THE SCRAMBLE FOR AFRICA'S OIL: A BLESSING OR A CURSE FOR AFRICAN STATES?

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Synopsis

This thesis analyses foreign intervention in oil-rich African states which have contributed to the resource curse problem in the latter. It concentrates on the role of former colonial powers-France and Britain-as well as new players-the United States, China and multinational agencies who have deployed policies and carried out practices in securing Africa's oil resources.

This study argues that '**Foreign intervention contributes to the likelihood of the resource curse through both political and economic means**,' based mainly on the resource curse theory and concept of neo-colonialism. Apart from factors addressed by the existing literature on the resource curse, namely, economic malfunctions, government policies, social foundations, resource types, country size and initial conditions, this research hypothesizes that foreign interventions display a strong linkage to the resource curse. African countries have experienced poverty and conflicts even if they have had the greatest dosages of foreign interventions from the slave trade through to the present date, as explained by neocolonialism. This is contrast to the neo-liberal economists which promote foreign interventions and resource exploitation which they argue are necessary for African economic and political development.

This study includes two theoretical approaches which address the relationship between continuing foreign intervention and the resource curse in Africa: neo-Marxism and realism. Marxist dialectical materialism allows us to look back over the history of the relations between Africa and foreign powers both materially and in regard to how these relations, time and again, affect and shape Africa's structure. By discussing the 'world order' in terms of production structure that leads to exploitation, oppression, enslavement and the struggles of the lower social classes in weaker states, Marxist perspectives shed light on the relationship between foreign interventions and Africa's underperformance. With realist main assumptions of power and profits maximization, this study explains that foreign interventions in African oil-rich countries will be maintained and will intensify as global situations surrounding oil become more hostile.

I offer to use these theories to explain specific policies and practices of foreign interventions with relation to the African oil industries. The foreign powers involved in the interventions for Africa's oil, the mechanism through which they are carried out and the outcomes of these actions are neither addressed nor evaluated in these theories. Although the abovementioned Marxist strands indicate that neo-colonialism will contribute to poor performance in Africa, it does not relate to the resource curse discussion which mainly assumes that resource-rich countries are doomed to fail. This is the gap which this study has filled by linking these theories to real-world practices. By applying the concept of neo-colonialism, this study compiles the empirical evidence of continuing interventions by former colonial powers and new powers as they seek oil security in African states. The result of this study is that oil-related foreign intervention is linked to the resource curse discussion. In effect, the

resource curse theory is refined by stating that a foreign intervention variable must be included into its discussion and policy considerations.

This study records oil-related incidents of foreign interventions in Africa and systematically categorizes oil-related foreign interventions using political and economic approaches. Foreign political interventions include the balkanization of Africa, the use of state policies, political meddling and military involvement.[1] Economic approaches used by foreign players to secure African oil are categorized into two central themes: financial involvement and business conduct. The former refers to the following practices: neo-liberal policies, petrodollar monetary order, economic sanctions, financial support and money corruption. With regards to business conduct, the following practices will be investigated: circumventing environmental standards, enclave oil operations and unsuitable philanthropic projects.

This study examines these interventions from the first scramble in Africa during the colonial era, through to the second scramble during the Cold War and the current scramble of Africa's resources. The study displays these occurrences in any oil-rich African countries including Angola, Sudan, Libya, Gabon and Equatorial Guinea. A specific case study is devoted for Nigeria which is the biggest oil-rich African countries but paradoxically experiences endemic poverty and conflicts. Primary data and interviews conducted in the Niger Delta, Lagos, Cape Town, and London are used extensively.

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[1] Balkanization is the shaping of states comprised of populations of different homogeneous entities. The term was initially coined at the end of World War I to describe the ethnic and political fragmentation that followed the breakup of the Ottoman Empire in the Balkans. Balkanization has occurred in places other than the Balkans, including Africa (Encyclopædia Britannica Online, 2011). Under the use of state policies, I analyse foreign policy, energy policy, oil diplomacy and the formation of special initiatives and institutions responsible for enhancing oil interests. Under political meddling, practices such as election fraud, regime change and financial support used in promoting specific political groups in return for oil interests, are explored. In the military involvement section, I discuss the support of arms, military training and assistance and military deployment used for enhancing the oil interests.

Chapter 1 Introduction

The Scramble for Africa's Oil: a Blessing or a Curse for African States?

Conventional wisdom indicates that the large revenues natural resources bring should generate wealth within the countries that possess them.[1] Nonetheless, much evidence shows the opposite. Empirical studies find that resource abundance and poor economic performance, civil war and political instability are interrelated. Half a century of extraction and resource-based economic policies, underdevelopment, social instability and poverty persist in Africa, for instance, despite its rich natural resources. Many observers are puzzled as to why the blessing of natural resource abundance has not brought wealth in most resource-rich countries. Instead, it has turned into a curse. Experiencing the resource curse in Saudi Arabia, Sheik Ahmed Yamani, the former Saud Oil Minister expressed, '*All in all I wish we had discovered water*' (quoted in Shahnawaz, 2004: 1).

Academics have tried to test and explain the 'resource curse' phenomenon and suggest solutions through which a country can best utilize its resources for development. However, an important causal link is missing in the existing literature. The linkage, which this research aims to contribute, includes foreign exploitation as a contributing factor to the resource curse. Until this is addressed, the solutions for overcoming the resource curse will not be effective. It is crucial to note that each natural resource contains characteristic variations in its nature and the players involved. For clarity, oil is chosen as the focus of this study.

This chapter serves mainly as an introduction to the key ideas underlying the thesis and also serves to lay out its research design. It begins by explaining the research question, followed by the discussion of the main argument 'foreign interventions' in Africa. It then discusses theories on which the study is based and the hypothesis arising from the theoretical assumptions of this topic. The following sections discuss the research method and research objectives and finish by outlining the structure of this thesis.

[1] 'Conventional wisdom' is a term used to describe ideas that are commonly accepted by the public. The ideas are stated so frequently they become conventional wisdom whether or not they are true. None would argue about this accepted truth. Even though conventional wisdom is outranked by new ideas, there may still be considerable preferences for the previous thinking (Galbraith 1958). The conventional wisdom regarding natural resource abundance views that natural resources are the source of a nation's richness. As a result, populations of the nations which have newly-discovered the resources expect that the resource exploitation will improve their living standard and bring development to the nation as a whole.

Research Question

Having discovered that foreign exploitation, despite its remarkable significance, has rarely been discussed as a contributory factor to the resource curse and the puzzle of why, after extensive investments and extraction by foreign actors, the resource industries have not brought wealth to the African states, this thesis explores the processes involved. It argues that Africa's failure to turn the potential of oil into wealth and development are considerably due to the predatory nature of historic, on-going, foreign exploitation. It studies how such continued foreign interventions play a part in the resource curse of African countries. Essentially, the research seeks to explore '**what impacts oil-related foreign interventions have on Africa and whether they have a tendency to contribute to the resource curse?**'

This thesis uncovers the conduct of foreign interventions as part of oil security, to explain how these relate to the resource curse and to develop the resource curse theory accordingly. It concentrates on foreign players who dominantly intervene in African oil-rich countries; these are, the US, China, France and Britain as well as on transnational agencies using the largest African oil-producing country, Nigeria, as a case study.

No research has given sufficiently-detailed accounts of foreign interventions with relation to oil in Africa because the oil sector is relatively new there. This is contrary to the subject of foreign interventions relating to the Middle East oil issues, particularly with the recent attention arising from the Iraq invasion. By studying foreign interventions for African oil, this thesis balances an emphasis on the study of foreign interventions in the Middle East oil.

Thus, for this research to discover the impacts of foreign interventions on the political and economic performance of African countries and measure if they have contributed to the resource curse, the research first has to answer what these oil-related interventions are. Simply said, before answering the second part of the question concerning 'the resource curse', the first part, concerning 'which actions', must be answered. An in-depth exploration of these interventions is presented in the following chapters.

The primary research question of this study, **what impacts oil-related foreign interventions have on Africa and whether they have a tendency to contribute to the resource curse**, involves four groups of sub-questions the answers to which compose this thesis. The first group surrounds the resource curse topic: what it is, what its causes are and how it can be overcome. The second group of questions addresses foreign interventions including what they are; what counts as an oil-directed foreign intervention; who the players are and where they take place. The third group examines African states' performance: how different African oil-rich countries perform; whether this can be attributed to foreign interventions and how these outcomes relate to the resource curse. The last group of questions addresses causation and theory development; that is, whether foreign intervention and the resource curse are in a causal relationship; what evidence shows the linkages; what theories can be used in explaining the phenomenon and how theories can be developed according to research findings. The discussion of this thesis is engrained in the concept of the resource curse which is predominantly used to explain the developmental failures of resource-rich countries. The main arguments 'foreign interventions' is discussed further in the following section while the 'resource curse' is discussed in chapter 2.

Defining 'Foreign Intervention'

This section defines the thesis' primary concepts of 'foreign intervention'. The term 'foreign intervention' includes the full range of practices and policies whereby a variety of foreign parties including states, non-state and transnational players become involved in the internal affairs of another state (Vincent, 1974; Crocker, 2001). Stern (1997) also refers to intervention as forceful interference. Coady (2002) believes that intervention occurs only when the state targeted disagrees with this intervention. Lang (2002) places the focus of interventions on the changes of the political system of a sovereign state. The report on the Responsibility to Protect (2001) states that any form of interference qualifies as intervention when it forces directions on the internal affairs of a state. Indeed, such direct interventions have serious consequences. But these should not be viewed as the only types of intervention. It is important to include a more resilient notion of foreign intervention in order to call attention to other forms of interactions that may cause internal changes that would otherwise not occur if the country was left to its own internal processes. Hoffmann (1996) and Ramsbotham (1997) believe that actions qualified as foreign interventions with or without consent from the targeted states. Even when a government asks for help, this is considered intervention. Coming from the Marxist school, Anise (1989) considers the essence of foreign-centred modes of production, the continuing incorporation of Africa into global capitalism, imperialist influence and unequal international terms for Africa as foreign interventions. These result in Africa's interlocking dependency. Gegout (2012) provides a detailed description of foreign interventions including those by economic, political, cultural, institutional, legal and military means.

As with Hoffmann, Ramsbotham and Anise, this thesis includes both coercive and non-coercive actions as interventions. With specific relations to oil, this thesis recognises two forms of intervention: political and economic.

In general, foreign political interventions come in various forms including foreign support for authoritarian regimes in order to gain economic and political benefits. It may also come through the mediation of special envoys with African governments and rebel movements or through the creation of political institutions. Political interventions can also be in the form of organised and monitored elections, intelligence links, political meddling, toppling of ruling regimes, military force, supplying and selling of arms, the creation and operation of military bases and assistance with military training and funding. Encouraging the operations of private military companies is also considered as political intervention (Francis 1999).

Economic interventions include conditionality for aid and trade; sanctions; and economic relations with a hidden agenda. Economic intervention also includes dominating practices of international corporations in another state which are seen as equally running the state's economy. Interventions can come in the form of foreign penetration of domestic economic structures, institutions and the global patterns of exchange. Multinational corporations (MNCs), for instance, can engage in practices which distort allocations of resources and revenues while also solidifying structures of dependency (Gutkind and Wallerstein, 1976; Cohen and Daniel, 1981; Shaw 1985). All phases of African development today are the result of the historical chain of foreign penetration and economic incorporation of Africa that has been on-going for over three centuries (Anise 1989; Simensen 2009). Accordingly, a state in Africa cannot compete with states in the developed world (Stoneman and Suckling, 1987).

The reality of foreign interventions in Africa is more diverse than described here (See more in Gegout, 2012). This thesis focuses on oil-related foreign interventions. It is often difficult to distinguish between interventions that are intended to directly secure oil and those that are designed to facilitate oil control, to maximize the profits of businesses based on or related to oil and those intended to increase national security and hegemony. These practices can range widely from meddling in local politics to global monetary control. Nonetheless, I identify oil-related interventions by political and economic means. I argue that oil-related interventions by political means are defined as the balkanization of Africa, the use of state policies, political meddling and military assistance (see Chapter 4). As for economic means, I argue they focus on financial involvement and business conduct. Financial involvement includes neo-liberal reforms, petrodollar monetary order, economic sanctions, financial support and money corruption. Business conduct includes circumventing environmental standards, enclave oil operations and unsuitable philanthropic projects (see Chapter 5). This study examines foreign interventions both through political and economic means in African oil-rich countries with the specific case study on Nigeria (chapter 6).

The complex oil-related foreign interventions do not exist in a vacuum but are an indispensable part of the continued ‘scramble for Africa’ resources, which has been on-going for centuries. The term ‘scramble for Africa’ was first used to refer to the process surrounding the 1884-85 Berlin Conference. The second scramble was the superpowers’ rivalry for political control of Africa during the Cold War followed by the modern scramble for oil involving the great powers and multinational companies (Ghazvinian, 2007; Clarke, 2008). All three “scrambles” are closely interrelated, complicated and intertwined with various factors. The processes impact heavily on Africa’s present status and will continue to shape the future.

The original ‘Scramble for Africa’ began as early as the 1880s and 1890s when the European nations - predominantly Britain, France, Germany and Belgium - invaded Africa, following by the formal partition of Africa at the 1884-85 Berlin conference which legitimised the political, military and economic suzerainty of those European nations over Africa (Sanderson, 1974). This opened the door for the colonial power to acquire all kinds of natural resources in the continent. The search for oil first took place in the late nineteenth century in Algeria and in Nigeria before the First World War. In 1910, Egypt was the first country that produced oil and in that period became the first key African oil-producing country. However, Africa’s oil production remained relatively small in the international oil markets until decolonization (Frynas and Paulo, 2007).

The second scramble for Africa continued immediately after the first one ended with the granting of political independence to African states and during the ensuing Cold War (1947-1989) which transformed the newly independent African countries into proxy battlefields between the US and the Soviet Union, the post-WW II superpowers. African conflicts had little to do with the US and Soviet ideological rivalries, the former claiming to promote capitalism and the latter to promote communism. Gaining strategic global power and securing African resources were the primary reasons behind their involvement (Clarke, 2008).

Significant oil deposits began to be found and production in Africa increased rapidly during this period. In 1957, Algeria's Edjeleh and Hassi Messaoud oil fields began production in significant quantities (Aissaoui, 2001). In the same year, the first oil export from Gabon took place (Yates, 1996), while Nigeria's oil production began (Frynas, 2000). In 1961, Libya entered the industry (Gurney, 1996). Between 1960 and 1970, Africa's oil output increased more than 20-fold. See Table 1 below for African oil output as a proportion of the world output in the period 1950-2010.

Table 1: African and world oil output (million metric tons) (1950-2010)

Year	*African output*	*World output*	*Africa as % of total world output*	*Africa's main oil-producing country*
1950	2.6	522.1	0.5	Egypt
1953	2.9	659.4	0.4	Egypt
1955	2	774	0.2	Egypt
1957	2.7	887.4	0.3	Egypt
1960	13.8	1,056.90	1.3	Algeria
1962	38.9	1,220.80	3.2	Algeria
1964	82.4	1,409.60	5.8	Libya
1966	135.4	1,700.60	8	Libya
1968	191	1,990.90	9.6	Libya
1970	292.3	2,355.20	12.4	Libya
1972	275.1	2,636.60	10.4	Libya
1974	264.9	2,875.20	9.2	Nigeria
1976	289	2,969.00	9.7	Nigeria
1978	298	3,103.10	9.6	Libya
1980	300.6	3,087.90	9.7	Nigeria
1982	230.5	2,795.60	8.2	Nigeria
1984	248.8	2,814.60	8.8	Nigeria
1986	260.6	2,936.00	8.9	Nigeria
1988	274.9	3,069.10	9	Nigeria

1990	320.9	3,170.60	10.1	Nigeria
1992	335.3	3,189.70	10.5	Nigeria
1994	333.9	3,236.90	10.3	Nigeria
1996	355.9	3,375.90	10.5	Nigeria
1998	363.9	3,547.60	10.3	Nigeria
2000	373	3,613.80	10.3	Nigeria
2002	375.2	3,593.70	10.4	Nigeria
2004	441	3,865.30	11.4	Nigeria
2006	473.3	3,908.80	12.1	Nigeria
2008	488.1	3,928.80	12.4	Nigeria
2010	517.5	4,216.54	12.3	Nigeria

Source: 1950-64 data from Baker (1977 as illustrated in Frynas and Paulo, 2007); 1965-2008 data (BP Statistical Review of World Energy, 2009); 2009-2010 data (US Energy Information Administration, 2011).

Nigeria's daily oil production rose from 20,000 barrels per day in 1960 to over 2 million barrels in 1973 (Frynas, 2000) while Nigeria's oil exports in proportion to its total exports rose sharply from 10 percent to 83.14 percent. Between 1970 and 1974, there was a sharp increase in Nigeria's oil contribution to total government revenue from 26.3 to 82.1 percent (*ibid.*). The 'Oil Scramble' led to significant political, economic and social changes, particularly in the key African oil-producing states such as Libya, Algeria and Nigeria. Many would expect Africa to escape from external exploitation after the national independence movements of the 1950s. However, Africa continued to fall prey to competing intervention between the US and the Soviet Union to secure resources from Africa during the Cold War era (1945-1990) (Schraeder, 2001).

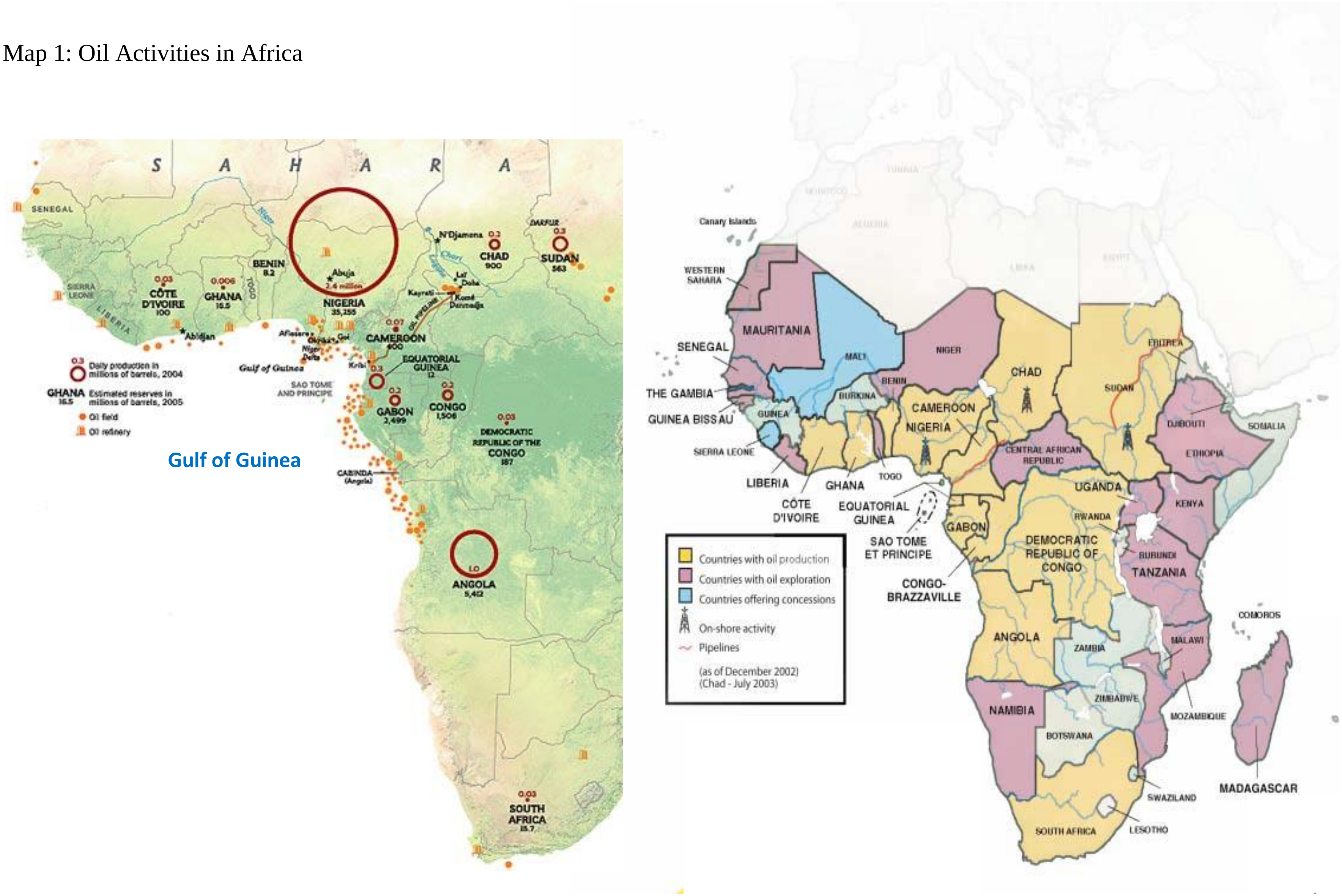
However, the end of the Cold War did not end the international rivalry in Africa but was replaced by the Cold Peace in which most great powers compete for economic supremacy and a degree of political control in Africa (*ibid.*). Oil, economic and political interests were the main incentives. New powers emerged in this period of capitalism and globalization with the rising need in energy. The recent threats from terrorism urge on the issue of international security and the need for secure supplies.

