of Nigeria economies in the face of the emergence of the new industrialized country is a full proof to this assertion (Adelman, 1988).

We therefore propose the “dialectics of culture of underdevelopment” as a framework of analysis of the phenomenon of continued underdevelopment in Nigeria for this paper. The thrust of this proposition as postulated by Abraham (2010) holds that the peculiar strategic and gradual integration of Nigeria and Africa economies into the orbit of global capitalism and its consequences therefore had instituted a “ culture of underdevelopment “ that is the learned shared and socially transmitted behaviour that is propitious and facilitate social characteristics and phenomena describe as underdevelopment. That this culture of underdevelopment is instrumented and re-enforced through politically driven western liberal development theories and models, thus replicating itself on its self-contradictions and is transmitted from one generation to the next as acceptable design for living. In essence, the idea of a culture of Nigerian underdevelopment estimate that the historical experience and circumstances of Africa in the globalization process has produced responses which have developed into a culture of underdevelopment that is replicating itself dialectically under the instrumentation and re-enforcement of liberal paradigms and models of development deliberately couched and presented to perpetuate underdevelopment in the interest of the North (Ihonvbere, 1991).

In Nigeria, the identifiable “culture of underdevelopment” directly imposed are incidence of poverty/low levels of living; dependency on external influence and manipulation/anti-development of states and governments; dual political culture and conflict of allegiance; production of primary commodities; low investment drive; low productivity; hedonism; import oriented economy, mono-cultural economy; unemployment and underemployment; low business and entrepreneurial acumen; vulnerability in international economic and political relations; financial and resources misappropriation; corruption, general insecurity; high mortality rates; weak/collapsed social institutions; low level of technology/research; low motivation to labour; debt crisis; economy mortgage to international monetary institutions and donor nations/organisation; a feeling of marginally, helpless and inferiority; a sense of resignation and fatalism; a sense of docility, gullibility and a strong present time orientation with relative little ability to defer gratification; fatal political contests and crises; dislocation of indigenous cultural heritage and values; productivity to westernization and cultural shock; prevalence of imperfect markets and incomplete information; dependence on primary exports, conflicting and confused development strategies and schemes, threatened health care service, etc. (Abraham, 2010). Conflagration have been concentrated primarily in the Niger Delta of Nigeria even with the presence of transnational and its anticipated development culture (Okonata & Douglas, 2003).

Onyiruibas (2000) has identified the elements of underdevelopment which include some of those features cited above and articulated what he described as “underdevelopment mould” he essentially argued on primary production, external influence and dependence, etc. are factors that sustain underdevelopment. However, adopting the perspective of history, he attempted an explanation on the role of the colonial legacy infringing about the manifestation of the identified elements.

Considering the constraints to third world development Johnnie (2005, pp. 154-163) inter- alia, posited that the neglect of culture and on the other hand, the rigid and tenacious hold to cultural practices are vital variables that affect social and economic transformation.

He observed that the adoption of the life style of the affluent societies, the influence of transnational investment unrelated to the needs of the host country and the effect on the people and environment is a negation of the orthodox foreign development strategies adopted by the African continent.

Strengthens the thrust of this paper is that African and indeed Nigeria is still in the take-off stage technologically to counter-balance any effect of this alien culture of development of the west through multinational oil corporation. This in turn generates crisis and conflict instead of the anticipated development in Nigeria.

Conceptualization and Imposition of Development

It is an established fact, based on researches and evidence in other countries, that development must be inclusive. Ohiorhenuan (2000) argued that in the era of globalization there is an increasing danger of growth actually excluding and dislocating large section of the population. The 1999 Human Development Report warned that globalization might actually increase human insecurity and marginalize the poor. The key to development, therefore, is the continuing involvement of each individual in the social material conditions of his/her existence as an absolute virtue (Tamuno, 2006).

However, developmental approaches of the state and multinational oil corporation (in whatever form) are what mostly referred to as conceptualization and imposition of project on the people. The reason is because, these projects were initiated without a thorough need assessment of solution to problems. Solutions to problems are not achieved through a short term planned stabilization programmes involving sharp conceptualization and imposition of domestic demand through monetary and fiscal measure, but rather a long term adjustment instruments entailing the application of infrastructure, income generation through entrepreneurship, human capacity building through educational grant, employment opportunities and its sustainability and adequate health services (Loxley, 1995).

