

# CHAPTER I

## INTRODUCTION

### **A. Background of the Problem**

Oil and gas are the most important energy sources for every country in the world. Natural resources of oil and gas is a very valuable resource for a country. In daily life needs, a percentage of the amount of crude oil needs to be used is nearly 96 million bpd according to International Energy Agency. The use of oils in everyday life is usually reserved as a fuel for vehicles transportation. However, oil can also be used as a material for polymer industry and power plants.

When talking about oil in this world, there are many countries that have oil fields and become oil producing countries. Oil producing countries mostly originate from the region of the middle east countries. Some of middle east countries such as Saudi Arabia and Kuwait, Iran, United Arab Emirate have the biggest petroleum fields. These countries also later become the country's largest oil exporter in the world. Meanwhile, oil producing countries are also come from other continents such as from Africa, America, Eurasia and also Asian. In the America continent, United States, Canada, and Venezuela are the countries that are listed into the world's top oil producing countries. In other part of the world, Russia is also listed into the list of biggest oil producing countries (Worldatlas, 2016). Although petroleum producing countries mostly

from the Middle East and the Western Hemisphere, the continent of Africa is also one of the world largest oil producers.

African continent is the home for five countries from 30 of the country's top petroleum producers in the world (Coper, 2015). In recent years, the economic growth of African countries has been experiencing rapid development. With the presence of oil, several countries in Africa depend his economy under the oil industry. By relying on the oil industry those country is expecting to gain the development for their countries. There are many oil producing countries in Africa starting from Algeria, Egypt, Angola, Gabon, Republic of Congo, Sudan, Libya, South Africa, and many more.

In the West African, there is a country that renown with its abundant resources of oil and natural gas, Nigeria. Nigeria is located within the West Africa region surrounded by Cameroon to the North, Niger to the East, Benin to the West, and Chad to the Northeast. A huge amount of oil and natural gas of Nigeria is primarily located in the southern Niger Delta area. After oil has been found, Nigeria joined ranks of oil producers and exporter in 1958 after its first oil production that reached 5,100 barrel per day (NNPC, n.d.).

Nigeria now becomes the third biggest country in Africa that success of raising its country's economic growth. The success of Nigeria economic growth is due to the share of crude oil in its exports. In 2000, Nigeria has reached 98% of revenue from oil and gas exports and the production of oil itself around 2 million barrels of crude oil per day (Odularu, 2008). After successfully

produced oil as much as 2 million barrels per day, the country then tried to apply the development strategy in purpose that the production of oil can be added to 4 million barrels per day by the year 2010. In recent years, Nigeria's economic and financial conditions have been beneficial. Oil revenues totaled \$50.3 billion in 2011 and generated 70 percent of government revenues (Natural Resource Government Institute, 2011).

The success of Nigeria in raising its economic is inseparable from the presence of foreign oil companies or Multinational oil corporations that are perched in the country. A multinational oil corporations (MOCs) is an oil company or firm that operate worldwide with its headquarter in the developed country. It is instructive to examine the relationship between foreign oil companies and the Nigerian state. Foreign oil companies and Nigerian state depend on each other. The oil companies provide tax revenue for the state. The state provides access to the country's natural resources through the grant of oil licenses as well as providing the regulatory framework such as petroleum tax and royalty which defines the terms and condition of operations and the financial incentives for oil companies. The oil industry also brings a very significant impact on the sustainability of Nigeria's economy. For example, one of the foreign oil company named Shell has joined the joint venture. Shell has operated and contributed of their production to the government for about \$36 billion in the period of the year 2005 until 2009 (Shell , 2010).

Nigeria that is rich in oil, gas and mineral face both opportunity and a challenge. When it is used well, these resources can create a greater prosperity for current and future generations. However, the challenge of natural resources can provoke and create internal conflicts. It can also be described as the oil curse. Since 1990, oil-producing countries tend to face higher risk of internal conflict compared to non-oil producing countries. Robert E Looney stated that the “gravest danger of oil and gas producer is the possibility of armed conflict” (Looney, 2012). The statement coming from Looney indicates that Nigeria would also be possible as an oil producing countries who suffered the conflict.