Given the new factors evolving as the twenty-first century started, the African continent has once again become a vital strategic area. The modern Scramble for Africa's oil has started and this time more competitive than before with a diversity of foreign players and companies becoming involved. In 2006, there was a record growth of more than 78 percent in foreign direct investment, 50 percent of which was directed to oil and the rest concentrated in a few resource industries, namely gas and mining (World Investment Report, 2006). The region is now the scene of one of the most sweeping resource grabs (Behar, 2008). A senior official of the US State

Department suggested that African oil is now the ‘only game in town’ (Frynas and Paulo, 2007: 247). Many new frontiers were tested and new production came on-stream**.** Foreign players are using new strategies that have never before been applied in this new oil game. Few existing local maps of Africa are rarely as extensive as the maps drawn out by the oil companies which contain activities such as oil exploration blocks, operations and facilities rather than political, geographical or ecological features. Modern oil cartography has assisted penetration into Africa and its future development (Clarke, 2008).

A recent report by oil giant Royal Dutch Shell suggests that the scramble for oil is the only possible option for the time being. The report predicts that in the next decade the worst-case scenario would be that the world's governments will engage in an increasingly ruthless "scramble" to secure energy supplies and natural resources, possibly causing global conflicts and severe environmental destruction. The best-case scenario Shell predicts could happen if the governments coordinate "blueprints" for the future which uphold sustainability, acting with co-commitments, efficiency and speed (Behar, 2008) but this is unlikely to occur in the foreseeable future. Map 1 below shows that oil activities in Africa are now active.

Map 1: Oil Activities in Africa



Source: National Geographic (2005); Garry and Karl (2003: 43)

Africa is an area of intensive foreign interventions involving many players seeking a varied combination of self-interests. There are a number of discussions on foreign intervention in Africa that are worth highlighting here. Although they are not the focus of this thesis, they form part of the foreign interventions in Africa which undermine African political, economic and societal systems and rob Africa of the chance to fully develop its resource potential.

Amin (1976) and Gordon (2001), for instance, discuss how colonialism and its legacies underdevelop Africa in general. Taylor and Williams (2004) explore in detail the special relationship between France and Africa and the lower key but still special relationship between Britain and Africa. Despite Britain lacking an African policy, Williams (2004) shows that Britain continues to provide significant military supplies to several African states. Vallee (1989) examines France's strong Francophone monetary policy, which has preserved French influence throughout Africa and in return provided France with enormous gains. Brune (1995) and Adebajo (1997) explain French political meddling and its support of corrupt regimes in Africa and how this undermines good governance. Apart from France, there are discussions on the heavy involvement of other main players in Africa, such as the US, Germany and Japan, whose active policies and actions continue to affect the future of African politics and society (Aluko, 1987; Nester, 1992; Schraeder, 1994; Hofmeier, 1994; Morikawa, 1997). Patman (1990) discusses Russian influence in Africa. There are also discussions of China's (PRC) on-going diplomatic battle with Taiwan in Africa for the purpose of political recognition (Larkin, 1971; Snow, 1988; Xuetong, 1988). Some explore other communist-bloc countries that once established privileged relations with Africa (Mesa-Lago and Belkin, 1982; Winrow, 1990).

Having defined 'foreign interventions', this chapter now move on to discuss theories surrounding foreign interventions and the role of Africa in the world, followed by the thesis' hypothesis developed from these theories.

Theories and Hypotheses

African issues are infrequently debated in terms of international relations theories while the debates between different IR schools on international systems are often quite fierce (Clapham, 1987). Although Africa has been engaged in global trade since the nineteenth century, the continent's position in the international system is marginal. Engel and Olsen (2005: 1) call this 'a striking duality between marginalization and globalization'. Much of what exists on Africa in IR theories is as a part of North-South relations, with the emphasis in the North. African debates could be grouped into two main themes: the assessment of Africa's economic and strategic role from the North's viewpoint and the changing structure of African states. Empirical research on Africa generally has dealt with specific problems rather than theories (*ibid.*). Exclusion from the IR mainstream means there is little theoretical content to better understand Africa (Croft, 1997). Hans Morgenthau, a classical realist, for example, states that Africa was a 'politically empty space' before the First World War (Morgenthau and Thompson, 1985: 369). Waltz (1979) demonstrates that the discussion of IR theories is based on the great powers. With regard to interventions, realists see these as ordinary means to secure power in an international anarchy (Hoffmann, 2001).

Interdependency theories, coming from a neo-liberalist perspective, criticize realists' focus on the great powers as being too narrow when theorizing international relations. They argue that countries are tied together in a complex system of interdependency and that states are not the only important actors. Although it could be expected that this notion should lead to more focus on the peripheries, this did not happen.[1]

African oil has long and historic roots. Africa's resources potential has been recognised for well over half a century. However, published work barely mentions what happens inside Africa's oil game. Thus, a lack of knowledge of Africa's oil history and many prevailing myths hinder the understanding of the impact of the oil industry on Africa (Clarke 2009). The lack of theoretical debate on Africa, its place in global politics - with specific reference to the oil industry - is the core inspiration of this thesis. Realism may explain the reasons states intervene, focusing on power and survival. However, realism does not answer the 'how' question; that is, how foreign interventions contribute to the resource curse phenomenon and this leads to the hypothesis below.

Historical research shows that the neo-colonialism concept explains foreign interventions better with particular respect to how foreign interventions are carried out and what impacts these actions may have, which are the focus of this research. Neo-colonialism explains the sustaining system of colonial exploitation and dependency even after a colonised territory has achieved independence (Asante, 1989). It refers to the involvement of more powerful countries in the affairs of less powerful ones. Even without direct military control, they tend to maintain a '*de facto'* control over less powerful nations via indirect domination by political, economic, social, military and technical means. In other words, neo-colonialism can be defined as the survival of the colonial system.

By and large, neo-colonialism assumes the continued control by former colonial powers as well as that of the new players. The concept of neo-colonialism was predominantly described by dependency theory (a neo-Marxist variant) that resources are extracted from the periphery of poor underdeveloped states and flow towards the rich states at the centre in order to sustain their economic wealth. This imposed integration of Africa into the 'world system' results in deeper impoverishment. The Marxist standpoint has thus been selected for answering the research question of this study and for analysing the negative linkages between the neo-colonial foreign scramble of Africa and the resource curse. However, the Marxist view contrasts with that of free market economists, who argue that full integration into the world market is beneficial and necessary for economic development. It is also contrary to the view that Africa's underdevelopment is caused by African internal politics (Bayart, 1993). Chapter 3 discusses theories related to foreign interventions and neo-colonialism in oil-rich African countries in detail.

This study revolves around a fundamental research hypothesis. It proposes that: 'Foreign interventions may contribute to or increase the likelihood of the resource curse.' The hypothesis this research forms is based mainly on the resource curse

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[1] The only impact liberalism and neo-liberalism had on theorizing Africa was the theories of development and not Africa in IR (Dickson, 1997; Engel and Olsen, 2005).

theory and neo-colonialism concept. Apart from factors addressed by the existing literature of the resource curse, namely government policies and misallocation, social foundations, resource types and the country size (detailed in Chapter 2) this research hypothesizes that foreign interventions create a strong linkage to the resource curse. Multiple foreign players, by globally reproducing and expanding capital through the control of oil, are linked to Africa's resource curse.

Operationalisation

This section discusses what the independent and dependent variables for the research design are; why African oil-rich countries and certain foreign players are chosen for the research and why oil is a crucial matter for interventions; and what research methods are used in finding out the answer.

Independent and Dependent Variables

Foreign interventions, as discussed above, are the independent variable with the specific independent variable being foreign intervention in Africa's oil industries. The dominant actors are the US, UK, France, China and transnational agencies. To measure foreign intervention, we explore the policies and practices used by foreign players to secure oil supplies. For states, the overwhelming need for energy security crosses departments dealing with foreign affairs, defence, finance, the economy, development and the environment. For transnatinal agencies, activities used for enhancing their oil profits are explored. Foreign players use a combination of instruments to deliver these oil-related policies including the military, trade negotiations, sanctions, financial aid and arms deals.

The dependent variable of this research is the resource curse, the symptoms of which are any one of poor economic performance, civil war and bad governance. That is to say, oil-related foreign interventions tend to contribute to the resource curse in Africa. This study does not aim to claim that any of these symptoms is caused by foreign interventions only. Rather, foreign interventions may contribute to the resource curse which, in many cases, is an intimate combination of the three symptoms above. For example, foreign intervention may start by prolonging and intensifying an existing conflict and allowing bad regimes to continue, which over an extended period results in economic collapse of the state. When these policies are implemented, especially in the context of, or at the expense of, other states, particularly poor developing ones with low institutional capacity, they may contribute to the resource curse. In conclusion, this research attempts to link foreign intervention as a contributory causal mechanism of the resource curse. Thus, foreign intervention in the African oil industries is an independent variable of this research while the consequent resource curse is the dependent variable.

Location

Being one of the richest continents in natural resources, Africa represents one of the most obvious examples of the resource curse. Africa is estimated to possess 99 percent of the world's chrome resources, 85 percent of its platinum, 70 percent of its tantalite, 68 percent of its cobalt and 54 percent of its gold. It has significant oil and gas reserves. Africa's oil reserves rank second to the Middle East's while proved gas reserves comes third to the Middle East and Eurasia (BP Statistical review of World Energy, 2011). Africa also holds timber, diamond and bauxite deposits (Alao, 2007). If the conventional wisdom which indicates that natural abundance equates to economic development is true, Africa should be a very wealthy continent (Yager, Bermúdez-Lugo *et al.*, 2007). Yet, it is more impoverished today than before the discovery of these resources. Wars have been on-going and political instability is endemic.

Table 2, below, shows that Africa's share of the export value of fuels, ores and metals ranks second highest and highest for agricultural raw materials. Yet, Africa's financial development ranks almost the lowest. The table also shows the contrasting case of North America whose resource exports rank among the lowest but whose financial development is strikingly high. Figure 1, following, further shows that resource-poor countries have high economic growth. These are China, Korea, Hong Kong and Thailand with almost no resource exports. Resource-rich countries, on the contrary, suffer economic decline despite having 80 percent of their exports as resource commodities. These countries include Nigeria, Zambia and Venezuela.

Table 2: World's Resources and Growth, Volatility and Financial Development

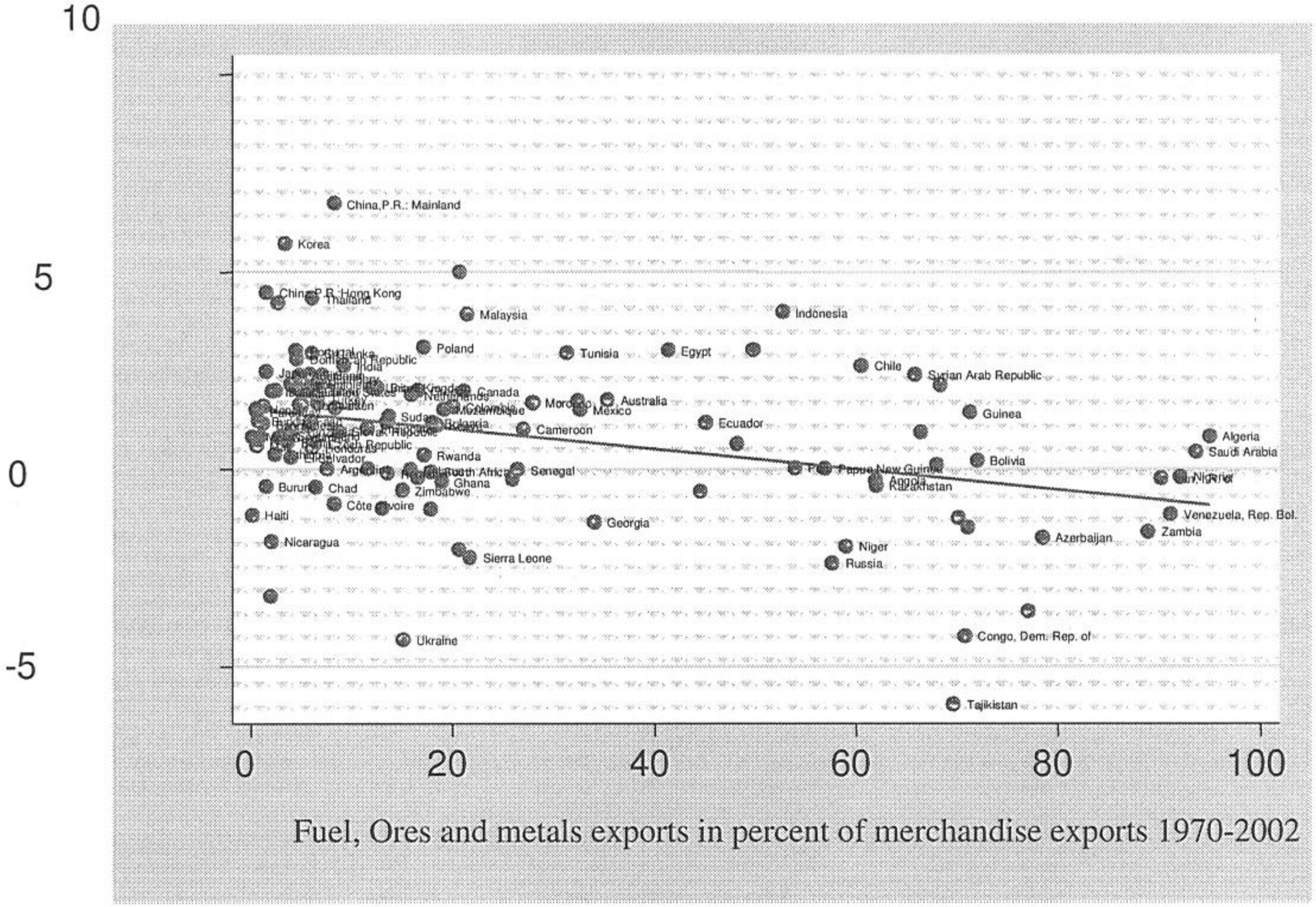
Regional Characteristics (%, 1970-2003, at least 10 obs. per country)

			Export Value Share of GDP						Rent Share of GDP			
Region	Yearly real GDP per capita growth rate		Fuels, Ores & Metals		Agricultural Raw Materials, Foods		All Resources		Fuels, Ores & Metals		Government Share	Financial Development
	mean	sd	mean	sd	mean	sd	mean	sd	mean	sd	sd	mean
Middle East & North Africa (MENA)	1.18	8.12	22.24	9.30	2.51	1.52	24.75	9.07	26.98	11.20	5.82	41.41
Sub-Saharan Africa (SSA)	0.47	6.52	9.60	3.97	10.24	3.60	19.65	5.66	5.79	3.76	4.76	17.44
East Asia & Pacific (EAP)	2.47	5.00	6.81	3.45	10.04	3.11	16.71	5.49	4.44	2.44	2.72	51.77
Latin America & Caribbean (LAC)	1.47	4.54	4.99	2.64	9.66	3.70	14.59	5.34	6.31	3.26	3.98	34.87
South Asia (SA)	2.41	4.41	0.52	0.42	4.25	1.55	4.77	1.83	1.31	0.96	2.98	17.33
Eastern Europe & Central Asia (ECA)	2.56	4.34	2.07	0.66	3.50	1.03	5.57	1.54	2.23	1.23	2.52	22.70
Western Europe (WE)	2.35	2.33	2.71	1.00	5.20	0.95	7.86	1.60	0.55	0.52	1.53	76.08
North America (NA)	2.09	1.90	2.90	0.52	2.99	0.45	5.88	0.85	3.41	1.85	1.60	109.36
1st q. Av. Fin. Development (<=16.2)	0.70	6.40	9.71	4.23	7.64	3.00	17.06	5.52	5.14	2.95	4.64	10.38
4th q. Av. Fin. Development (>=52.9)	2.32	4.40	4.68	2.29	5.28	1.78	9.89	3.45	4.99	2.62	3.03	80.92
1st q. Av. Resource Dep. (<=6.1)	2.73	2.83	1.17	0.48	2.23	0.64	3.41	0.93	1.65	1.11	2.38	64.96
4th q. Av. Resource Dep. (>=19.3)	1.08	7.37	23.22	10.00	11.62	3.59	34.67	10.85	14.10	6.47	4.72	25.47
1st q. Distance to waterway (<=49km)	1.76	8.12	6.72	3.41	8.22	2.65	24.75	9.07	6.03	2.50	5.82	41.41
4th q. Distance to waterway (>=359km)	1.46	6.52	8.22	3.68	8.59	3.43	19.65	5.66	8.99	4.75	4.76	17.44

Note: *Means* are cross-country averages of country average growth rates or variable shares between 1970 and 2003. *Standard deviations (sd)* are the average cross-country standard deviations of country yearly growth rates or variable shares over the corresponding period.

Source: Van der Ploeg (2007)

Figure 1: Growth and Natural Resource Abundance



Source: World Development Indicators, 2004, World Bank

Africa is one of the largest oil-exporting regions, ranking third to the Middle East and the former Soviet Union respectively (BP Statistical Review of World Energy, 2011). The production trend is likely to increase dramatically in the upcoming years since most of this region's oil resources have not yet been developed. The economic potential is high, when compared to other sources such as Saudi Arabia, Venezuela, Norway and the US whose resources are mature. Africa, especially the Gulf of Guinea, is becoming an increasingly important energy supply source to the world as an alternative to the politically unstable Middle-East. A new actor with rising energy needs is appearing in Africa's oil industry, namely China. The attention to oil is being shifted to Africa which has become a region of strategic geopolitical importance and a target for foreign interventions (Shaxson, 2007; Ghazvinian, 2007; ECON Analysis AS, 2004).

Africa is also specific in that it had been colonized by various foreign powers and for a much longer time than other oil-exporting regions. The colonial era left ties, on-going interventions and intricacy as legacies. However, this study does not claim to argue that Africa is the only case which suffers from the oil-struggle. The foreign scramble for oil apparently also causes negative outcomes in the Middle East. Although the former Soviet Union is the second largest oil exporter, the complexity of foreign interventions in this region is less than others. Oil has been mainly controlled by Russia's tight grip on its national oil company, Gazprom. Its main oil exports go to Europe and China. It has not been colonized unlike other oil-exporting regions such as the Middle East, Africa or Latin America.

The factor behind the growing attention to African energy supplies is that the world oil production is only just meeting the rising world demand and old fields are being drained at a rate faster than new production can be brought in. This factor raises issues of national security which will intensify as world oil demand increases. It is predicted that 'easy oil' is now rare and that the age of 'tough oil' has arrived when extraction requires complex technology and involves hazardous environmental impact often in conflict-prone locations (Hubbert, 1959; Klare, 2008). In the midst of rising demands and depleting supplies, sub-Saharan Africa's proven reserves increased by 56 percent between 1996 and 2006, compared to 12 percent for the rest of the world (BP Statistical Review, 2007).

Although Africa's proven petroleum reserves are not as great as the Persian Gulf's, it has more than enough potential for the region to provide production to keep markets calm when supplies from elsewhere are unstable. In other words, it can act as a 'swing region' and as a consequence it is the subject of fierce competition. Since the 1970s Arab oil embargo, oil supply diversification has been an international goal and is a prerequisite to freedom of action in foreign policy. The African Oil Policy Initiative Group (AOPIG) report (2002: 8) stated that 'West Africa offers the quickest, most secure and least complicated potential for such an increase'. Oil-importing states have understood that the world's over-reliance on a few hot spots for energy supplies creates a great risk of supply disruptions and price volatility; hence they attempt to reduce their dependence on Middle Eastern oil (Klare, Volman *et al.*, 2006).

For the US and China, it is obvious that both are increasingly putting assets into Africa at a time of growing instability and greater competition for resources (McLeary, 2007). Africa will increasingly play an important role in global energy markets as it is predicted to provide more than 25 percent of North American oil imports by 2015 (National Intelligence Council, 2000). This projected oil volume would put Africa well ahead of Saudi Arabia as a supplier for the US. Besides, much of Africa's oil is offshore, making it immune from domestic political or social unrest and can be delivered directly and swiftly to the US via open sea (AOPIG, 2002). Western Europe has placed a similar emphasis on West Africa. Export volumes from this region are likely to increase due to its 'sweet crude' quality which is cheaper to refine. West African producers also have not yet developed production conservation policies, making them highly export-oriented (Clarke, 2008).

Africa's oil markets are generally open to foreign participation. Foreign companies find it more appealing to do business in Africa than in the Middle East, Venezuela, or even the Caspian region, where state-owned firms like Saudi Aramco, PdVSA and KazMunaiGaz operate under tight government supervision, restricting opportunities for profitable deals (Gary and Karl, 2003). There are also political risks, smaller opportunities, overly-tough fiscal terms and nationalization attempts in the Middle East, Latin America and the Caspian region. Consequently, Africa continues to attract foreign oil companies, especially when they have few trained professionals of their own to develop the oil industry.

Over 50 percent of all foreign direct investment in Africa goes to oil investment and almost 90 percent of all foreign mergers and acquisitions since 2003 have been in the mining and petroleum sector (Watts, 2006). Since 1990, the petroleum industry alone has invested more than $70 billion in Africa, which accounts for the largest investment in the continent's history. Three of the world's largest oil companies - America's ChevronTexaco, France's Total and British-Dutch consortium Shell - are spending a huge amount of their global exploration and production budgets in Africa (over 35 percent, 30 percent and 15 percent respectively). The US oil companies have invested more than $50 billion in the region over the last decade. ChevronTexaco alone invested $20 billion in African projects over a five-year period (Klare, 2005). By 2010, the major oil consulting company IHS Energy predicts that African oil production, especially in the Gulf of Guinea (see Map 1), will attract massive exploration investment of over 30 percent of the total world oil investment (Watts, 2006).