Some authors (ie., Omotola, 2006) have tried to defend the activities of the oil companies, claiming that they have responded to the challenges of insecurity in Nigeria especially the Niger Delta communities albeit their responses most often being inadequate to address the many problems of the region. Such responses have taken the form of “token pacificism”, that is, the payment of compensation and the initiation of community development projects, which were not really designed to solve the problem but rather to pacify the people. Thus, while it cannot be denied that the oil companies especially Shell, have been involved in the payment of compensation, construction and maintenance of water projects, roads, health centres and school buildings and the funding of vocational training, more needs to be done and this is what the people of the area are demanding and for which we have pockets of restiveness (Ezirim, 2009).

The Nigerian state in view of her compromising interest is being lackadaisical over these catastrophes. At no time in the post-Westphalia history of the contemporary state system have non-state actors wielded more relevance, influence, and power than at the moment. The breakdown of ideological orthodoxies and the search for new patterns of socio-economic and power relations have further reduced the relevance of the state in favour of less formal and private structures and initiations. Singular influence and power of election monitors in the current global order attest to the ever growing significance of non-state actors as newly elected or re-elected governments often require their stamps of approval for international acceptability and legitimacy (Mendez, 1995).

Indeed, the ever growing demand of the people as a result of the degraded environment and lack of infrastructures have portrayed multinational oil corporations as engaging in corporate social responsibility in their operations, which is more or less a false

impression as the politics of compensation and community development projects have sorted in most cases to ambush and neutralise their potential benefits to the people in the Niger Delta region. Assumed community development projects as stated by Omotola (2006) were largely motivated by the capitalist expansion and appropriation of surplus value, not the immediate needs of the communities. Roberts (2006) supporting this view maintained that roads are constructed and or rehabilitated only where and when it is directly related to these companies activities. Even at that, some of the so-called development projects in the various communities have been known to be sub-standard and hardly yield additional benefits to the local people.

Sustainable Development in Nigeria: The Paradox of Niger delta

Nigeria has been a victim of too much negative development in the global system. As one of the major countries of Africa has been attacked, exploited, colonized, and neo-colonized by powerful external interest for centuries. It was also a victim of slave trade, and no matter how generous we might wish to be, the continent had not recovered from the ravages, distortion, deformation and other consequences of the colonial experience (Rodney, 1972). The conceptualization of development in the context of the millennium development goals, as in all multi-dimensional perspectives, embodies sustainability as a feature.

The contemporary rave and flaunting of the ideals of sustainable development is rather a further complication and deliberate strategic manipulation of the idea of development to condition and perpetuate underdevelopment in the third world (Thomas, 2010). In Nigeria the array of underdevelopment in the Niger Delta are obvious and shocking. According to Nyong and Oladipo (2003), the history of the Niger Delta up to the present day is characterised by the dynamics of external exploitation, coupled with blatant disregard for the basic rights and needs of this resource rich region. The long term neglect of the area by oil multinationals and government that is directly reaping the dividend of its activities in supporting critical human development infrastructure, including the provision of basic social service, has aggravated poor situation in the region. Severe economic deprivation and social exclusion stood in sharp contrast to the enormous oil wealth of the area, creating a paradox of poverty in the midst of plenty. As a result of the persistent low volume and abysmal quality of development investment by public and private entities, the area has remained grossly underdeveloped.

The data presented in the UNDP (2006) Report on the Niger Delta revealed troubling findings and deep worries. Life expectancy is falling in an age of block buster oil price. Energy availability is poor in the region that provides one fifth of the energy needs of the united field despite producing over two million barrels of crude oil per day. There is almost a total lack of roads in a region whose wealth is funding gigantic infrastructural development in other parts of the world and expensive peace-keeping activities in other parts of Africa, the Delta accounts for upwards of 80% of Nigeria foreign exchange earnings and over 70% of government revenues. The low life expectancy is also a reflection of high mortality rates and obvious high incidence of disease and poor health care service in the region (Offiong, 2001).