Nigeria is now become a country who’s its relationship with oil over the decades has been volatile. The conflict also accompanied by violence happened in Niger Delta. The Niger Delta oil-rich region has become the site of an intense violence between the state, oil companies and the indigenous population. The local indigenous people have become incensed by foreign oil corporation reaping the rewards of this resource.

## **B. Research Question**

Based on the background of the problems that has been written above, the author draws a question “*Why does foreign oil companies operating in Niger Delta lead to the conflict and violence by the people?*”

### **C. Theoretical Framework**

From the background above, the writer would like to analyze the problem by using Relative Deprivation Theory.

#### **Relative Deprivation Theory**

Robert Ted Gurr in his book *Why Men Rebel* defined relative deprivation as “actors’ perception of discrepancy between their value expectations and their value capabilities.” (1970, p. 24) Based on the definitions expressed by Gurr, two important sentences can be underlined which are the value expectations and the value capabilities. It can be seen that the value expectations are the view of which people believe that they are rightfully entitled or it has intended for them. While the value of its capabilities is the capacity to get and to keep the desire or something. Furthermore, Gurr expand that relative deprivation is the tension that develops from a discrepancy between the ‘ought’ and the ‘is’ of collective value of satisfaction, and this disposes people to violence (1970).

#### **Patterns of Relative Deprivation**

Relative deprivation is divided into three patterns; decremental deprivation, aspirational deprivation, and progressive deprivation.

1. Decremental deprivation is one's capacities decrease when expectations remain high. According to Ross and Mcmillen in their research, decremental deprivation occurs in a situation where men’s expectations remain stable but what they receive is more less. People get

frustrated as they compare themselves to their own situation in the past and realize the gap between their value expectations and capabilities (1973).

2. Aspirational deprivation is one's capacities staying the same when expectations rise.

3. Progressive deprivation is when the expectation and capabilities increase but the former cannot keep up.

The theory of relative deprivation is also differentiated into egoistic deprivation and fraternal deprivation. Egoistic deprivation refers to a single individual's feeling of comparative deprivation while fraternal deprivation refers to a group and alludes to the discontent emerging from the status of the whole group. (Akanyisi, 2016)

Relative deprivation can be also the idea to measure fairness, inequalities, or explains the complaints, social hostility, or aggression. Other than that, in social science the relative deprivation is used to measure the economic, political and social matters.

There is a continuity between relative deprivation with a frustration concept where it can be a cause or trigger the existence of aggression and violence. Relative deprivation is a mechanism on explaining the causes which emerge the frustration.

Violence according to WHO is the intentional use of physical force or power, threatened or actual, against oneself, another person, or against a group

or community, which either results in or has a high likelihood of resulting in injury, death, psychological harm, mal-development, or deprivation (WHO, 2014). The action usually related with the frustration, complaints, the expectation inappropriateness, and also hatred motives. People act out their frustrations if "they believe that they stand a chance of relieving some of their discontents through violence" (Gurr, 1970). Violence can occur from a result of several factors such as; the culture, society, economy, politics and also environment.

Gurr has pointed out the analyses of central of conflict. People with all of their diverse identities, desires, and beliefs should be the central of his analyses about the conflict. It means by using the individuals as the prism through to examination of the effects of social structures, beliefs and the possibilities for mobilization and political action. He uses the term grievances and sense of injustice to comprehend the motives of people to political action. Thus, it brings to his second point which is to understand what people's grievances are and where they come from. He examines that people in society experienced a good and bad treatment from governments. Next, his third point is to analyze the abstract content of ideology such as indigenous rights or motives of spokesman for revolutionary doctrines. Group identity is important: people's clan, ethnic, religion and political identities. According to Eriksen, when an ethnic group experience relative deprivation, the potential for spontaneous outbreaks of violence and rebellion of the group are intensifies. His analyses is in reality with the present conditions in Niger Delta where

economic, political, environmental and social deprivation have forced the youth into militancy group (Eriksen, 1993).

The fourth point of Gurr conflict analyses is concerns about group mobilization. How people being mobilize for violence is important to know. And the last point is to examine how the communication of ideas and personal mobility has transformed political action and violence in the last half-century (Gurr, 2000).

Most demonstration and revolutionary movements usually were specific to one country, or just one city or region within a country. Inequalities brought by the Government is the main source of grievances and frustration. With the plus of the anger level increase along the presence of repressive policies, and the loss of rights to the use of any politics spark the protests that later encouraged the existence of clandestine and resulting a revolutionary terrorist and resistance.