The reason for attention and intervention in Africa today is precisely what made it attractive to foreign predators in previous centuries: a vast abundance of vital raw materials contained in a deeply divided and weak continent, remarkably open to international exploitation (Klare, 2008). Africa is the world's greatest frontier in oil exploration. This, however, happens in the midst of continuing struggles within African states for a share of the oil wealth. The struggles often involve armed conflicts, a pattern likely to continue in the future (Clarke, 2008).

Intervening Players

After discussing why Africa is chosen for this study, we now look at why certain intervening players are chosen as another part of the operationalisation of this thesis and why oil is such a crucial subject as the goal of interventions. Based on the concept of neo-colonialism, the study covers both old and new players, of which there are many. This study focuses on the main ones: Britain, France, the US, China and transnational agencies. Most investment in Africa originates from Britain and France with which there are historical colonial ties. French oil company Total has made large investments in Francophone countries including Chad, Gabon, Senegal and Cameroon (Gary and Karl, 2003). Furthermore, Britain and France have provided exceptional aid and debt reliefs to former colonies, particularly oil-exporting countries such as Nigeria and Cameroon, in exchange for oil benefits while aid to other poorer states is comparatively low (Klare, 2008). These moves are considered to be neo-colonial.[1]

Neo-colonialism assumes continued foreign interventions have not only taken place but have been there for centuries from the discovery of the African continent, the colonial era and the new scramble for Africa (Ghazvinian, 2007; Clarke, 2008). Neo-colonialism explains that former colonizing states and other economically powerful states maintain a continuing presence in the economies of former colonies, especially where raw materials are concerned. Stronger nations are thus accused of intervening in the governance and economies of weaker nations to maintain the flow of such material, at prices and under conditions of excessive self-interest. The forces of neo-colonialism did not comprise former colonial powers alone, however. Theorists also saw other powerful states such as the US and China as increasingly dominant purveyors of neo-colonialism in Africa, especially where oil is involved (see Chapter 3). The US involvement became prominent in Africa during the Cold War while China has dramatically established its position in Africa since becoming an economic superpower following its open-market policy in the late 1990s/ early 2000s (Taylor, 2006).

In addition to state players, international organizations and multinational corporations (MNCs) play very important roles in oil industries and development in Africa and are thus included as another neo-colonial player. MNCs are frequently used as a tool to advance state foreign policies. European imperial power was predominantly exercised through multinational companies as they expanded their empires abroad. China and the US have now joined as dominant players in using the strength of their companies to gain strategic power overseas while companies also receive considerable support from their states. China, particularly, has successfully used this formula in Africa. However, oil companies have often acted individually as their influence is increasingly growing both domestically and overseas. Oil corporations play an important role in Africa's future. Approximately 500 oil companies now participate in African oil exploration (Clarke, 2008). Based on neo-colonialism, which helps explain continued interventions, this thesis examines both old and new foreign players which intervene in Africa for its oil. Oil is a crucial subject for interventions. Oil is now considered the world's most valuable resource. It is the lifeblood of the nations' economic activities. Eighty-five percent of global transportation depends on oil. Petroleum also provides basic raw materials for most industries such as plastics, pharmaceuticals and textiles. Agriculture needs these key materials such as pesticides and herbicides and petroleum. Affordable travel has also generated a boom for the tourism/recreation industry (Yergin, 1993). Without cheap

[1] Exploitation of African elites is discussed in Chapter 3 where neo-colonialism is further discussed. However, this is not the topic of this study which focuses on foreign players. Furthermore, this study argues that foreign players take part in shaping and exacerbating the troubled African political terrain.

oil, many large enterprises like automobile manufacture, chemical industry and large airline and freight companies would be unable to start or survive. These firms have generated much national wealth from massive employment.

Superpowers rely on oil. Europe (by 2008) was importing more than half of its oil consumption from overseas and this trend is expected to exceed 70 percent in 2030 if no significant strategy is put in place (Euractiv, 2011). For Europe, Africa is the second largest oil exporter after the former Soviet Union. One-fourth of European oil supplies are already coming from Africa. The United States now also relies on imported petroleum for over half of its total supply; 25 percent of this comes from Africa. With domestic reserves facing long-term decline, it can only become more intensely dependent on foreign sources. Thus, the US is increasingly exposed to the violence and disorder that accompanies oil extraction in politically unstable, and often hostile, oil-producing countries (Klare, 2005). China's move from being an oil exporter to an oil importer in 1993 was a significant objective in its development of oil industries in Africa.

China needs massive energy supplies to sustain its rapid economic growth of around 9 percent every year in the last decade (Zweig and Jianhai, 2005). In 2003, China exceeded Japan to become the world's second-largest energy consumer. In 2010, China has become the world's largest energy consumer, overtaking the US (Andrews-Speed and Dannreuther, 2011). China's consumption is the source of 40 percent of the growth in world oil demand in the last four years (US Energy Information Administration, 2010; the Council on Foreign Relations, cited in Frynas and Paulo, 2007). In 2020, this consumption will amount to 450 million tons, 60 percent of which would be imports. China's fast-growing thirst for oil has led Beijing to seek new supplies throughout the world, especially for untapped reserves in faraway places (Leech, 2006). The US-led military occupation of Iraq in 2003 and the disputes over Iran's nuclear programme are factors making the Middle East less attractive for investment (Alden, 2007). This search has taken Chinese firms into many parts in Africa.

As a result, international competition for the same unreliable sources of supply is destined to grow. Besides, while energy officials continue insisting that supplies will keep expanding, some experts argued that oil output will reach 'peak' point worldwide and then begin a permanent decline (Hubbert, 1959). If these predictions prove correct, less oil will be available, competition for it will increase and, unavoidably, the struggle for its control will become more pressing.

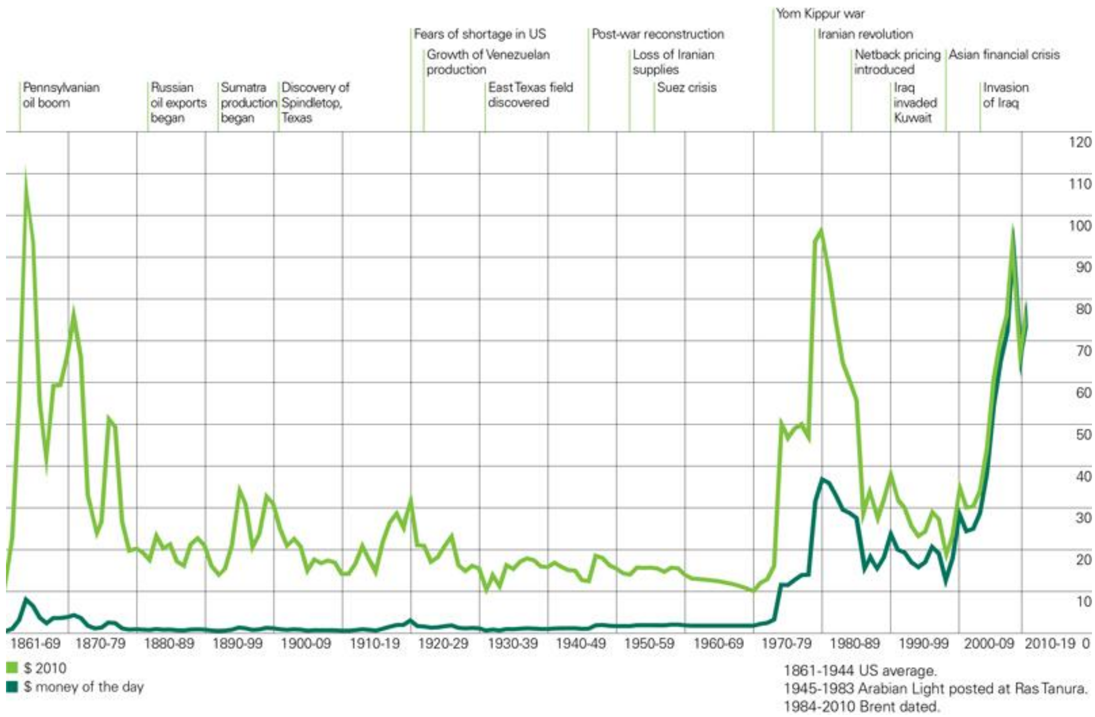
Security strategists and policymakers acknowledge the essential role oil plays in national security. Oil is a determinant of well-being, of national security and international power (Ebel, 2002). It is more than a single commodity to be bought and sold on the international market. Nations have depended on foreign supplies for critical materials like copper and cobalt, but this dependence has rarely shaped government policy (Klare, 2005). Oil, however, has been treated far more seriously. As Yergin (1993: 774) put it, oil is fundamental, 'not cheap oil but rather oil as a critical element in the global balance of power'. Oil and external military involvement have been linked since the beginning of the twentieth century. Oil has always been associated with wars. Both World Wars had an element of oil as a reason for the war, an incentive of securing supplies and a way allowing war to carry on (Gelpke, Caduff et al., 2007). Oil's association with wars includes the Egypt-

Israel war, Iraq-Iran war, the Palestinian problem, Darfur, the Gulf Wars and the US/UK Iraq insurgency of 2003.

More oil is coming from less stable places (ibid.). As Vice President Dick Cheney said, while the CEO of Halliburton, 'The problem is that the good Lord didn't see fit to always put oil and gas resources where there are democratic governments (Petroleum Finance Week, 1996)'. Oil has an immense impact on the mass population. A state wishing to thrive faces the need to secure oil supplies. Petroleum plays an essential role in national defence to power the ships, planes, helicopters and armoured vehicles, to transport troops and deliver weapons into battle. Without a reliable supply of oil, the Defence Force could neither rush to distant battlefields nor maintain its capacity once deployed (Painter, 2002). As superpowers' oil reserves are depleting due to sharp rises in consumption, they started to bind oil interests to foreign policy and national security (DeNovo, 1956; Rutledge, 2005).

Oil security is subject to a "fear factor". Disruptions often follow acts of war, internal unrest, or an act of terrorism. Any of these disruptions tend to push up prices. The graph below shows that oil prices vary in response to the world events including the Iranian revolution, Iraq invading Kuwait, the Asian Economic Crisis and the Invasion of Iraq.

Figure 3: Crude Oil Prices 1861-2010 (US Dollars per Barrel) and the World Events



Source: BP Statistic Review of World Energy (2011)

Energy security policies mostly include seeking a stable oil supply, at affordable prices, from multiple suppliers. The global oil market strains in 2004-2005 upgraded the importance of the Gulf of Guinea's oil supply (Goldwyn and Morrison, 2005). David Goldwyn, a former Assistant Energy Secretary in the Clinton administration, noted in 2004: ‘We are in no position to endure a serious oil supply disruption from the Gulf of Guinea today. The global oil market is stretched to capacity’ (Leech, 2006: 113). The US is an obvious case demonstrating that oil security is important to national security. Any external threat to energy supplies could trigger a direct military response from the US (Fuerth, 2005).

Oil is non-renewable and its supplies are finite. The energy consumption of new industrializing nations such as China and India has dramatically increased. The ever-growing global demand for oil resulted in a race to control the world’s reserves. China’s economic growth suggests that it may soon become the next superpower to seriously challenge US hegemony, which could potentially lead to a new cold war motivated not by ideology but rather a desire to control the world’s resources (Leech, 2006). Apart from the access to Africa’s cheap and reliable low-sulphur oil, the strategic interest of the US is also to keep the aggressive new actors in African oil industries such as China, India or Islamic terror at bay (Watts, 2006). For a world superpower like the US, China’s rising demand and competition for oil resources, especially in Africa, is a threat. Similarly, the new emerging states threaten Europe’s African interests so European states have increasingly sought to secure oil interests there (Chapter 3 further discusses foreign involvements in securing oil interests).

Apart from states’ and companies’ involvement, it is worth noting that there are also a large number of informal sectors such as criminal networks, rogue companies, shadowy brokers and middlemen who are involved in the illicit exploitation of oil resource, some in collaboration with rebel groups and government elites in conflict realms, although the latter is not the focus of this study (Feeney and Kenny, 2005). While the majority of oil produced in the developing world fuels the economies of the developed world, it has been a cause of conflicts and economic and political underdevelopment in the former. There are thus non-negligible moral, political, and even legal obligations for governments and companies in the developed world that arise from their commercial linkages with local conflicts and underdevelopment (Ballentine and Nitzchke, 2005).

Methods

Having discussed what the independent and dependent variables of this study are, and why oil-rich African countries and certain foreign players are chosen for this study, we now turn to discuss methods used in finding out the answer as the last part in operationalizing the research design. The research question ‘**what impacts do oil-related foreign interventions have on Africa and do these have a tendency to contribute to the resource curse?**’ taps into two major underexplored topics: foreign inventions in Africa’s oil rich countries and its relation to the resource curse. This requires an extensive amount of investigation. While examining the overall impacts of foreign interventions on African oil-rich countries, this study devotes a particular focus on Nigeria as a case study.

In answering the former part of the research question, ‘what impacts oil-related foreign interventions have on Africa’, oil-related foreign interventions must first be described. This research compiles a series of oil-related foreign interventions in African countries by drawing historical evidence from a number of different sources.

Due to the secrecy nature and the limited data availability on the topic, data are often contradictory and disaggregated. This study avoids bias and misinformation by deliberately seeking data from various sources.

Primary data is derived from analyses of documents such as official government publications, policy papers, international organizations' statistics, meeting briefings, memos, relevant periodicals from both local and international sources, oil companies' and Non-governmental Organizations' (NGOs) bulletins/newsletters and press releases. To supplement existing data, in-depth interviews, focus group discussions and participant observation are also selected as primary sources. In-depth interviews are conducted among policy makers, oil workers, academics, environmental specialists, community leaders, affected locals and leading activists directly related to the African oil industry. Focus group discussions were carried out with community groups and organizations such as Environmental Rights Actions (ERA) and Social Action.

The primary data collection was carried out in South Africa, an African industrial and political centre, as well as in Nigeria, which is the case study of this thesis. For Nigeria, interviews with politicians, oil executives and oil-related business personnel were conducted in Lagos while interviews with affected locals, community leaders, specialists and activists were mostly conducted in a number of oil-hosting communities in the Niger Delta. The list of interviewees is provided in the appendix. Secondary data is extracted from literature, academic journals, seminar papers, unpublished theses and electronic databases.

That this area remains sparsely researched in the academic literature may reflect the practical challenges involved including the secrecy of oil's controversial matter. Interviews with key political figures and strategic companies' personnel could only be conducted using snowball sampling and after much sought-after access through a gatekeeper. Interviews were begun with a few key informants whom I had identified from literature, previous contacts and internet searches. I then asked them to name other key informants to be seen relevant to the subject. The information collected was then used to develop hypotheses or tentative generalizations for further research. Snowball sampling is more suitable for in-depth interviewing than survey research (Burnham *et al.*, 2008). I used open-ended questions to allow informants the freedom to bring up issues they feel are important. Data obtained from interviews and focus group discussion also provided substantial answers to the latter part of research question about the tendency of foreign interventions to contribute to the resource curse.

I interviewed 102 people, conducted 12 focus group studies, and extract relevant data from 7 speeches, 6 conferences, workshop and roundtable. The interviewees comprise various groups of people directly associated with oil operations and their impacts including international and national diplomats, local leaders and policy practitioners, local populations, church leaders, NGO activists, policy drivers in transnational agencies, consultants, experts, journalists, leading staff in financial companies, oil companies and oil services companies.

The international diplomats I interviewed, for instance, included the Deputy Director General of the Norwegian Ministry of Environment; The Gabonese Honorary Consul of the Kingdom of the Netherlands; the Second Secretary Political Affairs and

Human Rights of the Royal Netherlands Embassy in Nigeria; the European Union's Directorate-General for Humanitarian Aid. The national diplomats I interviewed are mainly Nigerian diplomats since Nigeria is a specific case of this study, including the Director of Nigerian Central bank, the Presidential Candidate of Nigeria, the Director of the Nigerian Department of Petroleum Resources, Chairman Subcommittee on Local Content and the Member of Parliament for Delta State and the Ministry of Agriculture's Programme Director; the Former Trade Union Leader; the Former Nigerian Civil Defense Leader; and the former State Secretary. Additionally, I also interviewed national diplomats of other African nations including, for example, Head of Petroleum Exploration and Exploitation Department of the Republic of Niger's Ministry of Mines and Energy; Minister of Mauritanian Energy and Petroleum; Director Operation of Equatorial Guinea's Ministry of Petroleum; Petroleum Commissioner of Namibia's Ministry of Mines; Head of Petroleum Operations-Ethiopia's Ministry of Mines and Energy; Head of Office of the Sierra Leonean President Petroleum Resources Unit; Uganda's Head of Petroleum Exploration and Production Department; and the former Presidential Candidate of Ghana. Moreover, I also interviewed local policy practitioners in Nigeria including the Chairman of Governance Technical Team, Bayelsa state; the Chairman of Central Development Council for Ibaramatu Community. These interviews provide insights to the international and national policy engagement behind the oil industries of Africa and the mechanisms and channels through which these policies are implemented at the local levels.

To understand the impacts and experiences related to oil industries, I interviewed local populations whose areas are directly affected by oil operations; as well as religious leaders, in several communities in the main oil-producing states of the Niger Delta including Rivers State, Bayelsa State and Delta State. Speaking with former combatants also provided a better understanding underlying the reason they engaged with fighting against oil companies and states. Interviewing NGO leading activists resulted in well documented and contextualized details of the impacts of oil-related activities carried out by various players. The NGOs I interacted for my data collection included the Revenue Watch, Publish What You Pay, Our Niger Delta, Leadership Centre for Peace, Integrity and Transformation (LCPIT), Social Action, Environmental Rights Action, Friends of the Earth Netherlands, Community-Environment Development Network, and Movement for the Survival of Ogoni People (MOSOP). To examine the advantages and disadvantages of oil industries, I also interviewed a number of businesspeople directly and indirectly interacting with the oil industries both in the Niger Delta and in Lagos such as the Manager of Nishizawa Nigeria and the Victoria Crowne Plaza hotel owner.

To understand the economic and political component of oil-related foreign interventions and their impacts in Africa, I interviewed experts from a number of reputable international research centres, think tanks and transnational agencies including the International Monetary Fund (IMF), the World Bank, the UK's Chatham House, the US Commission on Security and Cooperation in Europe, the African Economic Research Consortium, and the Oxford Centre for the Analysis of Resource-Rich Economies (OxCarre).

I also interviewed a number of leading international, national and local journalists including Upstream the International Oil and Gas Newspaper, Les Dépêches de Brazzaville, and the Niger Delta Women Issues Newspaper. The list of interviewees also includes consultants whose work involves with the oil industries such as legal practitioners of Aelex, Templars, Banwo and Ighodalo, HERMON in Nigeria; the president of Globalpacific; the adviser to Ministry of Energy and Mineral Resources; and the security consultant to the Nigerian Government. The financial companies whose leading staff I interviewed include JGC Corporation, Sumitomo Mitsui Banking Corporation Europe Ltd, Earth Resource Investment Group, and the Standard Bank's Oil and Gas Sector. These interviews provided a well-rounded understanding to the international and African oil industries, the market side of these and the different component and complex webs of players and activities involving with oil businesses.

The last group of people I interviewed are the leading staff of international and national oil companies and oil-serviced companies. The interviewed staff of international oil companies include, for example, Shell's Senior Business Development Manager; Shell Nigeria's Head of Technical Section, Head of Audit, Programme Director of Environment Issue Management, State Licensing Manager; Shell Nigeria's former engineer; the Vice President of Sub-Saharan Africa Exxon Mobil; the Manager in Environment Quality Assurance Section of Elf Nigeria; the General Manager for Business Development of TOTAL Africa; Administrative Director of Mitsubishi Operation Gabon; Manager of Exploration and Production of Mitsubishi Corp; and the Managing Director of Petrobras Brasileiro Nigeria Ltd. Those of national oil companies include the General Manager of Japan Oil, Gas and Metals National Cooperation; the Deputy Chief Executive Officer of Seychelles National Petroleum Company; the Promotion Manager of Petrosen-Senegal; the Executive Director of Sao Tome and Principe's Natural Petroleum Agency; and the Head of Sonangol's Geophysical Department. The interviewed staff of oil-serviced companies include those from Century Energy Services Limited, Schlamberger, Maersk Oil Angola, Onstream Group Netherlands, and Samsung Heavy Industries. While interviews with oil companies and oil-serviced companies may provide some contrasting data to the local sources, it was important to highlight that many frustratingly spoke out about the ways oil operations are conducted that only benefit the exploiters, leaving the local marginalized.

In addition to interviews, I conducted 12 focus group studies which can be thematically divided into four categories: direct associations with oil operations; local experiences; NGO activism and business relations from oil industries.

I conducted two focus group studies with the people who have direct associations with oil operations in order to find out the policies pursued and the actual practices implemented. The first focus group study in this category is among leading employees of international oil companies operating in Africa including Elf's Former Vice President for Africa, Senior Business Adviser of Total, and Vice President of Total's Exploration Africa. The second focus group studied under this category comprises people directly associated to the oil's operations in Delta State including Shell's Head Corporate Utilities, Shell Engineer, Chevron Environment Personnel, and teacher and missionary in the Delta Creeks.