Dismal health and health care service delivery, inadequate provision of hospital, clinics and primary health centres, and a lack of effective operational plans for holistic health management affects development (Aghalino, 2004). The educational system in the region is near collapse and there is obvious limited access to educational facilities and opportunities. The unemployment index among youths in the area is also alarming.

The impact of oil industry as posted by (Mezie-Okoye, 2015), to the environment in the Niger Delta is catastrophic instead of developmental. The prospection, exploration and production activities have resulted in the disforestation of the vegetation, farmlands, human

settlements, damaging of the soil, disturbance of the fauna and flora habitat, accumulation of toxic waste material pollution, oil pollution of the land, seas and streams, pollution from gas and oil processing evaporation and flaring, destruction of mangrove swamps and salt banks, degradation of the arable land through canalization of access ways with cumulative effects and loss of lives.

Nyong and Oladipo (2003) maintained that as long as the petroleum activities continue in the Niger Delta, the socio-economic and physical environmental dilemma would persist and escalate even as they are endemic in the region. Nature has the capacity to sustain itself. But this would only be where the actors (species) in a given eco-system operate essentially only to serve their needs and not the greed of some actors therein. More so, the exploration of the resources of the Niger Delta would have made for the development of the region and indeed Nigeria, if and only if the wealth accruing from the region was or is adequately invested in the development of the region and people therein.

SUMMARY/CONCLUSION

Clearly, the move towards a globalized political economy is not flawless or without conflict world over. But then, Nigeria's sovereignty is under greater pressure and as a state loses the capacity to perform, it also loses credibility abroad and legitimacy internally.

The rapid anticipated growth of the oil multinational corporation and the development accompanying the new globalization is generating severe environmental pressure and problems. The weak and non-hegemonic Nigeria state remain incapable of constituting law and order, it also remain so far behind in the development, which is endemic ranging from environmental degradation, decay infrastructural health facilities, education and crisis situation within and especially the Niger Delta region, absorption, and utilization of technology; and unattractive to investors and donors in spite of all the rhetoric about integrating the global economy. The European and American corporation are busy exploiting the vulnerability, ignorance, poverty, and desperation of many Nigeria and African states, dump dangerous toxic waste on their soil and rivers. As transnational's corporation compete for market hegemony in Nigeria and other parts of Africa, they are stretching regulations, and utilizing several extra-legal mechanism to gain one advantage or the other.

Looking at this phenomenon Ihonvbere (1996) expressively stated that this has increased corrupting, inefficiency and further eroded the already weak ability of the Nigeria state to regulate the corporation's activities.

Conclusively, for Nigeria to be an effective actor in the new globalization therefore, some major structural changes must take place. First, a drastic deconstruction and reconstruction of the repressive and exploitative neo-colonial state be advanced. Since this state has been identified with all the ills of the African region and has been unable to serve as a foundation of protection and inspiration to the people, it became rather evident that until this interest of the majority, intervene less in the economy, facilitate an enabling environment for creativity and productivity will doom to the crisis. And finally, it should resign the alien culture of development as postulated in our theoretical perspective; else Nigeria will remain muted in sea of confusion, hopelessness, waste, domination and instability.

The second approach is the opening up of political spaces. The words of Ihonvbere (1995) is directly linked to decomposition of the repressive neo-colonial (Nigeria) state. It would require not just the ending of hegemonic politics and one-party editorships, but also the drawing up of viable constitutional arrangement guaranteed by the active role of popular organisations in civil society. There is no alternative to a genuine democratic process in Nigeria. Conditions of repression, uncertainty, instability and constant harassment of popular forces only drain already scarce resources, discourage investment and force desperate and

insecure governments to divert resources to survival and so-called security. Only a genuine democratic agenda can bring out the best of the people and their communities, promote popular mobilization, encourage creativity, and redirect resources to critical and productive sectors. The political and economic revolutions spreading through Nigeria and other African states today will only succeed as the development process become participatory.

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