Scientists focus their attention towards the consequences of welfare policy, in particular, the effect of redistributive on political violence. Azam (2001) has observed that for instance, sees the occurrence of civil conflict in Africa as inextricably linked to the failure of the government to engage in public expenditure in sectors such as education and health that have strong redistributive effects.

Another scholar that has similar thought is Burgoon. Below is the following statement by Burgoon (2006):

Generous social welfare policies that are targeted at reducing poverty, inequality and socio-economic insecurity and which hold out the potential for 'weakening extremist political and religious organizations and practice that provide economic and cognitive security where public safety nets are lacking', may serve as a disincentive to commit or tolerate terrorism by individuals and groups. (p. 177)

As it relates to the Niger Delta violent and conflict, in this research paper, relative deprivation is used to assess that the existence of a gap between expectations and capabilities which lead to political violence. Also this theory is one competing theory that is used to explain the militancy that exist in Niger Delta. A violence action is mostly organized by a group of people who are trying to poses the protest to the government in their country.

The conflict and violence in Niger Delta is the result of a host of grievance and frustration factors ranging from economic and social matters. In economic section, the factor are poverty, the unemployment, and also corruption. The level of poverty in the Niger Delta are increase when the development of oil production begins in the area, it certainly raises a conflict. The conflict happens because the chaos of the scramble for natural resources become a thing that ordinary visible in southern Nigeria. Oil production activities were carried out by the oil companies which increased many residents suffering. The government should provide a variety of facilities such as health, education, improvement of road infrastructure, the source of clean water and also street lighting. However, it turned out to be inversely proportional to the surrounding reality.

In addition to the uneven economy, the conditions in the Niger Delta were increasingly aggravated by the existence of the action of human rights violations. Many local residents deprived its rights because their land were given for oil industry activities. Not only their land has lost, the impact of the oil extraction which is currently conducted by the oil companies also poses many environmental damage. Their environmental has been destroyed. Right now condition in the Niger Delta are getting worst. The region is the poorest among any other region in Nigeria. Also, regarding the outcomes of oil extractions on nature of the Niger Delta, some human rights are being violated. It is increasingly making the people in the Niger Delta frequently did violent action.

#### **D. Hypothesis**

Relative Deprivation theory is one competing theory that can be used to explain the violence action by the people and militancy in the Niger Delta. Based on the explanation in background of the problem above, the hypothesis of the foreign oil companies operating in Niger Delta led to the conflict and violence because:

1. The grievances of Niger Delta peoples on economic conditions; poverty, corruption and the unemployment.
2. People in Niger Delta are losing of their land ownership due to oil industry activities.

3. Environmental degradation also factors that driven the conflict in Niger Delta.

#### **E. Purpose of Writing**

The purpose of this research is analyzing the causes of the conflict in the Niger Delta and the impacts of the oil industry operating there towards the local people livelihood conditions in the Niger Delta.

#### **F. Research Methods**

The method used in this undergraduate thesis are using collecting data and explanative research methods. The data supported by the help of the printed materials such as books, journals, and reports. It is completed by the electronic media such as television news and online media retrieved from the internet. Therefore, all the data collected for this analysis are the secondary data. The data was analyzed using theories and concepts that were already explained before.

#### **G. Scope of Research**

The scope of this research is important for the researcher to restrict the analysis and to facilitate the data retrieval. In this study, the researcher will focus on the time period from the year 2006 until 2016.

## **H. System of Writing**

This undergraduate thesis consists of five chapters and analysis in each chapter. All of the explanation will be elaborated systematically and chronologically into one research paper study.

**Chapter I:** The chapter will explain about the introduction of study research, writing an objective, background, research question, theoretical framework, hypothesis, writing purpose, the range of research, methods of research and system of writing.

**Chapter II:** This chapter will explain about general overview about Niger Delta including Sub-region of Niger Delta and also Nigerian Oil and Gas Industry.

**Chapter III:** This chapter will explain about the conflict in Niger Delta and the emergence of militant groups in Niger Delta.

**Chapter IV:** The researcher will analyze effect of oil industrialization in Niger Delta.

**Chapter V:** The fifth chapter will consist of the entire conclusion from the previous discussion chapters as a closing chapter for this undergraduate thesis research.



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