To find out local experiences of oil operations, I conducted eight focus group studies in several Niger Delta villages and communities including Omadino, Ebema, Goi, Bodo, and Ikarama. These focus group studies and the associated site visits and participant observation contributed to primary revelation of actual practices of oil operations which my thesis demonstrates that are different from what are portrayed on policy papers and publication. Practices such as military involvement, circumventing environmental standards, enclave oil operations, acquisition of land, and unsuitable philanthropic projects became illuminated using this method as well as the impacts of these practices borne by the local communities. The participants of these focus groups come from various backgrounds such as the Paramount Ruler; community chiefs; community spokesman; Member Council of Elders; former Commander in Chief; former combatants; missionary; local villagers; farmers; community youths; affected landlords; school principal, teacher and students of Shell/ NNPC joint-venture school; and doctor, doctor secretary, lab scientist, and hospital registrar of Chevron/NNPC joint-venture hospital; oil spills plaintiffs. The last category of focus group studied business associates who witness how oil operations are carried out in Nigeria and whose actions contribute to the status quo and/ or are related by benefiting or losing out from oil industries. This group includes, for instance, Managing Director and Director of Sojitz; Project Manager of Mitsubishi Nigeria; and Chief Executive Officer of Toyota Nigeria.

Moreover, primary data in relation to oil-related interventions and the impacts these practices produce were also collected in a number of conferences and roundtables through speeches, personal conversation and debates. Samples of speeches are those given by the President of Liberia; Nigeria's Presidential Candidate for the Congress for Progressive Change and Former Head of State; Special Adviser to the President of Nigeria on Niger Delta Affairs and Chairman of the Amnesty Committee; President of TOTAL Africa; Director of Oxford Centre of Analyses for Resource-rich Economies; Extractive Industries Transparency Initiative (EITI)'s Head of Africa and the Middle East; and the Director of Norway's Oil for Development. Similarly to interviews and focus groups, I ensured that these represent views from diverse perspectives possible and that data collected are used for the analyses and thoroughly integrated in the thesis content. The discussion of primary sources here; though appears extensive, presents only some samples of data collection conducted. See appendix for full details.

However, there are some restrictions to research on this topic are due to the secrecy of such matters. Many interview requests were denied and sensitive issues were not to be discussed. Activists and local people also face threats when openly discussing the issue of oil. As a consequence, where the sensitive issues are concerned, names are not disclosed. Furthermore, security risks on the ground are significant with travel bans imposed in many parts of oil-producing regions. Only by securing contact with key pan-African missionaries, well-recognised regional activists, respected politicians and top oil executives could the fieldwork in Nigeria, especially in the Niger Delta, become possible.

Obtaining official data is also limited due to the 30-year rule on information from sources such as the UK National Archives or the US Presidential Libraries where information related to oil-oriented foreign policies may be found. The US has only been active in Africa's oil industry since the 1980s. Any relevant information thus is not yet due for release. Moreover, information concerning sensitive issues which may undermine national security or social cohesion can be withheld for up to fifty years. Confidential governmental reports may even be destroyed and never become available to the public. Available reports from states and industries (such as the US Energy Information Administration, the World Bank's Oil, Gas and Mining Division, Shell and British Petroleum) on the subject of oil can be either overly positive or so vague that they are almost meaningless and are often far from the ‘real world’ practice. Information available from these sources has been found contrary to findings from other sources (such as Human Rights Watch, Amnesty International and Revenue Watch) and must be treated with caution. For China, such data inquiry is out of the question.

There are scattered reports of dubious deals made between states or deals between companies and states as well as reports of some political and economic engagements (see Ghazvinian, 2007; Shaxson, 2007) with oil incentives in a series of newspaper articles, historical literature and informal interviews but none has given a sufficient chronological account from the perspective of either the intervening or affected states. Any reliable, published, raw data, if it exists are difficult to obtain due largely to secrecy, corruption and the lack of capacity. For example, there is considerable uncertainty about the number of oil barrels produced in Nigeria. Agreements on the use of military forces are not made public. In Angola, revenues publications from oil activities were redacted.[1] In most African oil-rich countries, there is a lack of press freedom, academic discussion and independent assessments, especially concerning oil -- the sector upon which the national economy heavily depends and from which the political elites benefit hugely. With limited official data, the study is for exploratory rather than experimental purposes.

However, restraints in attaining a substantial amount of reliable evidence for oil-related foreign interventions should not obstruct further study of this topic. There is high value and merit in seeking intervening incidents and probable impacts from the collected series of oil-related foreign interventions. While necessary/sufficient causal mechanisms could not qualify in order to avoid problems of internal validity, this research design suggests a probabilistic causal mechanism[1]. In sum, the research explores any African countries where oil-related foreign interventions took place based on historical accounts of interventions traced with a specific case study on Nigeria in Chapter 6. Despite being the largest African oil-rich countries, Nigeria has suffered the poverty, bad governance and conflicts.

Some may suggest that a comparative study is more suitable for establishing a causal relationship. However, there is a threat of validity in choosing comparative studies between African oil-rich countries. To specify an empirical relationship between two variables in comparative political science, the potential effects of all other variables on that relationship must be held constant. However, in political science such explanations are rare because the research environment is impossible to control fully (King, Keohane *et al.,* 1994). The selection of cases can reduce this problem. However, the ideal cases are not available for the subject matter, as discussed below.

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[1] For a necessary causal mechanism to apply, x always causes y. That is, foreign interventions always and alone can lead to the resource curse. For the sufficient cause inference, the presence of x (foreign interventions) implies the presence of y (resource curse). However, another cause z (bad governance) may alternatively cause y. Thus, the presence of y does not imply the presence of x; that is, the resource curse may occur without the presence of foreign interventions. However, no case of oil-rich countries which suffer the curse without the presence of foreign interventions exists.

There are two basic comparative research designs: most similar and most different. Most different research design allows us to conclude that *x* (independent variable) caused *y* (dependent variable) if other units of comparative cases are the same in every respect, except that in case A *y* occurs and in case B *y* does not occur and except that in case A *x* was present and in case B *x* was absent (Burnham *et al.*, 2008).

If the method of difference was to be applied to establish a causal mechanism between the resource curse occurrence (*y*) and foreign interventions (*x*), the comparison will be conducted between a case (case A) where the resource curse occurs and another case (case B) where the resource curse does not occur whilst other units of these cases are the same in every respect, except that in the first case foreign interventions are present and in the latter case foreign interventions are absent. We will now explore this further by looking at cases of oil-rich countries.

Cases of oil-rich countries where the resource curse (*y*) occurs are exhaustive, including Nigeria, Angola, Sudan, Equatorial Guinea, Congo, The Democratic Republic of Congo (DRC), Chad, Cameroon, Libya, Azerbaijan, Saudi Arabia, Iraq, Iran, United Arab Emirates, Russia, Mexico and Venezuela (Auty, Kiiski *et al.*, 2001; Dell, 2004).

Cases of oil-rich countries where the resource curse (*y*) does not occur are Norway, Malaysia and Indonesia (Auty, Kiiski *et al.*, 2001; and Bevan, Collier *et al.*, 1999).[1]

For the method of difference to be applied where *x* caused *y*, other units of cases (except for *x* and *y*) must be the same. However, further research into the cases above shows that other units between the oil-rich countries which suffer the curse and those that do not suffer the curse vary immensely. These are the level of human capital accumulation, the country size, the level of the resource prevalence on GDP, political factors and initial economic conditions. A deterministic causal relationship cannot be established between foreign interventions and the resource curse without running the risk of the presence of spurious relationships. Cramer’s study of possible relationship between income inequality and conflict in least developed countries faced a similar challenge (Cramer 2006). He concluded that there is unlikely to be a straightforward correlation between income inequality and conflict and that a broader range of factors need to be taken into account. He further argued that the relationships between these factors will contribute to complex causal explanation in a way that no functional relationships will hold even if comprehensive sets of variables are included in a model.

Another way to conduct a comparative case study to establish an empirical causal relationship is through most similar research design. Contrary to the method of difference above, ‘similar research designs compare two or more cases that are as different as possible in terms of the independent variable(s) and as similar as possible

[1] However, Norway faces chronic Dutch disease where oil sectors cause inflated real exchange rates and make other tradable sectors become unprofitable. Despite being a large industry, the oil sector is capital intensive rather than labour intensive. It makes small contributions to the distribution of employment and wealth among populations. Malaysia and Indonesia also suffered from Dutch disease when oil industries first began. It took a number of government’s interference policies to stabilize their economies (Bevan, Collier *et al.*, 1999). See Chapter 2 for a detailed discussion of the resource curse; what it entails, its causes and how to overcome it.

on all the spurious and intervening variables' (Burnham *et al.*, 2008: 75). With the independent variable being foreign interventions, to apply this similar comparative method, let us now look at the list of oil-rich countries which experience foreign interventions and those which do not.

The list of oil-rich countries which experience foreign interventions is extensive, including most countries mentioned above. Those that do not experience direct foreign interventions are countries such as Russia, China and Mexico which have nationalized their oil companies and have relatively strong economic and political leverage and hence have chosen to preserve oil industries from any international engagements. Yet if they are not economically independent, they still face indirect economic pressure from foreign players such as sanctions and political pressure in Mexico. Other oil-rich countries that do not experience foreign interventions are dominant countries such as the US and Norway which would not allow another state player or company to intervene in their country.

Again, the author finds that intervening variables are not similar between cases where the independent variable differs. Like the method of difference, a similar comparative design cannot be applied to establish a causal relationship between foreign interventions and the resource curse.

Burnham *et al.* (2008: 74) admitted that this logic is more easily said than done in a social research project, mainly because the *ceteris peribus* ('all things being equal') assumption never holds: 'two cases are never exactly alike except for the condition we want to investigate. One way of getting around this that might seem reasonable would be to observe the same case twice (say A), once with *x* and once without' as a so-called longitudinal design. However, based on historical research, the author finds that soon after oil was discovered in Africa, interventions took place. And in most parts of Africa, the interventions had been there, making it easier for foreign players to ensure that exploitation and control would remain with the rise of the oil industry. No African oil-rich countries had experienced a period of oil benefits in the absence of foreign interventions. Thus, neither a comparative case study nor a longitudinal design can be implemented.

An additional problem for the logic of the most similar design is that the dependent variable of the cases has to be different, or else it will not be possible to specify whether particular conditions make it possible or impossible for the resource curse to occur. This is why there is a threat of validity in applying comparative study between African oil-rich countries because all of them suffer the curse. In addition, other independent variables are also similar including experiences of foreign interventions, political factors, the level of human capital accumulation, the initial economic conditions and the level of their economic dependence on oil. The consequence is that no new causal mechanisms can be exposed about the effects of foreign interventions on the resource curse by comparing any of these cases.

The condition known as 'too many variables, not enough cases' is the reason why experimental control is rarely an option in political science (Burnham *et al.*, 2008: 83). Drawing a causal inference from a limited number of cases would risk a reductionist fallacy. A logical error occurs where conclusions are drawn about groups based on data gathered on few (*Ibid.*). This applies especially to the subject matter of this research. There is the fundamental problem of causal inference between foreign interventions and the resource curse in Africa. While the methodological framework maybe useful, there are other crucial political, security, and social dimensions to the resource curse that cannot be neglected and controlled in the analysis (Cramer, 2002; Cater, 2003). Understanding various relationships is the prerequisite for devising appropriate strategies (Ballentine and Nitzschke, 2005).

An implementation rival to a comparative study design could be found by preliminary research into statistical records which would normally demonstrate the economic and political performance of African oil-rich countries over the period of several years.[1] Although this may be useful, it cannot establish whether bad performances are attributed to foreign interventions or to some other factors. This type of data, like the comparative method, cannot specify whether the presence of foreign interventions and the resource curse are causal relationships or correlations because it cannot explain how interventions produce the curse.

The author also finds that there are direct rivals and commingled rivals for the explanation of Africa's resource curse.[2] Direct rival for the relationship between foreign interventions and the resource curse may be that authoritative regimes facilitate foreign interventions that cause the resource curse. Authoritative regimes tend to be corrupt and benefit from foreign players in several ways. Equally, foreign players benefit vastly from these regimes and interventions can easily be manipulated where there is a lack of transparency and a checks-and-balances system fails. An interview with Chidi from the NGO Rally for Nigeria revealed information confirming that this is often the case for African oil-rich countries (27 August, 2010). A commingled rival explanation to the foreign intervention-resource curse relationship explanation may be that foreign intervention is not the only cause but other existing variables (see Chapter 2), especially governance. Statistical research and comparative methods similarly struggle to limit the number of variables to be analysed. It would also be problematic to explore which of the sufficient causes would be the more important (one that is more frequently present). Assessing frequency of a cause relative to an outcome requires more than one case (*ibid.*). However, as discussed above, the problem of 'too many variables and not enough cases' arises for this causal inference to be applied.

Besides, the available statistics often have huge discrepancies depending on the sources, including the World Bank, EITI, oil companies and African states. This is for a number of reasons: different measurements used, lack of real data ('guesstimation') and secrecy (as discussed at the 'Promoting Democratic Management of Africa's Oil Wealth' Conference, Chatham House, August, 2010). Thus, this reliability problem concerns both data and sources.

An interview method can be used to develop the context of how foreign interventions relate to the resource curse. Interviews give an insight into this relationship; that is, how the interventions take place and how they contribute to the country performance. However, the results from interviews are not indicative and a necessary/sufficient causal relationship cannot be inferred from this method alone (King, Keohane *et al.*,

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[1] Implementation rival is another method or implementation process which accounts for the result better than the one initially proposed.

[2] Direct rival is a rival explanation where an intervention ("suspect 2") other than the target intervention ("suspect 1") accounts for the result. Commingled rival is a rival explanation where other interventions and target intervention both contributed to the result (Burnham *et al.*, 2008).

1994). This study attempts to eliminate possible errors attached to interviews by using a triangulation of methods to answer how oil-directed foreign interventions relate to Africa's resource curse. These methods are the use of statistical resources, document analysis, archival analysis, participant observation, analysis of historical secondary materials and interviewing from different contrary sources.

Combining comparative case study, statistical research and interviewing would be an ideal research design for such a new and complex topic but this undoubtedly exceeds the scope of one research project due to the constraints of time and resources. Furthermore, the high level of secrecy on foreign engagements makes it impossible to compile precise foreign activities. An investigation of such topic is unlikely to yield results which can certainly be determined as direct outcomes of foreign engagements. The deterministic perspective of causal explanation, though ideal, is unrealistic. Hence, this thesis aims for the probabilistic perspective. Instead of saying, "If x, then y," this study indicates, "the presence of x increases the likelihood or frequency of y (Lieberson, 1991)". The criteria for interpreting the findings by which the study is judged successful is the likelihood of the resource curse occurrence - displayed in poverty, conflicts and bad governance.

This chapter has so far presented the research question, defined the main idea, the theories framing them and the methods used in finding out the answer. It now turns to discuss the research objective, followed by the research outline.

Research Objective

Based on Marxist explanations and the resource curse theory, this study aims to develop hypotheses and propositions for further inquiry; that is, interventions could contribute to negative impacts that are worthy of future research. If foreign interventions have negative impacts on Africa's performance, they need to be understood. This is what this research project sets out to do: to serve as a building block for further inquiry from which causal relationships could be developed. Previous studies have been preoccupied primarily with domestic political and economic issues to explain the resource curse.

Regarding foreign interventions in Africa, most previous literature explores military activities on the basis of conflict resolution or in terms of financial aid funnelled through International Financial Institutions and governmental and non-governmental organizations (Duffield, 2001; Duffield, 2007; Ballentine and Nitzschke, 2005; Cramer, 2006; Chandler, 2006; Pugh, Cooper, et al., 2006; Cooper, 2007; Pugh et al., 2008; Richmond, 2010). While Cramer (2006) suggested that external relations play a role in provoking conflicts as these contribute to unequal distribution, his study did not look specifically at the distribution of natural resources or the roles of external players in this distribution and was not linked to the resource curse discussion. Besides, it was not conclusive that unequal distribution of wealth or growth collapse would lead to wars but instead Cramer suggested that a complex web of different factors matters more.

No prior research has been conducted on oil-related foreign intervention in Africa. Whereas Ghazvinian (2007) touches on the scramble for Africa's oil broadly from both foreign and domestic perspectives, Shaxson (2007) looks specifically at a few key persons involved in African oil and Leech (2006) studies the US oil-related interventions around the globe. Neither established any kind of relationship between foreign intervention and the resource curse. In pointing out the significance of this relationship, Perelman (2003: 33) argued

> A rich natural resource base makes a poor country, especially a relatively powerless one, an inviting target - both politically and militarily - for dominant nations. In the case of oil, the powerful nations will not risk letting such a powerful resource fall under the control of an independent government, especially one that might pursue policies that do not coincide with the economic interests of the great transnational corporations.

Essentially, it seems to explain recent US-led attempts to control Iraq, one of the most oil-rich countries, situated strategically in the Middle East and led by the unfriendly regime of Saddam. The new scramble for African oil and the various resulting practices and policies also seem to demonstrate this statement. The pressing international energy need, in the midst of the Middle East troubles and new emerging industrial countries, have significantly impacted on the oil-endowed countries. However, Perelman did not give a further explanation for this relationship and the impact of these foreign involvements on the resource curse.

For conceptual framework and hypotheses of note, there is no literature available. Neo-colonialism discusses foreign interventions but with vague actual policy implications and broad negative outcomes. Neither specificity on the policies related to oil, nor linkages to the resource curse were addressed. This study, unlike previous ones, addresses both historical and contemporary natures of the current African oil curse. Through this approach, it becomes easier to see the curse as a product of both the oil industry and the direct relationship between Africa and foreign players dating back to the fifteenth century. It advances the study and understanding of developmental crises in African oil-rich countries.

By identifying the approaches foreign players take to secure oil in Africa and whether such foreign interventions harm African countries, it seeks to develop the neo-colonialism concept and challenge the resource curse theory. The result of the study develops neo-colonialism, which assumes that continuous foreign exploitations underdevelop Africa, by presenting the outcomes of these foreign interventions. The research specifically deals with oil-related interventions which neo-colonialism has never addressed.

The results also contribute to the development of the resource curse theory. If neo-colonialist interventions in oil lead to negative outcomes in Africa, the result challenges the resource curse in that it must consider this fact as another possible cause in addition to those proposed by the existing literature. Thus, the agreed-upon consensus among scholars that policies are the main route to changing the curse into a blessing may be inadequate since there is a huge missing link. A poor developing country may not be able to break free from the resource trap by all well-intentioned means and effective policies if foreign players continue to carry out activities that do damage to their society, economy and governance. If the oil-related foreign interventions in the African countries bring a curse rather than a blessing, it is important to address this issue in order to find ways to avoid it. If the causes of the resource curse are not understood completely, the cures are unlikely to be effective.

This failure to understand the inter-connection between bodies of theory related to political and economic perspectives, customarily treated by social scientists in isolation from each other, is a motivation for the writing of this thesis. The studies of neo-colonialism are focuses mainly of political science, geography and history while the resource curse is mainly examined by economic scholars. My exploration of the foreign dimension in the resource curse phenomenon is necessarily incomplete. Yet, by drawing attention to both the theoretical schools in social science and to the empirical evidence of the increasing oil-related foreign interventions, the author hopes that further work will be inspired at both the theoretical and the empirical levels.

Despite being an increasingly important topic, very few know what really happens in resource politics. Today, much activity is driven by the need to secure resources. Mostly the political decisions are oil-related, disguised as policies for energy, security, development or trade. This study reveals the secretive nature of foreign interventions and the attached motives which differ from what appears in policy papers. It is worth noting, however, that there is an extensive literature dealing with extractive industries ranging from the Western geopolitical perspective to their environmental and social implications for the host countries.[1]

International extractive industries have been approached as a separate issue. Literature related to oil is mostly examined by country-specific cases and from the industry perspective that features loosely in the African political and economic structure. Main industry sources such as IHS Energy, IEA, Wood Mackenzie and PFC Washington mostly provide techno-economic approximations, typically on supply and demand, oil market projections and country risk reports (Clarke, 2008). They typically concentrate on the ‘big firm’ perspective and interests, ignoring any discussions on the relationship between oil firms and states. There is no literature which analyses the historical composition of Africa’s oil industry as a whole. While NGOs’ publications demonstrate direct experiences and discuss the problem of foreign involvements, they rarely see the bigger picture.

While the resource curse literature addresses the political and economic structures, its flaw is to overlook foreign states’ interventions in resource-rich countries as a

[1] Based on Western geopolitical perspectives, there have recently been a number of examinations of foreign states’ exploitation of oil-rich countries, especially after the ‘Invasion of Iraq’ (Engdahl, 2004; Clark, 2005; Kalicki and Goldwyn, 2005; Klare, 2005; Mcquaig, 2005; Rutledge, 2006; Leech, 2006; Klare, Volman *et al.*, 2006; Bronson, 2006; Heinberg, 2006; Kaldor, Karl *et al.*, 2007; Gelpke, Caduff *et al.*, 2007; Duffield 2007; Ghazvinian, 2007; Shaxson, 2007; Clarke, 2008). This subject is addressed from the aspect of power, energy security and oil conflicts with broad practices and impacts rather than establishing a relationship between these variables and the resource curse. Energy issues have often been debated in their own technical terms rather than their broader policy context (Hamilton, 2005). For countries hosting resource industries, the existing literature predominantly focuses on humanitarian and environmental impacts of MNCs but does not look closely at how these undermine the political and economic infrastructure of the hosting countries and hence has not gone as far as making a relationship between the negative outcomes and the resource curse discussions.

contributory factor. In addition, none has applied the neo-colonialism notion to the new scramble for Africa's oil. Thus, existing literature fails to deal sufficiently with the wider complexity of components of the African oil game; that is, the grand strategy pursued by foreign powers, states, African elites and companies and the context of Africa across time in which the oil industry has grown and continues to mould the highly complex African economic and political landscape. Literature fails to acknowledge that recent growth of an oil economy is a phenomenon in Africa's long and complicated resource-dependent economy. Most analyses related to oil and Africa's under-performance is restricted to the mainstream principal theoretical and empirical context resulting in a partial and often misplaced analysis, other dichotomy. The flawed model contributes to a lack of clear understanding of Africa which has been reshaped over time.

Only recently, critiques on the role of Chinese oil players in the continent have begun (De Oliviera, 2007). The role of social forces in shaping development outcomes in resource-abundant countries has rarely been touched upon. The solution drawn in this incomplete context is thus unlikely to be effective. This thesis, by adopting a historical dialectic perspective from Marxism, thus provides discussion of how different players interact and shape Africa's outcomes during the life span of resource extraction. The study, thus, contributes an understanding of the on-going complexity of the relations between Africa, foreign players and the integration into the global capitalist economic system. In this respect, this study sheds new light on an emerging research agenda. It is an ambitious, yet highly significant, endeavour.

In sum, this thesis seeks to draw linkages between the actions and impacts of oil-related foreign interventions and how they potentially contribute to the resource curse. It aims, thereby, to evaluate whether foreign intervention increases the likelihood of the resource curse's occurrence; to uncover the players and strategies involved and to influence debates concerning Africa's oil boom at the moment of heightened attention. By revealing oil-related foreign interventions in Africa, the thesis contributes to the body of knowledge of neo-colonialism which argues that continued foreign interventions undermine the development of countries subject to intervention. The findings of this thesis about whether oil-related foreign interventions undermine the country's performance are thus linked to the resource curse discussion thereby seeking to fill the gap in the resource curse literature.

Research Outline

This thesis consists of seven chapters. The first chapter is an introduction to the topic of the foreign scramble for Africa's oil. It describes the context and paradox surrounding the research question and define the key term 'foreign interventions'. It also gives the theories whereupon the research hypothesis is formed. Further, it covers research design and its operationalisation explaining the locations and players of the study and what methods are used in finding out the answer. The end of this chapter discusses what the study aims to achieve and what contributions it will bring.

In attempting to answer the primary research question about the **impacts oil-related foreign interventions have on Africa and whether they have a tendency to contribute to the resource curse**; four groups of sub-questions relating to the topic are identified. The first group of sub-questions which relate to the resource curse topic - what the resource curse is, what its causes are and how it can be overcome - are answered in Chapter 2. The second group of questions addresses foreign interventions including questions about what foreign interventions are; what actions are accounted as oil-directed foreign interventions; who the players are and where they occur. Chapter 3 gives the result of these in theoretical terms while Chapters 4 and 5 offer empirical evidence from African oil-rich countries with a specific focus on Nigeria, discussed in Chapter 6.

The third group of sub-questions stemming from the primary research question set out above examines how African oil-rich countries perform; whether this can be attributed to foreign interventions and how these outcomes relate to the resource curse. The last group of questions is devoted to causal establishment and theory development about whether foreign intervention and the resource curse have a causal relationship; what theories can be used in explaining the phenomenon and how theories can be developed from the research findings. Chapter 7 offers answers to these questions.

Chapter 2 is the literature review of the resource curse and the associated arguments and discussions. It explains what the resource curse is, why oil revenues have rarely been transferred into wealth and what policy suggestions have been offered.

The research question of this study '**what impacts oil-related foreign interventions have on Africa and whether they have a tendency to contribute to the resource curse?**' primarily relates to the second and third category of resource curse arguments. By evaluating the impacts of oil-related foreign interventions on Africa, it assesses that these impacts can be categorized as the 'resource curse'. After the symptoms are linked, by analysing the relationship between foreign interventions and the resource curse as a probabilistic causal mechanism, this contributes an explanation of what causes the resource curse. The discussion of this thesis is engrained in the concept of the resource curse which is predominantly used to explain developmental failures of resource-rich countries.

Chapter 3 discusses the concept neo-colonialism revealed in continued foreign interventions in Africa, especially for seeking oil. The main political theories that relate to the topic of foreign interventions are reviewed.

Neo-colonialism explains continued interventions from former colonial powers as well as new global powers in Africa and that this is responsible for Africa's underdevelopment but not the particular players and their *modus operandi*. By merging the theoretical concept of neo-colonialism and the 'real world' context together using analyses of raw data and historical record, France, Britain, the US, China are revealed as the main neo-colonial players. The agents of neo-colonialism are no longer simply nation states but include transnational agencies such as major multinational companies, The World Bank and the IMF.

Chapter 3 also records oil-related incidents of foreign interventions in Africa and systematically categorizes oil-related foreign interventions using political and economic approaches. This reveals that players sometimes cooperate in these practices. Because oil is an international commodity, there is an absolute international link. The local problem of Africa thus has an international dimension.

By examining foreign intervention in Africa's oil-rich countries the chapter deals with the context of the independent variable.

Chapter 4 studies the political approaches used by foreign players in order to secure African oil and categorizes foreign political interventions that are related to oil interests in African countries into four central themes: the balkanization of Africa, the use of state policies, political meddling and military involvement. The history of balkanization in Africa is examined. The use of foreign policy, energy policy, oil diplomacy and the formation of special initiatives and institutions responsible for enhancing oil interests are discussed. With regards to political meddling; practices such as election fraud, regime change and financial support used in promoting specific groups in return for oil are explored. The military involvement section includes a discussion on the provision of arms, military training and assistance and military deployment used for enhancing oil interests.

As Marxist historical dialectic approach explains the relationship between continued interventions in Africa and Africa's underdevelopment, this chapter adopts this approach in analysing real incidences of foreign interventions for African oil that has been ongoing in order to assess (in chapter seven) how this links to African resource curse. By this, the study sheds light on the unaddressed relationship between the foreign resource scramble, neo-colonialism and the resource curse discussion.

Chapter 5 examines the economic approaches used by foreign players to secure African oil. They are categorized into two central themes: financial involvement and business conduct. The former refers to the following practices: neo-liberal policies, petrodollar monetary order, economic sanctions, financial support and money corruption. With regards to business conduct, the following practices: circumventing environmental standards, enclave oil operations and unsuitable philanthropic projects are examined. The economic practices, though different from political interventions in nature, are equally statist. Moreover, these policies are adopted and/or imposed in every corner of the globe. Economic interventions are often more complex, less direct and involve more than a single approach and player. In the modern 'liberal' world, they often come in form of multilateral attempts in spreading wealth and democratic freedom.

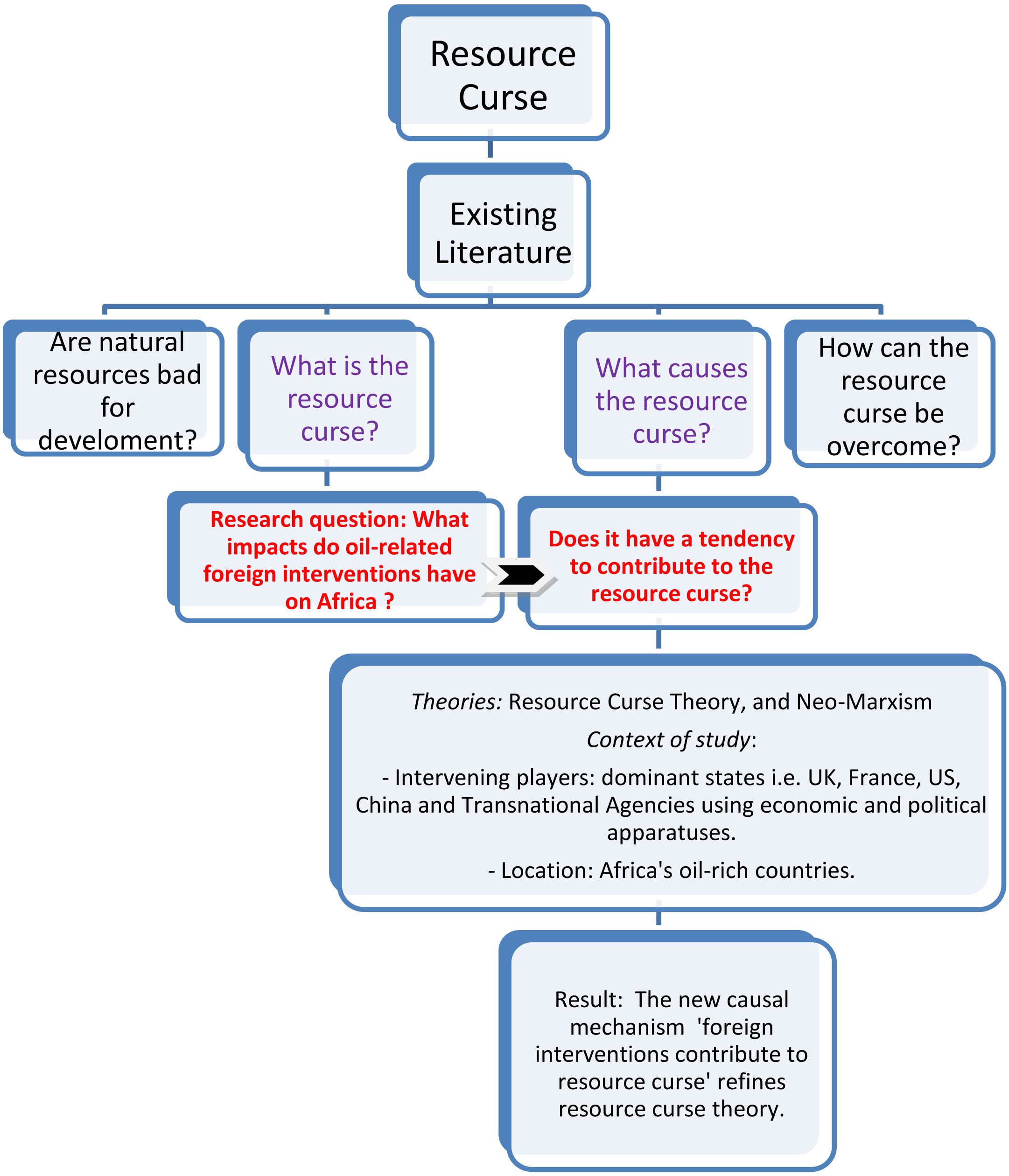
Some foreign practices discussed in Chapters 4 and 5 such as political meddling, military involvement, neoliberal policies and economic sanctions can be linked to existing neo-colonialism discussions. However, these are in general themes rather than being specific to oil geopolitics. Other approaches to foreign intervention not previously discussed are identified in this study using real-world incidents and categorized as neo-colonial practices. These two chapters expand the context of the independent variable further as well as discussing particular experiences of interventions in Africa' oil-producing countries. Chapter 6 is devoted to a specific case study of Nigeria where oil-related foreign interventions, both political and economic, are examined.

Chapter 7 assesses the impacts of foreign interventions in African oil-rich countries with the specific focus on Nigeria and draws together the work in Chapters 4, 5 and 6 and identifies the negative outcomes such as the artificial entities created by balkanization and the fabrics of traditional societies destroyed by divide-and-rule tactics, both of which left African countries divided and weak. The heavy militarization in African oil-producing region further increases the use of violence and repression of the people. Foreign military assistance also contributes to increased criminality in the region. Foreign assistance to oppressive regimes and political meddling upholds their legitimacy, further deepening corruption and the lack of transparency. Economic approaches designed to increase resources and financial gain in open markets have destroyed weak African economies and worsened poverty. This thesis seeks to provide a regional overview and in some cases, except Nigeria, explanations of incidents could only be snapshots. It is hoped that this study will stimulate additional research.

Chapter 7 then relates these negative outcomes to the dependent variable of this study, the resource curse, which is displayed in bad governance, poor economic performance and the prevalence of conflicts. The chapter also assesses the research hypothesis by linking foreign scrambles, as a probabilistic cause, to the resource curse. Although neo-colonialism assumes that continued foreign interventions lead to the marginalization of Africa in the world and causes Africa's under-development, it does not explain how, and if ever, it is linked to the resource curse theory. By linking the foreign scramble of Africa's oil and Africa's resource curse, Chapter 7 thus serves as a theoretical development chapter. The chapter also highlights how Marxism can provide better explanations for the relationships between the foreign scramble, neo-colonialism and Africa's underdevelopment than other theories.

Diagram 1 below concludes how this thesis fits into the resource curse discussion with further description in the relevant chapters.

Diagram 1: Research Scope



-Chapter 2-

Literature Review: The Resource Curse

Chapter 1 laid out the thesis' main ideas and structure surrounding the foreign scramble for Africa's oil and defined key terms 'foreign intervention'. This chapter is devoted for detailed discussion of the resource curse theory.

The resource curse is a well-established theory with many existing arguments that can be categorized into answering four subsets of questions: 1) whether natural resources create or hinder development; 2) what is the resource curse; 3) what causes it; and 4) what are the cures of the resource curse? The research question of this study '**what impacts oil-related foreign interventions have on Africa and whether they have a tendency to contribute to the resource curse?**' primarily relates to the second and third questions. By evaluating the impacts of oil-related foreign interventions on Africa, it assesses whether these impacts can be categorized as the 'resource curse'. After the resource curse symptoms are linked, by analysing the relationship between foreign interventions and the resource curse as a probabilistic causal mechanism, this contributes to the section which explains what causes the resource curse. As discussed in Chapter 1, Marxist variants explain that foreign exploitation of resources lead to underdevelopment of weaker states. This, however, has not been linked to the resource curse theory. Before the resource curse theory can be developed, this chapter lays out the discussion of the resource curse in detail. The next chapter then discusses theories explaining foreign exploitations in detail.

The existing arguments in the resource curse literature are summarised in Table 1 below.

Table 1: Resource Curse Literature

Resource Curse Literature	
	<u>16th century</u> Resource abundance, not necessarily leading to the wealth of nation (Bodin as quoted in Sachs and Warner, 1999).

Background of resource curse literature	<u>1940s-1960s</u> before the arrival of resource curse argument • The staple theory of growth (Innis, 1956; Watkins,1963). • The 'big push' theory (Rosenstein-Rodan, 1943). <u>The second half of 20th century</u> resource curse discussion at the forefront • Primary product exports having negative impacts to the economy (Singer, 1950; Hirschman, 1958; Prebisch, 1959; Seers, 1964; Baldwin, 1966). • 1950s-1970s: the question of resource abundance at the centre of the debates between mainstream development scholars and their Marxist/ non-Marxist critics. <u>1970s after the first oil shock</u> • Natural resource projects are bad for development (Mabro and Monroe, 1974; Neary and Van Wijnbergen, 1986). • The debate on Dutch Disease (Corden, 1984; Roemer, 1983; Van Wijnbergen, 1982). <u>1990s</u> A connection between the presence of natural resources and political performance (Gelb, 1986; Auty, 1990). <u>Most recent</u> Natural resource projects hindering MDG's poverty alleviation in poor developing countries (Ross, 2001).
	Do natural resources hinder development?
	• Natural resources hinder development (Collier, 2007; Sachs, 2005; Sachs and Warner, 1997; Sala-i-Martin and Subramanian, 2003). • Natural resources facilitate development in certain countries (Ross, 2001; Wright and Czelusta, 2002).

<table>
<tr><td rowspan="6">Content of resource curse literature</td><td>What is resource curse?</td></tr>
<tr><td>Poor economic growth (Gelb et al., 1988; Leite and Weidmann, 1999).
Civil war (Doyle and Sambanis, 2000; Reynal-Querol, 2002; Collier and Hoeffler, 2005).
Bad governance (Jensen and Wantchekon, 2004; Ross, 2001).</td></tr>
<tr><td>What causes resource curse?</td></tr>
<tr><td>Negative impacts of resource revenues on economy: Dutch Disease (Brohman, 1996), revenue volatility, short-term boom and long-term bust (Mikesell, 1997), crowding-out effect (Stevens, 2003) and negative genuine saving rate (Hamilton, 2001).
Lack of human capital accumulation (Birdsall, 1999; Birdsall, 2001).
Country size (Auty, 2001).
Resource type (Auty, 2001; Birdsall, 2001; Woolcock, Pritchett et al., 2001).
Political factors (Ross, 1999): cognitive explanations (Leite, 1999; Bhagwati, 1992; Sachs and Warner, 1997; Auty, 1998; Sarraf and Jiwanji, 2001; Karl, 1997), societal explanations (Barboza and Cordero, 2001) and state-centred explanations (Shambayati, 1994; Auty and Gelb, 2001; Lal, 1995).
Country’s initial conditions (Bevan and Collier et al., 1999).</td></tr>
<tr><td>How can resource curse be overcome?</td></tr>
<tr><td>Macroeconomic policies: export commodity</td></tr>
</table>

	diversification (Ross, 2001), revenue sterilization, creation of stabilization and oil funds (Gelb *et al.*, 1988; Gylfason, 2001), adoption of correct investment policies and trade openness (Arezki and Van der Ploeg, 2007). • Human capital investment (Birdsall *et al.*, 2001). • Political reforms (Auty, 2001; Mitra, 1994; Mbaku, 1992). • International assistance (Bannon and Collier, 2003; Shaxson, 2005; Stevens, 2003; Auty, 2004; Ballentine and Nitzschke, 2005; Sachs, 2005; Collier, 2007).

This chapter now explains this table in details.

Background of 'Resource Curse' Literature

Before the debate on the 'resource curse' came to the forefront, the observation of natural resource abundance and its linkages date back to the 16th century. Jean Bodin (cited in Sachs and Warner, 1999), the French philosopher, argued that resource abundance did not necessarily lead to the wealth of nation. He explained that fertile land provided comfort and imposed no need for men to work hard. This passivity would hinder industrial progress which otherwise is more likely to occur in harsh barren environments as men try to escape or conquer.

Prior to the arrival of the 'resource curse' argument, some economists (Innis, 1956; Watkins, 1963) in the 1940s-1960s suggested that underdevelopment of states could be tackled by utilising their natural resource industries. This is because developing states were thought to suffer from imbalances in the factors of production with surplus labour but shortages of investable capital (Ross, 2001: 6). They believed that the key problem these poor states faced was attracting foreign capital. The staple theory of growth further explained that states with abundant resources could defeat their capital shortages by attracting foreign firms to invest in their natural resources. The profits from extractive industries would boost the local infrastructure. The profits would then be re-invested into other industries connected to resource industries such as in engineering, services, finances and transportation. The result would be a diversified pattern of growth. The 'big push' theory of economic development had a similar explanation (Rosenstein-Rodan, 1943; Murphy *et al.*, 1989). It suggested that poor states remain poor because they were caught in the poverty trap. They need a 'big push' to escape this trap. One form of this is a boom in natural resource exports that would encourage private firms to invest in industrialization leading to a self-sustaining pattern of growth. The later evidence of how poorly the world's resource-dependent states performed; however, shifted the focus away from this argument.

Studies on the resource curse became more central toward the second half of the 20th century. However, in the early study of this topic, natural resource exports were not yet tackled individually but addressed as primary product exports, which also included agricultural commodities. Several academics (Singer, 1950; Hirschman, 1958; Presbisch, 1964; Seers, 1964; Baldwin 1966), for instance, claimed that primary product exports had negative impacts on the economy. They argued that primary products are subjected to declining terms of trade making the exporters of these products become disadvantaged when trading with industrialized countries. Furthermore, the linkages from primary products to other industries are also limited, especially when compared to manufacturing. The later studies on this subject, nonetheless, showed that not all primary products are equally harmful to the economy. Agriculture instead increases the buying power of the poor and thus improves the human foundations of society, despite making the national economy more prone to the staple trap.[1] In contrast, natural resource rents are concentrated among many fewer hands. This aggravates inequitable growth. Ross (1999) concluded that during this period (1950s-1970s), the question of resource abundance was at the centre of the debates between mainstream development scholars and their Marxist/non-Marxist critics.[2] The following decade, nonetheless, saw the study of resource abundance become less ideological and more empirical.

As a result of the first oil shock in the 1970's, the focus of concern was shifted to natural resources as a separate topic, rather than the primary products as a whole. Mabro and Monroe (1974), Neary and Van Wijnbergen (1986), for instance, tackled natural resources independently by speculating that oil, gas and mineral projects create large revenues which are paradoxically bad for development. The debate on Dutch disease took place in the period following the discovery of the Groningen gas field in the Netherlands (Corden, 1984; Roemer, 1983; Van Wijnbergen, 1982).[3] The petroleum industries caused the appreciation of the real exchange rate. Other industries became unprofitable. It led to a decline in manufacturing. For developing countries, Dutch disease could damage the agricultural sector, which is an important foundation for the country's economic development because it is labour-intensive rather than a capital-intensive resource industry that only benefits a few elites. The impact of Dutch disease lowers a country's chances to diversify into manufacturing and service exports.

In the 1990's, scholars began drawing a connection between the presence of natural resource revenues and the political performance of the nation. Gelb (1986) and Auty (1990) discussed the relationship between oil, gas and mineral revenues and government behaviour. They explained that large windfall revenues drawn from these projects affect government behaviour in ways which damage the country's development prospects.

A new perspective on the 'resource curse' discussion appeared in Ross (2001) with respect to poverty alleviation according to the UN Millennium Development

[1] Staple trap refers to economic or social forces which trap a nation within the export of a particular product. This restricts the diversification in management of trade, labour force, financial methods and transportation routes. Consequently, an economy finds it difficult to move away from a major reliance on staple products although they may not bring as much profit as other commodities.

[2] Development scholars (Rosenstein-Rodan 1943; Murphy *et al.,* 1989) during this period proposed the 'Big Push Theory' in the form of a boom in natural resource exports of developing countries which would encourage private firms to invest in industrialization. Contrarily, Marxist critics argued that natural resource exploitation is destructive as the rents are concentrated among few hands explaining that investments largely benefit big firms and political elites while creating clashes and wider discrepancy as local workers receive little return. In this respect, non-Marxists argued that big firms' investments in natural resources kick start other industries such as services and infrastructure (Vernon, 1971).

[3] Dutch Disease refers to the influence of two effects created by resource booms. The first is the appreciation of the real exchange rate caused by the sharp rise in exports. The second is the tendency of a booming resource sector to draw capital and labour away from manufacturing and agriculture sectors, raising their production costs. These effects can lead to a decline in agricultural and manufactured goods exports and can inflate the cost of goods and services that cannot be imported (Neary, 1986).

Programme which aims to cut world poverty in half by 2015. He put forward that resource projects hinder poverty alleviation by creating conflicts in poor developing countries. Thus, he suggested that the poor states should avoid export-oriented extractive industries altogether.

Having discussed the background of the resource curse literature, the chapter now moves on to discuss the four questions mentioned above: 1) whether natural resources create or hinder development; 2) what the resource curse is; 3) what causes it; 4) and what are its cures?

Do Natural Resources Hinder Development?

The first question the resource curse literature asks is whether natural resources hinder development. Collier's study (2007) shows that approximately 29 percent of the world's poorest people live in countries in which resource wealth is dominant. He terms it 'resource-rich poverty'. This number shows that the natural resource riches might not benefit the population. In order to evaluate whether natural resources are bad for development, scholars have compared the performance of resource-rich countries with resource-poor countries as well as that of poorly-performing resource-rich countries with successful resource-rich countries. This section first addresses the argument about whether natural resources hinder or support development.

Firstly, natural resources are believed to hinder development. Sachs (2005) argued that after extractive industries operate in resource-rich countries the economic growth paradoxically declined and the rate of poverty rose. He explained that half a century ago the economic performance of resource-rich African countries was better than resource-poor Asian countries such as South Korea, China and India. Contrary to resource-rich economies, the resource-poor Asian countries used agriculture as a base to diversify their export structure and so achieved rapid economic success. Besides, most countries were all equally poor two centuries ago. Resource-poor European countries were as poor as resource-rich African countries. One of the explanations is that the rich and lootable traits of resources distract people away from investing in the right sector. Hence, natural resources inhibit development (Collier, 2007).

Specifically, Sachs and Warner (1997) examined ninety-seven countries over a nineteen-year period, using regression analysis to measure the impact of mineral and other resource exports on GDP growth. The study shows that states with a high ratio of natural resource exports to GDP have abnormally slow growth rates, even after controlling growth-related variables which are initial *per capita* income, trade policy, investment rates, region, bureaucratic efficiency, terms-of-trade volatility and income distribution.

In addition to comparing the performance of resource-rich with resource-poor countries, scholars (Ross, 2001; Wright and Czelusta, 2002) look further into comparing the performance of resource-rich countries that prosper with resource-rich countries that suffer the curse. Examples of resource-rich countries which have been studied and categorized to have suffered the severe resource curse are exhaustive while those that have not are few.[1]

For some such as Nigeria and Venezuela, the failure has been much more catastrophic and differs severely from the promise of petroleum (Gary and Karl, 2003). Take Nigeria as an example. Before the oil boom in 1970, 19 million Nigerians lived below the poverty line. Now despite the over $400 billion of oil revenues, more than 90 million Nigerians live in poverty (Sala-i-Martin and Subramanian, 2003: 4). Furthermore, Bevan, Collier *et al.*, (1999) conducted a descriptive study comparing Nigeria and Indonesia. The study explained why growth did not take place in Nigeria when it was under similar initial conditions and had the same opportunities as Indonesia. Collier (2005) even went on to claim that cases where natural resource wealth is a channel to prosperity are an exception.

While there is considerable empirical evidence suggesting that natural resources hinder development, there are opposing arguments stressing that the natural resources may have beneficial effects. Ross (2001), for instance, studied Botswana, Chile and Malaysia whilst Wright and Czelusta (2002) studied Norway, all of which are resource-endowed countries. They argue that in these countries the resource abundance is a blessing rather than a curse due to the correct policies employed that create the difference.

Botswana, a diamond-rich country, for example, despite being small, agriculturally marginal, landlocked and bordered by unstable states, has attained developmental success. Scholars agree upon the conclusion that the 'against-all-odds' success in Botswana's case is due to its adoption of good policies (Acemoglu, Johnson *et al.*, 2003). Botswana has a distinct institutional equilibrium. Its pre-colonial tribal institutions allowed public participation and put constraints on the political actors. British colonization hardly changed these institutions because Botswana was of comparatively little interest to Britain. Besides, the post-independence political leaders, particularly Seretse Khama and Quett Masire, were strong leaders and took a number of exceptionally good economic decisions in resisting the resource failure for Botswana (Wiseman, 1980). However, there is still a consensus that natural resources are a curse to host states and that those which benefit from them are exceptional.

What is the Resource Curse?

After discussing whether resources hinder development, we now examine further what symptoms would be characterized as a resource curse. Based on the resource curse theory, poor economic growth, civil war and bad governance are interrelated with the presence of resource abundance and this is what is termed 'resource curse'.

This study primarily asks '**what impacts oil-related foreign interventions have on Africa and whether they have a tendency to contribute to the resource curse?**' The former part of the question, by evaluating whether African performances could be categorized as a resource curse, based its analysis on the definition set out above.

[1] See chapter 1 for the list of resource-rich countries that fail in contrast to those that succeed (p 22).

First, natural resource abundance is found related to poor economic growth (Gelb et al., 1988; Leite and Weidmann, 1999). Gelb *et al.* (1988) studied the 1971-1983 boom period and concluded that mineral economies experienced a more serious deterioration in the efficiency of domestic capital formation, leading to negative growth in hard mineral economies and dramatically worse in oil exporting economies. Between 1970 and 1993, oil-exporting countries experienced continual dramatic falls in living standards whilst those without oil grew four times more rapidly (Gary and Karl, 2003).

Another negative trait found correlating with natural resource abundance is the prevalence of civil war. Doyle and Sambanis (2000), Reynal-Querol (2002) and Collier and Hoeffler (2005), for example, conducted studies proposing that natural resource abundance is associated with the onset, duration and intensity of civil war. Reynal-Querol's study examined the association between natural resources and the onset of ethnic and non-ethnic civil wars. She used data from a sample of 138 countries between 1960 and 1995. By this, Reynal-Querol found that resource abundance was an essential causal mechanism explaining the incidence of non-ethnic civil wars as well as other political violence. Considering natural resource abundance as a causal mechanism of conflicts, Reno (2003) and Ikelegbe (2006) expressed that the resource by itself does not create conflicts. Rather, it is the complex struggles between various players, national and international, classes and groups in the process of resource extraction and distribution of benefits that create and fuel armed conflicts. According to their views, it can be concluded that resources are not an independent variable in this causal relationship but instead an antecedent variable, a factor leading to struggles between various players and between different classes. With regard to conflicts, this study takes a similar stance; that is, the complex struggles between various players in African oil-rich countries are what contribute to or prolong conflicts.

A number of studies in the resource curse literature also suggest the negative linkage between resource abundance and bad governance. Jensen and Wantchekon (2004), for instance, concluded that resource-abundant countries in Africa were more likely to be authoritarian and experience breakdowns in democracy. Ross (2001a: 356) examined data from 113 states between 1971 and 1997 and concluded that resource-dependent countries tend to be less democratic; that this is not caused by other types of primary exports and is not limited to the Middle East, Africa, or small-sized countries.

What Causes the Resource Curse?

Finding that resource abundance paradoxically does not bring prosperity lead to another aspect of the debate about what causes the resource curse. There exists a large volume of literature which provides explanations, each varying according to the approaches or perspectives of the scholars.[1] This thesis groups the existing

[1] Rosser (2006) grouped these perspectives into five main sets: behaviouralist, rational actor, state-centred, historic-structuralist and social capital. Behavioural perspectives suggest that natural resource abundance leads to irrational behaviour by political elites, causing poor economic policy-making and political deterioration (Wallich, 1960; Levin, 1960; Mitra, 1994; Krause, 1995; Useem, 2003). On the contrary, the rational actor perspective views political elites as rational, profit-maximising actors, seeking rent from natural resources (Ascher, 1999; Torvik, 2002). State-centred perspectives portray that natural resource abundance leads to poor economic performance by influencing the state's institutional capacity in ways which hinder economic development (Mahdavy, 1970; Luciani, 1987; Chaudhry, 1994; Vandewalle 1998). Historico-structuralist perspectives explain that resource abundance has negative economic impacts because of its unequal distribution to different social classes (Urrutia,

explanation of the causes of the resource curse into six causal variables. These are the impacts of resource revenues on the economy, the human capital foundation of the society, the country size, the resource type, political factors and the country's initial conditions. The latter part of the research question about whether oil-related foreign interventions have a tendency to contribute to the resource curse belongs to this section of the discussion.

Rather than pointing out that one of these variables has more explanatory power than another, this thesis acknowledges the inter-connection between them in a society. The negative impacts created by a foreign resource scramble in the context of these variables make it harder for African oil-rich states to perform well. Foreign interventions may precede, follow or entangle with some of these variables. For example, foreign interventions may create conditions such as poor governance and economic collapse in which fluctuating oil revenues are harder to manage. Foreign interventions that come in form of the International Monetary Fund's Structural Adjustment Programme which mainly requires public spending cuts will make the development of human capital foundation unfeasible. Foreign interventions can exist in countries of whatever size and can create, exist alongside or intensify a bad political system in countries where the quality of governance is poor. However, the linkages between these variables are not the focus of this study. This study looks especially at the unaddressed causal variable- oil-related foreign intervention and the resource curse.

The purposes of this section are to: 1) discuss existing arguments so that further reference regarding the resource curse in this thesis and why African oil-rich countries fail to develop can be generally understood; and 2) demonstrate that the existing variables are not enough because the linkage between foreign interventions and the resource curse have not been included. That this is not only an African problem and laying out the existing arguments will benefit future research.

The first factor explained as leading to the resource curse is the negative impacts of the large revenues streaming from the resources into the economy. These impacts include the 'Dutch Disease', revenue volatility, short-term boom and long-term bust, crowding-out effect and negative genuine savings rate. These symptoms make it extremely difficult for a country to pursue sound fiscal policies, especially a poor country with weak managerial institutions.

Mikesell (1997), for example, found that regions with high primary export shares experienced terms of trade volatility two to three times greater than industrial countries. To make matters worse, windfall revenues from fluctuating export prices tend to be consumed rather than invested (Sachs and Warner, 1998). Furthermore, the sudden large resource revenues would cause the appreciation of the real exchange rate, which consequently contracts the tradable manufacturing, agricultural and service sectors. This is called "Dutch Disease". Contraction of tradable sectors can cause chronic slow growth. Unlike tradable sectors, the natural resource sector lacks positive externalities. The problems increase when governments subsidize the contracting sectors by using the resource revenue windfalls. These revenues are subject to fluctuations due to world market demand; therefore, the cushioning of other sectors with this money will become unsustainable and fragile. The

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1998; Broad, 1995). Social capital perspectives suggest that resource abundance undermines social cohesion and consequently limits governments' capacity to avoid economic shocks (Hausman, 2003).

government burden of these payments is heavy when the price busts. Several resource-rich governments use up their capital this way. In response to the problem, they use the prospect of resource abundance to borrow externally in order to sustain these subsidized programmes, leaving the country heavily indebted. Examples include Nigeria, Mexico, Argentina and Costa Rica (Auty, 2001).

Resources are priced according to world demand. When the prices soar, the supply rises. The extended-period of high-prices discourages demand which results in prices plunging sharply. Contrary to tradable sectors, the resource sector terms of trade are subject to long-term decline. Managing rising revenues followed by a period of decline would overstretch government's capability and result in poor economic performance (Brohman, 1996). The oil crises in 1973 and 1979, for example, left oil-dependent economies such as Iraq, Saudi Arabia and Nigeria stumbling in the period of price decline that followed. Due to prospective high profits for oil, gas and mineral projects, the investment in these projects is prioritised. This is particularly true in smaller countries which resource projects take a large portion of the entire economy while capital resources are scarce. In this case, the rest of the economy finds it difficult to secure the support essential for development (Stevens, 2003).

Natural resources, in particular oil, being high-rent commodities entail high depletion rates. Hamilton (2001) finds oil-rich countries, especially the small ones, likely to have the lowest genuine saving rate (barely positive) despite very high rates of gross saving when compared to the large resource-poor countries that exhibit relatively high gross and genuine savings rates.[1] Negative genuine saving implies that welfare must decline at some point in future on the optimal development path; that is, negative genuine saving implies non-sustainability.

Another cause of the resource curse is the lack of human capital development in resource-rich countries. The 'circle of human capital accumulation' is the key to equitable growth. Birdsall (1999) explained that countries can achieve rapid, equitable growth by encouraging the poor to invest in the assets they control, including their human capital. Raising the rates of return on human capital and other assets leads to increase in work effort, higher savings and, consequently, higher investment, while generating higher productivity and lower inequality over the extended period. This lower inequality itself fosters further growth, providing the incentive for yet more savings and investment by the poor. Birdsall (2001) further explained that resource abundance, however, lures the governments away from investing in human capital because the rate of return on the agricultural and human capital investments is meagre compared to investment in resource projects due to Dutch disease. Besides, resource rents only accumulate among small elite causing high inequality and thus lower growth. The circle of human capital accumulation is broken in several places in the presence of the resource wealth. These are the *'choice of development strategy, the level of inequality, the lack of incentives for investment in education and the creation of welfare state'* (Birdsall, 2001: 58).

[1] The genuine saving rate is used as a measurement for economic sustainability by taking account several factors including depletion of natural resources, costs of environmental pollution and long-term environmental damage.

The size of resource-abundant countries is another factor determining whether they will suffer the curse. Auty (2001a) argued that large resource-abundant countries have greater scope to absorb external shocks. Although they still failed to avoid growth collapses, they recovered faster than small ones. Large resource-abundant countries have bigger market sizes, likely more various resources and tend to be less economically dependent on mineral resource exports in comparison to smaller resource-abundant countries. Thus, the large resource-abundant countries are more able to diversify their economy and have a higher rate of trade openness which would, in turn, give the economy a comparative advantage. However, for African oil-rich countries, this assumption does not apply. Angola, Sudan, the Democratic Republic of Congo, Ethiopia and Nigeria are all large by size, population and oil ventures but their dysfunctions are apparent **(**Clapham, Herbst *et al.*, 2001). Thus, this could be attributed to the factor of this study's focus that these countries have been marginalized for centuries so that their foundations became too weak to manage the challenges of oil wealth when their oil industries began.

Not all resource-abundant countries face the same risks. The type of natural resources the country has is another factor designating whether the resource abundance is a blessing or curse. Existing literature groups natural resources into two categories using the concentration of rents derived from the resources as criteria: point-source and diffuse-source resources. Plantation crops as well as oil and hard minerals, typically associated with highly-concentrated ownership, are point-source resources. Diffuse-source resources are smallholder export crops and staples (wheat, rice, coffee and cocoa). Auty (2001) suggested that mineral economies are potentially more vulnerable to policy error than countries with more diffuse economic linkages. Birdsall (2001) concluded that concentrated rents drawn from point-source resources lead to high inequality. Governments are unlikely to pursue labour-demanding growth paths, leading to low returns on investment in human capital and resulting in negative economic growth trajectories. Contrarily, diffuse-source resources display a varied pattern of socio-economic linkages. Low barriers to entry mean that wealth is more evenly dispersed. The lower rate of return and high maintenance demand also make diffuse-source resources less attractive for elites to take over (Woodcock, Pritchett *et al.*, 2001). The result is the country is less prone to massive resource-driven corruption and a deteriorating political system.

For foreign players, point-source resources such as oil and minerals are more attractive as there is a high rate of return and decisions and operations can be managed by fewer hands. Moreover, oil also has strategic and security importance. Their large investment is largely favoured by local governments, making it harder for countries with point-source resources to develop the production of diffuse-source resources.

While acknowledging that existing variables contribute to the resource curse, this study particularly agrees that political factors are an important variable in this causal mechanism. Foreign interventions may cause hostile political factors. Equally, weak political systems may allow negative foreign interventions to occur. Often, both variables are intertwined. I now discuss in further detail how political factors lead to the resource curse.

Much of 'resource curse' writing is devoted to the role of government. Ross (1999) classified political explanations of the resource curse into three groups: cognitive, societal and state-centred. Cognitive perspectives explain that resource booms produce a type of short-sightedness among policymakers leading to corruption, rent-seeking and misallocation (Leite 1999).[1] Huge profits attached to rent-seeking lead to the formation of powerful groups who will lobby and block any economic and political reforms that would be good for the country's performance but discourage their interests. This not only causes the monopoly of power, but also entirely harms the economy (Bhagwati, 1992; Sachs and Warner, 1997; Auty, 1998). The expenditure in rent seeking creates no social value and distorts markets. Rent seeking is a particularly serious problem in Africa (Collier, 2007). According to Collier and Hoeffler (2001), rent seeking or "greed" is more highly correlated with the onset of conflict than are ethnic, socioeconomic, or political "grievances". Although the "greed thesis" was influential, it was highly contested (Ballentine and Nitzschke, 2005).

Government's wrong policy choices have also been found to contribute to the 'resource curse' effects. Large windfall revenues from resources are believed to lead to poor decision-making by governments. As large revenues from oil and mineral projects generally raise expectations among the population for development, governments feel pressures and respond too swiftly (Auty, 2001). States try to do too much too soon, leaving the government administratively overextended (Karl, 1997). Spending revenue is more likely to be distorted. The decision-making in spending the resource windfall also involves fewer people when compared to a peasant-cash-crop economy, making it more vulnerable to mistakes and misallocations. The importance of making the right choices is also lower because the revenues are plentiful (Sarraf and Jiwanji, 2001).

Government misallocations are manifested in both investment and industrial policies. Sarraf and Jiwanji (2001) highlighted that unproductive investment booms emerge in many resource-rich countries. There are also many 'white elephant' construction projects ranging from palaces to massive international airports, unnecessary for basic economic development (Collier, 2007). These are evident in African oil-rich countries (*ibid.*). The influx of foreign exchange the resource revenues bring magnifies the problems in investment decisions. Large resource revenues led Mexico and a number of other resource-rich countries to adopt import-substitute industrial policies during the 1970s-1980s (Usui, 1997). It also led to states' greater intervention in the economy by providing subsidies and protectionism. The relaxed market discipline and related accumulative market distortions, however, retard competitive diversification. Wealth is accrued by a small number of industries, hindering equitable growth and human capital accumulation. The consequences are shock-prone economies and growth failure.

Ross (1999) proposed societal explanations to the second political factor of the resource curse. He argued that resource exports tend to empower sectors, classes, or interest groups and enhance the political leverage of non-state actors who favour growth-impeding policies. Take Costa Rica as an example (Barboza and Cordero, 2001). Costa Rica is different than other resource-abundant countries in that it has a high level of human development. Although this has helped Costa Rica to avoid

[1] Rent seeking is the behaviour which various parties compete for artificial transfers, an income without a need to work to earn it. Rent seeking competition is extremely fierce when rent's value is concentrated such as in oil or other hard minerals because the wealth is only available in the public sector or in a small number of companies.

socio-political tensions, the social capital was a trade-off with growth. Costa Rica used resource revenues to pursue a support-led development plan whereas Malaysia insisted on a growth-led strategy. Sustainable economic growth requires market discipline. The social capital build-up in Costa Rica therefore led to 'Olsen effects', which explains the ambitious social supports exceeding the capacity of the economy to sustain. This policy choice retarded the much needed economic reform of the resource-dependent economy.

The third political factor put forward is the state-centred explanation (Ross, 1999). He explained that resource booms tend to weaken state institutions and concluded that theories of the *rentier* state are the most common explanations.[1] They argued that when governments gain most of their revenues from external sources, such as resource rents, they are freed from the need to levy domestic taxes and become less accountable to the societies they govern. Shambayati (1994) suggested that *rentier* states face little social pressure to improve their economic policies, since their low taxes and generous welfare programmes discourage opposition groups from mobilizing around economic issues.

Rentier states may generate rents by monopolies, trade restrictions and subsidies. They tend to nationalize the resource extraction industries. Ross (1999) suggested that much of the resource curse is caused by the state's ownership of resource industries. From the 1950s to the mid-1970s, many foreign-owned resource firms were nationalized with harmful results, especially for developing states whose economies became directly exposed to international market shocks without foreign companies. With state ownership, the governments often relax budget constraints creating fiscal laxity and a tendency to over-borrow. As a result, the state's economic programmes become seriously inefficient and draw out more funds when they need to improve productivity. Examples of *rentier* states include oil-producing states such as Saudi Arabia, United Arab Emirates, Iraq, Iran, Venezuela, Libya, Nigeria and Gabon (Anderson, 1987; Beblawi, 1990; Yates, 1996; Van Genugten, 2011).

The nature of *rentier* states provides a particular explanation for the presence of authoritarian regimes and the lack of democracy in resource-rich countries (Smith, 2004; Beblawi 1990). In the absence of taxes, citizens have fewer motives to put pressure on the government. Often, the government uses resource rents to back up populist strategies, such as extensive social welfare programmes, to secure continued political support (Feldman, 2003). To further complicate the matter, the lack of democracy worsens the quality of capital allocation as there is no check and balance system (Lal, 1995). Such behaviour hinders economic growth.

Furthermore, governments of predatory and factional states tend to perform worse in comparison to the developmental states (Auty and Gelb, 2001).[2] They explained that

[1] A *rentier* state is a state which extracts all or a substantial portion of their national revenues from the rent of domestic resources to external clients. The term is most frequently used for states rich in highly valued natural resources. A state is a *rentier* state when rent extraction dominates; when the economy relies on a substantial external rent and thus does not require a strong productive sector; when rent is concentrated in a small number of population and when the government is the main recipient of the rent.

[2] Predatory states are states whose government tends to use the state tools to loot what would otherwise be investable surplus without any regard for the welfare of the citizens. In return, they

these governments prefer non-transparent methods for deploying rents in order to maximize the scope for political manoeuvring. The favoured channels are trade protection, job creation and over-extended public expenditure. During the first oil cycle (1973-79), for example, the windfall of Nigeria's oil revenue gave rise to government expenditure, enhancing the opportunities for corruption. It gave excessive profits on government contracts to the private sector and favoured terms for foreign acquisitions. In the public sector, the government provided 'kickbacks' on contracts and import licences. Although the government spent the oil revenue acquired in the boom, the return on investment shown in *per capita* private consumption did not increase as greatly as the government's spending trend would suggest (Bevan, Collier *et al.,* 1999).

However, Collier (2007) pointed out that democracy is not necessarily beneficial to resource-rich countries. He explained that democracies tend to under-invest. Governments are so obsessed with winning the next election that they disregard what might happen afterwards and so neglect investments that only come to fruition in the future. Furthermore, Sachs (2005) proposed that the failure of states to enforce property rights has a linkage to the resource curse. When the enforcement of property rights is weak, manufacturing firms often find it difficult to operate since they risk a loss of investments. However, resource extraction, Ross (1999) suggested, can still thrive because resource revenues are vast enough for firms to afford to pay criminal gangs, private militias or rebel groups for securing their properties. Particularly in states where the rule of law is already weak, the presence of resource firms may help these groups form or expand by giving them lucrative interests and means. It may even promote the rise of organizations that seek out 'protection rents'. This is particularly true for Nigeria (see Chapter 6). In this way, foreign players operate resource industries in ways which weaken state institutions. More often than not, foreign resource industries indirectly undermine the force of property rights by acquiring land from the government without proper compensation to the local populations. The rise of non-resource industries then becomes less likely. The result is the severe form of resource curse with a state facing economic decline, conflicts and bad governance. This explains why in states where the economy and legal system have broken down - Burma, Nigeria, Sudan, Iraq, Angola, Congo-Kinshasa, Congo-Brazzaville and Sierra Leone - resource industries still flourish.

Governments can have a huge role in the resource sectors particularly in developing countries. Theoretically, they have the policy tools to mitigate economic or social adversities. For example, by investing in the productivity of their resource sectors and by diversifying their exports, they can counterbalance the declining terms of trade. They can cushion their economies from revenue volatility by using stabilization funds. They can prevent Dutch Disease by maintaining tight fiscal

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provide very little back in the ways of collective goods. This process hinders economic progress (Evans, 1989).
Developmental states, on the contrary, tend to foster long-term entrepreneurial perspectives among private actors by increasing incentives to engage in investments and lowering the risks involved in such investments. They may not be immune to rent-seeking or using the social surplus for their ends. However, the overall results of their actions endorse transformation (White and Wade, 1988).
Developmental states require two components: strong elite with an ideology that promotes economic development and the institutional capacity to implement those policies without being overpowered by narrow private interests (Stevens, 2003). Examples of developmental states are the new industrial countries in East Asia whereas Zimbabwe is a distinct example of a predatory state.

policies, temporarily subsidizing agricultural and manufacturing sectors and depreciating the inflating exchange rates. The state's failure to take measures to transfer resource abundance into development has arguably become the most puzzling part of the resource curse (Ross, 1999). While this study agrees that leadership predation and political deficiencies are largely responsible for Africa's underdevelopment, it points out the deeper structures that have moulded Africa's economic and political world and that positive state behaviour and policies alone would fail to remove the resource curse under this context.

Most of the analyses existing in the 'resource curse' literature were based on contemporary events. However, Bevan and Collier *et al.* (1999)'s comparison between Nigeria and Indonesia brought a different light by not only considering the contemporary events but also looking into the history of both countries and investigating them for a period of over 50 years in order to find explanations about why they make certain decisions and consequently cause variations in their economic performance. They explained that Nigeria and Indonesia in the 1970s shared similar initial conditions - political structure and economic growth. Economic theories would suggest that policies and performances derived under these conditions would be similar. However, the countries adopted different policies following the period. To understand policy divergence, they propose that history matters.

The atypical approach of Bevan and Collier *et al.*, though contributory, only focused on domestic structures, overlooking how external pressures influenced domestic policies and capacity. For centuries, the scramble for resources has led to exploitative practices and leaving considerable impacts, the relationship which remains underexplored. The resource curse discussion has been made trivial by the lack of historical perspective.

Negative elements associated with oil, such as corruption and economic mismanagement, on which a great deal is written, are a small part of a wider impact arising from the continued scramble for Africa. The existing literature fails to capture Africa's complex oil history, the long, complex game played by different players. It is not just a modern oil rush but the on-going clashes between Africa and the exploiters in the breadth and intensity of the scramble for Africa which affects the management problem in African states.

This study agrees that initial conditions matter but a fully effective analysis requires an overall approach which must include the lengthy foreign scramble for African resources. The existing literature has not addressed the way in which foreign interventions have contributed to the resource curse. This study fills the gap by exploring the exploitation of Africa's resources.

This chapter so far shows that while there is now a significant body of literature examining various dimensions of resources and political economy nexus, current literature and policy on this topic has not been conceptualised in relation to the broader debates on the nature of contemporary conflicts and global governance. The exception is the study of Pugh, Cooper et al. (2006) which examined thematic factors (borderlands, markets, regulation, role of the UN, liberal peace ideology) that significantly contribute to durable conflicts. The authors' focus, however, was on the attempt to transform war economies, linking it more broadly to the issues of global governance and intentionally avoiding the conventional approach that is centred on the resource curse.

After explaining what causes the resource curse, we now turn to discuss arguments surrounding its cures.

How can the Resource Curse be Overcome?

How the ‘resource curse’ can be overcome is discussed extensively. The solutions to the resource curse include macroeconomic policies; human capital investment; political reforms and international assistance. However, if foreign interventions contribute to the resource curse, suggested solutions which focus on domestic reforms are likely to be inadequate. The problem is because the foreign dimensions in Africa’s resource curse have been overlooked. While existing solutions may be beneficial, many that have been imposed do not suit the African context and represent neo-colonialisation. Thus, this study argues that the solutions for the resource curse must come from within Africa itself.

To cure the resource curse, scholars primarily suggest macroeconomic policies including export commodity diversification, revenue sterilization, the creation of stabilization and oil funds, the adoption of correct investment policies and trade openness.

Export diversification would reduce the importance of the oil and mineral sector to the economy by developing other sources of value added (Ross, 2001). When facing Dutch disease, a deliberate policy of exchange rate depreciation would also ease the effects and prevent other tradable sectors, which are of less value per unit yet create diffuse socioeconomic linkages, from being crowded out by higher-priced resource exports. This policy will ensure the competitiveness of non-oil and non-mineral exports. Indonesia adopted an exchange rate depreciation policy on several occasions during the 1973 and 1979 oil booms to protect other sectors. The implementation of this policy is however problematic and unpopular as it involves strongly-restricted fiscal control, spending cuts and slow growth. It requires strong visionary leadership to effectively achieve the plans that Indonesia had during the oil shock periods and is accounted as one of Indonesia’s policy successes (Bevan, Collier *et al.*, 1999).

Revenue sterilization is also suggested as a cure for the resource curse. The policy should be used to neutralize the impact of large windfall revenue inflows on the rest of the economy. The government must resist spending pressures and accumulate budget surpluses into other funds. A stabilization fund could be adopted to stabilize spending in order to ensure stable and moderate growth (Gelb *et al.*, 1988). This involves putting assets outside the domestic economy for future generations. Saudi Arabia has accumulated such a fund (Auty, 2001) as well as Norway (Gylfason, 2001). This will also help cushion the economy for when the oil resources are depleted. Shaxson (2005); however, disapproved of predatory governments using this policy, because the large amount of money will encourage its seizure by the government. Besides, a fund accumulated overseas is hard to control, especially where levels of transparency are low. Gabon is one of the countries he cited to have faced this problem.

Furthermore, the resource curse is particularly severe for economic performance in countries with a low degree of trade openness. Adopting policies directed toward trade openness may soften the impact of a resource curse (Arezki and Van der Ploeg, 2007).

Investment policies should be based on human capital as crucial means to avoid economic pitfalls in the resource-dependent economy (Birdsall, 2001). Sustainable rates of return on investment can be enhanced by using resource revenues to invest in the poor, such as in high-quality education. Governments must resist temptations to pursue a capital intensive growth strategy, even though the latter has a prospect for a higher one-off return. The mass population can become the engine of growth. In this way, the virtuous circle of human capital accumulation with equitable growth can be achieved. The success of Indonesia, an oil-rich country, demonstrated this. It invested in agriculture, aiming at strengthening the tradable agricultural sector, while Mexico, another oil-rich country under similar pressure, opted for oil-based development. The result was Mexico's economy failing to perform as well as Indonesia's. Furthermore, growth must be sought on the basis of inclusion, primarily through employment, rather than the difficult-to-achieve redistribution of assets (Cramer, 2006).

Political changes are addressed widely in the literature as a way to tackle the resource curse. Auty (2001) argued that economic success requires institutional structures that promote the growth of a developmental state. Securing a developmental rather than a predatory state could minimize the resource curse tendency. State capacity-building and institutional reform will prevent growth collapses. However, in the presence of the resource-rich prospect, governments are unlikely to pursue favourable economic policies. Mitra (1994) concluded that a change in the mind-set of political elites in these countries is needed. They need to begin seeing commodity booms as temporary so as to scope down utopian policies that come with the booms. Auty (2001) suggested educating 'predatory' leaders about the outcomes of their rent deployment behaviour by drawing examples from other countries. Mbaku (1992) further proposed de-politicising resource distribution in order to reduce rent-seeking behaviour. He suggested the free market as a way to take politics and bureaucrats away from resource allocation processes. Such a policy would also reduce pressure for massive spending followed by fiscal crisis during the downturns. However, the transformation will be politically difficult and needs to be long-term oriented. This will become particularly problematic when the ruling elites lack social concern and an association with the public.

The strengthening of civil society could also bring the constraints and alliances necessary for supporting a developmental state (Stevens, 2003). It has also been suggested that the international community should decline investing in predatory states. However, many are concerned that this will not bring the change needed. The poor will be most affected while the government may carry on looting the resources and turn to other business counterparts who do not impose restrictions and are willing to trade.[1]

[1] The international sanctions on Iraq in 1990-2003, for example, created much controversy over the humanitarian impact illustrated in the rising rate of child mortality, illiteracy, poverty and famine. The Iraq case also highlighted questions regarding the purpose, sincerity and willingness of parties involved in oil-rich countries.

International assistance has been suggested as a means to overcome the resource curse first through what is known as the 'Washington Consensus'. Sachs has been among the chief architects of structural adjustment and an advocate for the "shock therapy" under the guidance and monitoring of the international financial institutes, which had devastating consequences for vulnerable sectors in the Russian federation, Latin American and Africa (Pugh et al. 2008). Although there is now a debate that the Washington Consensus is rather an abuse to development and the neo-liberal agenda are now contested more seriously than in the 1990s, the liberal peace project is still being actively implemented (Maxwell, 2005).[1]

To address the IMF and the World Bank's disappointing performance, Bannon and Collier (2003) suggested new mechanisms be implemented by these institutions to help resource-rich countries reduce negative effects of price instability on their economies. Similarly, while international initiatives such as the Kimberley Process and Extractive Industries Transparency Initiative have been widely evaluated as unsuccessful attempts, revision is proposed (Auty, 2004; Jackson, 2005; Collier, 2007).[2] Hayman and Crossin (2005) suggested revenue transparency as part of reform strategies in extractive industries which should be promoted and implemented by key actors such as export credit agencies, regional organizations, and donor organizations such as the World Bank and the International Monetary Fund (IMF). The International Financial Institutions (IFI) and the investing companies could also provide training to bureaucrats on building institutional capacity. Shaxson (2005) suggested that revisions of contracts between governments and international resource companies should help resource-abundant countries deal with price shocks.

Companies and policy initiatives are now becoming increasingly aware of the negative projection of resource industries and the need to address the regulation of business actors. Currently, the debates on regulation centres around the voluntary-versus-mandatory option. Companies, industry organizations and home governments strongly advocate for voluntary self-regulation while NGO activists and legal experts called for mandatory rules (Lunde and Taylor, 2005). Given the highly diverse set of players engaged in oil trade, Ballentine and Nitzschke (2005) suggested that policy efforts will need to make use of the full spectrum of regulation, from both voluntary initiatives to mandatory international law. Furthermore, they also argued that financial oversights in banking sector and border control are crucial for improved implementation of international efforts to solve conflict trade and war economies that attribute to the resource curse syndrome.

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[1] Neo-liberal policies are often mistaken for neo-liberalism theory in international relations. Neo-liberal policies are market-driven approaches centred around deregulation and privatization in order to maximize the role of the private sector (Larner, 2000). Neo-liberalism in international relations, however, believes that nation states are concerned first with absolute gains rather than relative gains to other nation states. While the former is concentrated on economic policies, the latter addresses political ideology. The two terms have little in common.

[2] The Kimberley Process (KP) is a joint government, industry and civil society initiative to control the flow of conflict diamonds - rough diamonds used by rebel movements to finance wars against legitimate governments - by imposing requirements on its members before 'conflict-free' diamond trade certification is given. The Extractive Industries Transparency Initiative (EITI) promotes improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from resource projects.

In addition to improving economic performance, neoliberalism has now been recently linked to peacebuilding. Sachs suggested foreign direct investment as the engine of growth in counterbalancing conflicts which hinders growth. The "liberal peace project" which requires market liberalization becomes an aggressive orthodoxy as the correct path of peacebuilding for underdeveloped states and war-torn societies. The liberal peace project, which is derived from the failed Washington Consensus, was barely contested but has gained enormous strength from the rationale of globalization (Cox, 2002; Van der Pijl, 1998; and Murphy, 2005). The UN's sponsorship of the High-level Panel Report (HLP) *A More Secure World: Our Responsibility* in 2004 and the 2005 UN Secretary-General's reform programme 'In Larger Freedom', which drew on from Sachs' ideas, recommended more intensified UN's attention to the provision for international financial institutions to be more actively involved in peace processes (*ibid.*). The UK government specifically supports the UN reform programme (Department for International Development, 2005: 22). These highlighted the merging between neoliberal economic development and peacebuilding.

Pugh et al. (2008) expected that the renewed efforts of external reconstruction assistance in underdeveloped countries may perpetuate asymmetries as this intensifies the grip of capitalist-dominated financial institutions. The notion that market liberalization is the means for achieving good life emerge from the predominant capitalist discourse which represented it as the only commonsensical option. Economic wisdom essentially resides with the powerful. Thus, political inequality leaves many with no control over the major decisions that affect their lives (Murphy, 2005). Duffield (2001) also opposed the involvement of international actors in economic reforms of conflict countries particularly through market liberalisation, explaining that this practice can facilitate violence by tolerating the war or even by making warfare easier. Duffield showed that strategic actors, including politicians of powerful states, officials of donor organisations and international interests, by supporting market liberalisation, contributed to the processes of complicity and accommodation in action of violence in southern Sudan.

Apart from externally imposed economic reconstruction, the international military assistance has been suggested under conditions which natural resource wealth makes a country conflict-prone (Collier, 2007). Easterly (2006), however, seriously challenged international assistance to less-developed states. The policies delivered by most international organizations are top-down and provide 'one-size-fits-all' solutions. He claimed this failed to consider the diversity of each locality and accounted for the disappointing outcomes of such programmes. He suggested the bottom-up approach, in which policies proposed by locals who understand all dimensions of the problem and see what likely to work, as a better solution.

Richmond et al. (2010) also challenged externally imposed peacebuilding efforts, the liberal peace praxis, due to its inefficiencies, cultural biases, and its distant executors. The disconnection from the local environment is one of the most problematic features. They argued that the rights and the needs of local people must be included in order to create a stable peace. This is because culture and the strength of local social orders contextualise war and peace (Brigg, 2010). However, peace-building actors tend to favour commercial over social contracts and fail to respect historical and social welfare arrangements which leads to local resistance against the intended operations (Pugh, 2010). According to Cooper (2007), these ‘liberal peace’ operations are on the ‘crisis. Instead of the top-down and internationally-driven approach, local concerns, practices and traditions must be connected with the basic components of the recent liberal peace efforts which include democratisation, economic liberalisation, civil society, human rights, and the rule of law (Richmond et al. 2010). Richmond et al. (2010) suggested that this could initially be carried out through local-liberal hybrid operations, potentially combining international and regional organisations, states, and local actors, which in the long run are led by the local side. This approach ensures that priorities, processes and needs of both sides are accepted. The authors believed that the operations may need troops and resources from several sources in order to gain legitimacy and to meet the demand in the given conflict situations.

This thesis agrees with the inclusion of local context which the latter liberal peace critics advocate. While the thesis does not take neoliberalist analysis approach like Easterly, it agrees with his notion of bottom-up approach. The best solution must come from within Africa and be integrated at grass-root level. When there is felt ownership of a development programme, it is likely to be sincere, accountable and sustainable. External players could provide assistance with skills, training and knowledge. There are no ‘one-size-fits-all’ policies. Numerous external suggestions have been made with little knowledge of the complex structure of African society, economy and politics. Africans must find their own solutions that suit locality, tradition and their own pace.

In order to ease the burden of resource-rich countries to escape the resource curse, the OECD countries should also reduce subsidies provided to their own agricultural sectors because they drive down international commodity prices and detrimentally affect agricultural exports from developing countries (Oxfam 2009). This will make it harder for resource-abundant countries to diversify their exports away from higher-priced natural resources.

Although oil industries have brought many ills to Africa, this study agrees with the mass African consensus in believing that oil industries can be a blessing, against some who argue that resources should be left in the ground (Goodman, 2006). Oil industries operate using modern technologies, provide revenues and could lead to job creation and skill acquisition if properly managed. However, this must operate in a way that African gains are enhanced, if not equal and that all parties involved must be sincere, transparent and committed to international best practices. Equitable benefits to all parties would contribute to a hitherto unexperienced sustainable energy security.

Conclusion

This chapter discussed extensive existing arguments on the resource curse theory in four sections: whether resources hinder development; what is the resource curse, what are the causes and the cures. This identifies the gaps in the resource curse theory. The linkages between the role of foreign interventions in the scramble for African resources and the resource curse are what this study proposes to identify.

One of the main objectives of this study is to relate the concept of neo-colonialism to the above linkages. By examining existing arguments on the resource curse theory this chapter explains how this study can contribute to the resource curse discussion. The research question of this study 'what impacts oil-related foreign interventions have on Africa and whether they have a tendency to contribute to the resource curse?' primarily relates to the second and third sections of the resource curse arguments. By evaluating the impacts of oil-related foreign interventions on Africa, it assesses whether these impacts can be categorized as the 'resource curse'. After the resource curse symptoms are linked, by analysing the relationship between foreign interventions and the resource curse as a probabilistic causal mechanism, this finding contributes to the section which explains what causes the resource curse. Chapter 3 examines neo-colonial practices revolving around the oil scramble in Africa in greater detail.

-Chapter 3-

Theoretical Framework and Mechanisms of Intervention

Chapter 1 discusses the general concept of the scramble for Africa's oil, the paradox between on-going foreign exploitation of Africa's oil wealth and Africa' developmental failure, the hypothesis drawn out of the topic and the theories used for testing the hypothesis as well as the context in which the study is carried out. Chapter 2 provides an insightful understanding of the resource curse phenomenon based on existing literature. This chapter is devoted to discussing on-going foreign exploitation, of which the latest 'scramble for Africa's oil' is a part. On-going foreign involvement is what the author argues is overlooked in the resource curse theory while it significantly accounts for Africa's failure to maximize its oil potential, as termed the African 'resource curse' problem.

The chapter discusses two main topics: the theoretical framework and mechanism of continued foreign interventions suggested by neo-colonialism assumptions. It begins by defining neo-colonialism before moving on to engage with the theoretical framework by putting into three parts discussions on the theories framing this topic of study. First, theories which lay the groundwork for the core concept of neo-colonialism- the relations between continued foreign exploitation and Africa's underdevelopment- are discussed. Second, theories that link to non-mainstream discussions of neo-colonialism, followed by theories which offer opposing ideas on neo-colonial relationships are addressed. The third part explicates theories which explain why foreign states intervene in Africa in their efforts to secure the oil.

As the theories section shows, neo-colonialism explains continued interventions from former colonial and new global powers in Africa and that this is responsible for Africa's underdevelopment. However, neo-colonialism does not explain how the interventions take place, what mechanisms are used and by which particular players. It broadly argues that Africa's raw materials, not specifically oil, are the prize for foreign interventions. Seeing this gap, this chapter moves on to operationalise the mechanisms of intervention by analysing 'real world' incidences of oil-related foreign interventions in Africa in order to reveal the forms and actors of oil-seeking interventions. The operationalisation section reveals that in order to secure the oil, foreign interventions take political and economic forms, after which the players involved- France, Britain, the US, China, transnational agencies and African elites- are examined. The following chapters explain in detail political and economic interventions in African oil-rich countries followed by those carried out in the specific case study of Nigeria, Africa's largest oil producer. The final chapter establishes a linkage between oil-related foreign interventions and the resource curse in Africa.

Defining Neo-colonialism

There are terms related to or ideas preceding neo-colonialism such as imperialism and colonialism, which must be explained before further discussion of neo-colonialism.

Imperialism has been the essence of colonialism and neo-colonialism. Said (1993: 8) defines imperialism as the practice, the theory and the attitudes of dominating countries ruling a distant territory. Similarly, Doyle (1986: 45) defines imperialism as the process or policy of establishing an empire. He suggested that the empire under which the sovereignty of a subordinate state is controlled by force, political schemes or economic, social or cultural dependence can be formal or informal. For Lenin, imperialism is the ways powerful states used for acquiring resources, such as labour and raw materials, from weaker states. The approaches of securing the resources include dispossession and unfair terms of trade (Wallerstein, 1974; Frank, 1978). Lenin viewed imperialism as the last stage of capitalism which is demonstrated in the global market monopoly where states attempt to use national economic and political power to protect state enterprises from competition by their foreign rivals (Kearns, 2009). For Smith (2003), there are two forms of imperialism: one based on the relative space of informal economic control and another on the absolute space of territorial control or colonialism. For Said (1993), colonialism is almost always a consequence of imperialism.

Colonialism then is the direct political control of dominant nations over weaker states. European colonialism in Africa is a good example. The 1885 Berlin Conference, initiated by Bismarck, established guidelines for the acquisition and control of African territory. Although colonialism was declared illegitimate by the United Nations in the 1960s, imperialism continues. The new form of imperialism, namely 'liberal imperialism', achieved mainly by economic means took turn, arguing that less-developed people would never progress without the influence of more developed people (Mehta, 1999; Kearns, 2009). However, Griffin (1969) argues that there were already historical records of wealth, diversity and cultural achievements in the periphery before the arrival of colonial powers. For Africa, the statement of a Gold Coast nationalist in the 1920s, stressed that they did not need development imposed by foreign powers, 'we were a developed people, having our own institutions and having our own ideas of government', before the arrival of British colonial power (Rodney, 1972:40).

The process of continued control of dominant nations over weaker ones even after the decolonisation of Africa is where the concept of neo-colonialism began. It explains not only the continued control of former colonial players over Africa but also political and economic efforts for domination by new players. To facilitate discussion, we will only use the term 'neo-colonialism' in this thesis when continued control of dominant nations over weaker nations is addressed. The term 'foreign intervention' will only be used when we address all forms (direct and indirect) of political and economic engagement.

The essence of neo-colonialism is that although the target state is independent in theory, in reality its economic and political policy is derived from outside (Nkrumah, 1968). Che Guevara (1965) highlighted this by saying, 'As long as imperialism exists it will, by definition, exert its domination over other countries. Today that domination is called neo-colonialism'. This neo-colonialism is now replacing the old form. The approaches are more varied, covert and resistant than previously. They involve total penetration of economic and political systems in Africa, which allows foreign domination to continue without the blame of re-colonisation (Anise, 1989). In the former colonies, neo-colonialist foreign interventions have sustained chronic dependency, obstructed significant economic growth and undermined local capacity in political, social and technological development. On this note, Julius Nyerere (1976, cited in Kwesi, 1985: 64), one of the leading promoters of African thought on international affairs stated:

> The reality of neo-colonialism quickly becomes obvious to a new African government which tries to act on economic matters in the interest of national development and for the betterment of its own masses. For such a government immediately discovers that it inherited the power to make laws, to direct the civil service, to deal with foreign governments and so on, but it did not inherit effective power over economic developments in its own country. Indeed, it often discovers that there is no such thing as a national economy at all. Instead, there exist in its land various economic activities which are owned by people outside its jurisdiction, which are directed at external needs and which are run in the interest of external economic powers.

Neo-colonialist foreign interventions were first carried out by European powers competing for hegemony in Africa, including Britain, France, Portugal, Italy and other less-influential European states (Anise, 1989). Later, new global powers such as the United States, the Soviet Union and China joined in. The new wave of foreign intervention in Africa reflects the growing battle for world power and is considered neo-colonial. Africa provides global strategic resources the importance of which is increasing due to global resource scarcity and competition to secure areas for hegemonic control (*Ibid.*).

Neo-colonial interventions are anti-change; that is, to maintain Africa's subordination in the world order. Peace, freedom and modernization which Africans accept from the West are tied with conditions purposely to ensure slavery in perpetuity. Anise (1989: 169) viewed the West to be 'essentially the guarantor of their (Africans) enslavement' and instead suggested the non-Western support to discontinue this slavery. These problems will not disappear; Africa seems destined for more undisrupted foreign intervention in future.

Theoretical Framework

The previous section defines ideas surrounding neo-colonialism and those which precede it, namely imperialism and colonialism. This section discusses theories framing the three parts of this topic as described in paragraph 2 of this chapter. Discussing the theories surrounding neo-colonialism provides an understanding that the on-going foreign scramble for Africa's resources, including oil, accounts for Africa's underdevelopment. When this is understood, a link between Africa's underperformance and the resource curse theory can be established. Hence, this study's hypothesis, 'oil-related foreign interventions tend to contribute to the resource curse,' can be tested. The last part which addresses theories explaining why foreign states intervene in Africa's oil-related matters helps us see that foreign interventions tend to continue and perpetuate the prolonged resource curse.

The core concept of neo-colonialism derives mainly from Marxist thinking. Marxism explains the process in which rich nations exploit world markets and thereby making weaker nations depend on them. For Marx and Engels, the bourgeoisie could not be sustained without revolutionizing the instruments and relations of production (Marx and Engel, 1971). When a production structure becomes global, so does the potential for exploitation (Strange, 2000). To achieve this, the bourgeoisie must seek to exploit the world market for cheaper raw materials and labour from the remotest zone (Hobson, 1902). For industries to survive in the capitalist world, the pattern of exploitation in securing cheap materials and labour must be perpetual (Harvey, 2005). Their products must also be consumed, not only at home but worldwide. This brings about the universal 'interdependence of nations' (Marx and Engels, 1998: 39). However, there is an asymmetry in the level of interdependence (Hobson, 1938; Luxemburg, 1972). The bourgeois nations ensure effective exploitation of the nations of peasants by seeking political and economic control. Over time, the nations of peasants become dependent on the bourgeois nations (Marx and Engels, 1998: 39). In the late twentieth century, the 'interdependence of nations' became widely recognised as *globalization*. While Marx and Engel addressed the problems of perpetual securing of materials and cheap labour by the bourgeoisie as well as explored British colonization in India, they did not place the focus of their analysis of capitalism in the global context. The relations between imperialism and underdevelopment were not discussed. For Marx and Engel, capitalism could also bring technological and industrial development.

In 1916, Vladimir Lenin added to this theory that the rapid expansion of European imperialism around the world in the last decade of the nineteenth century would be the highest stage of capitalism (Lenin, 1950). Lenin believed that Wold War I would be the end of imperialism which would thus be the end of capitalism. However, colonialism was sustained and Western domination was accomplished by neo-colonialism in the period that followed. Lenin's misplaced prediction of the European imperialism stages could be why his discussion about the impact of imperialism on underdeveloped countries was limited. Nor could the theoretical framework allowed him to address neo-colonialism that emerged subsequently.

Rey (1971) also challenged Marx and Engel's notion of capitalist development, arguing that in some parts of the world capitalism can only be implanted by conquest causing archaic exploitation which must be overthrown by social revolutions. This caused the late start of capitalist development in these countries. Congo was Rey's specific case study. Complementing Rey's notion, Arrighi argued that African wage earners are subordinate to European aristocracy, maintaining the political structures that support capitalist growth without development (Arrighi 1970).

The neo-Marxist dependency theory provided explanations that are largely related to neo-colonialism concept. Dependency theory explained that there are two types of social relations in capitalist world economy; the centre and the periphery. It derives from Wallerstein's 'world system' theory which expanded classical Marxism's unit of analysis, arguing that capitalism must be analysed within the 'world system' because capitalism must expand beyond the domestic territory. This capitalist expansion in the 'world system' leads to exploitation, oppression, enslavement and the struggles of the lower social classes in weaker classes (*ibid.*). Dependency theory places a particular emphasis on the relations between unequal exchange and uneven development in the global capitalism. It explains that resources are extracted from the poor periphery states and flow towards richer states at the centre (Shaw and Heard, 1979; Nweke, 1980; Shaw and Aluko, 1984; Shaw, 1987). Furthermore, Amin, Fanon and Nkrumah argued that unequal specialization allows rich nations to exploit the world market, pay low prices for agricultural products while flooding them with expensive manufactured goods, making weaker nations depend on them (Fanon, 1963; Nkrumah, 1968; Amin, 1976). This creates huge disparities in terms of trade, keeps underdeveloped countries uncompetitive and prevents them from economic diversification. They claimed that economies depending on raw materials cannot thrive because the global market imposes a ceiling on prices on these products. Underdevelopment of the South is a direct result of the development of the North (Dos Santos, 1970; Frank, 1970; Slater, 2004).

Ogundebajo (1985) argued that the Western states' policies are mainly determined by the needs for mineral resources which are essential to their commercial and defence industries. For this, Africa is the area which provides the highest profitable return. The Western mining ventures in Africa are detrimental as they exploit African land, labour and valuable minerals without just compensation. Michalet and Hymer placed an emphasis on multinational firms as an agent which contributes to unequal development between centres and the peripheries (Michalet, 1976; and Hymer, 1976). African states receive low returns while foreign powers receive enormous profits. The production of cash crops as well as mineral exports could not help to develop Africa. Minerals taken from Africa are turned into manufactured goods and resold to Africa at a hefty price. This process has made the political economies of the African countries subject to the needs of foreign powers, which contributes to continued underdevelopment, stagnation and low integration of Africa's economic sectors to the world (Asante, 1989). According to Rodney (1972) and Amin (1976), this is one of the ways neo-colonialism persists.

Another important factor allowing for the perpetuation of neo-colonialism according to Nkrumah (1963: 137-138) was the 'balkanization of Africa' during the period of European colonialism.[1] Colonial powers divided Africa into administrative units in order to maintain their rule. The borders remain even after African independence and thus colonial control persists. Furthermore, in the global market economy, wealthy nations will not allow governments of resource-rich developing countries to pursue policies that do not coincide with the interests of their multinational corporations (MNCs) (Perelman, 2003). Control of the productive elements of the national economy is obtained by multinational corporations (MNCs), which do not act in the primary interests of the local country (Asante, 1989). This is aggregated to a level at which effective control over the domestic economy is external. Ironically, the

[1] Britain, France, Belgium, Germany, Spain, Portugal and Italy were the main players implementing the balkanization process in Africa during the colonial era with Britain and France exercising the most prominent control. Portuguese colonial authority was considered highly centralized according to the Portuguese Fascist regime at home. After the colonial era, France has kept one of the strongest patrimonial ties with its ex-colonies. China has not been involved in the balkanization of Africa. This might be because during the balkanization period of some African countries, China had not yet become a global player. Most importantly, however, this is attributed to the Chinese emphasis on the non-interference standpoint in its foreign affairs.

dominant nations will allow the governments of resource-abundant countries to continue bad governance or damaging policies as long as they remain loyal. Moreover, Girvan (1976) argued that major world powers own the capital and exercise power over classes and the institutions of weaker nations for the appropriation of resources creating exploitation, pollution and underdevelopment. This includes the expropriation of human rights, lands, waters and means of livelihoods by their corporate firms. To Poulantzas (1975), imperialism is the transnationalisation of the processes of capital and labour.

The core nations have a greater capacity to penetrate into the peripheral nations. The impetus can be delivered either unilaterally, such as by Washington Administrations, or multilaterally through organizations such as the IMF, the World Bank, the WTO and the G8 (Bromley, 2008).[1] Gramsci's notion can be applied in explaining this (Gramsci, 1971). He argued the Anglo-Saxon World Hegemony and forms of international economic integration within which 'hegemonic states' may organise national and 'international markets. In contrast, weaker states have little capacity to effect changes in the hegemonic states, contributing to unequal development between the two. Within Africa's context, there is a crucial historical asymmetry of power relations between the North and Africa (Slater, 2004).

Neo-Marxist Dependency theory explains foreign influence on the internal affairs of the peripheral powers, the African states in this case, and how the complexity of neo-colonial structures affects continued underdevelopment of Africa. Dependency theory is one of the main theories explaining why external states intervene and how this leads to negative outcomes. It explains that resources flow from a "periphery" of poor and underdeveloped states to a "core" of wealthy states, enriching the latter at the expense of the former (Prebisch, 1959).

International Political Economy (IPE), another variant of Neo-Marxist theories, also provides explanations regarding the continuing economic dependence of African states and Africa's peripheral position in global politics (Rodney, 1972; Amin, 1972; Amin, 1976; Mazrui, 1977). IPE explains that the structural limitations of poor countries in the capitalist world prevent them from starting their own self-reliant economic development. They argue that foreign policies of African states are strongly influenced by the global political and economic interests of the developed nations. African states cannot change their global position because of the structural factors imposed on them. The result is that Africa and other developing countries remain on the periphery of the world capitalist system. By focusing on the world structure, IPE contributes to the core concept of neo-colonialism which explains that Africa's underdevelopment is associated with continued foreign influence.

I particularly take the Marxism and Neo-Marxism definition of neo-colonialism which explains that Africa's underperformance is due to continued foreign exploitation of raw material. In addition, this thesis contributes to elaborating on this argument by relating neo-colonialism directly to foreign scramble of Africa's oil. My

[1] The Group of Eight (the G8), is an assembly of world leaders who meet annually to discuss global issues. The G8 members are made up of the heads of government from Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States. Due to its exclusion of economically powerful states like China and India, the G8 is accused for failing to represent the developing world (www.g8.co.uk).

thesis seeks to fill this gap by providing the subject with real world practices described further in the following operationisation section.

While the core concept of neo-colonialism which explains the relation between continued foreign interventions and Africa's underdevelopment was originally developed within a Marxist theoretical framework, neo-colonialism is also partly addressed by other critical theories such as post-colonialism and cultural theory as well as neorealism.

Post-colonialism is a set of theories in philosophy, the arts, literature and political sciences as the cultural legacy of colonial rule. Postcolonial theorists view neo-colonialism as an obstruction to develop own national cultures after the colonial rule (Slater, 2004).[1] Cultural theorists critique neo-colonialist players for their perpetuation of cultural colonialism (Edgar and Sedgwick, 2008). They highlight the desire of wealthy nations to control other nations' values through cultural means such as media, language, education and religion for economic reasons (Gramsci, 2000; Bieler and Morton, 2004). The continuation of these cultural elements from former colonial powers may be regarded as a form of neo-colonialism. Neo-realism (Keohane, 1986) explains that states are trapped by structure, like firms in a market. Their intentions do not translate directly to outcomes. By this interpretation, states will not be able to cure the resource curse by all well-intentioned means if dominant states continued to carry out activities which damage smaller states. They are trapped in the structure where all states are forced to behave selfishly (for profit-maximisation) or to go out of business.

Nevertheless, there are theories which oppose the neo-colonialist concept. A theory of modernization, for example, argues that after granting their colonies political independence, these independent countries would start to develop quickly by following the path of 'modern' Western countries (Rostow, 1990). Banaji (1973) counter-argues that the universalist limited design of Western modernization is not appropriate for the development of the periphery. Africa's underdevelopment today proves Banaji's view.

Other opponents of neo-colonialism also argue that Africa's underperformance is caused by internal factors such as instability, poor economic management and bad governance rather than external interventions (Falola and Heaton, 2010). Instead, they argue that capitalist investment brings employment to the periphery as well as laying the basis for the development of the working class which facilitates future social revolutions (Warren, 1980). However, Nkrumah (1968) counter-argued that investment under neo-colonialism actually increases the gap between the rich and the poor nations, not *vice versa*. His attempt; however, is not to exclude foreign investments but rather to prevent these occurring in ways that further impoverish less-powerful nations. In this respect, Haufler (2001) explains that while investments can create economic activities and indirectly promote peace, investments in resource-rich states often lead to exploitation of local natural resources at the latter's expense. He gave an example of Sudan where benefits for investments drew foreign actors to

[1] Postcolonialists argue that the self-deprecating identity of the performers of such knowledge is strongly connected with their colonial masters, thereby the latter's superior control remain justified. Post-colonialism challenges the Western discourses of development, modernization and globalization by acknowledging the autonomy and resistance of the colonised societies on the economic periphery; thereby, highlighting the realities of global power and representation of the South.

take sides in on-going conflicts thereby reinforcing the dominance of particular political and ethnic groups.

Fukuyama (cited in Slater, 2004) critiques dependency theory for its emphasis on the economic dimension. He stresses instead the importance of the desire for recognition of the colonized peoples in the periphery. Referring to Hegel, Fukuyama further points out that because of the misplaced ‘economization’ of our thinking, we overlook the reality that the desire for recognition is universal and is an important feature of the struggles in the periphery such as those against foreign domination and for democratic rights.

The theoretical approach which informs the analysis in this study is that of Neo-Marxist Dependency Theory, which is analytically superior to competing perspectives. With this approach, we are able to situate Africa within the global context of superpowers’ domination. The current crises in Africa cannot be adequately understood without reference to continued foreign control, European colonial powers in the past and new players arising from shifts of global power. Marxist dialectical materialism allows us to look back over the history of the relations between Africa and foreign powers both materially and in regard to how these relations repeatedly affect and shape Africa’s structure.

The hypothesis this research forms is based mainly on the resource curse theory and neo-colonialism concept, explained by Marxism. It proposes that: ‘Foreign interventions may contribute to or increase the likelihood of the resource curse.’ Apart from factors addressed by the existing literature of the resource curse, namely, fiscal misallocation, political factors, social foundations, resource types, the country size and initial conditions, this research hypothesizes that continued foreign interventions create a strong linkage to the resource curse. Multiple foreign players, by globally reproducing and expanding capital through the control of oil, are linked to Africa’s resource curse.

Regardless of whether foreign practices are deliberate attempts for control and rule, in the context of resource exploitation the relationship between foreign powers and African states and the practices used by the former remain the same. The characteristics of foreign practices, rather than their intention, allow neo-colonialism to prevail. Hence, neo-colonialism is selected as an explanation. While colonialism was a deliberate full control of territory and structures within it, neo-colonialism is less overt and can be manifested in different forms. The forms of interventions are discussed more fully in the operationalisation section.

Exploitation of African Oil: Why Foreign States Intervene. The previous sections discuss theories which explain the perpetuation of foreign interventions in Africa which contributes to Africa’s underperformance. This section looks at theories which explain another perspective of foreign interventions. In particular, we examine why foreign states intervene in Africa for oil by applying the ideas of Marxism and Realism. This helps us understand that oil-related foreign interventions are likely to continue and as a result suggest that the resource curse will persist. Although the relationship between the realism and Marxism logics has been conventionally treated as problematic and contradictory, Harvey argued that this contradictory ‘(that is, dialectical) relationship sets the stage for an analysis of capitalist imperialism in terms of the intersection of these two distinct but intertwined logics of power (Harvey 2003: 26)'. Analyses of actual situations should keep the two sides of this dialectic in motion and not to be predominated by either a solely political or economic side of argumentation (*ibid.*). Bello (2005), Gowan (1999), Harman (2003), Rees (2001) and Serfati (2004) have pursued a similar approach. This study agrees with their analysis framework; and therefore, considers both realism and Marxism logics in analysing the relationship between oil-related foreign interventions and Africa's underperformance.

Economic-centred traditional Marxists would assume that foreign intervention in Africa for its oil is determined by international capitalist market forces. They must revolutionize their means of production to survive and that is done through searching for new markets, raw materials, cheap labour and higher profits. For most superpowers, the internal frontier reached its point of closure. There have been problems of domestic overproduction and labour conflicts. The drive to seek out new territories for economic development have become more manifest (LaFeber, 1963).

The need for resources, cheap labour and higher profits to achieve the revolution of production of bourgeois nations, suggested by traditional Marxism, explains the drive to expand and seek out control of new territories such as Africa. Marxism does not only explain imperial control of weaker states in order to secure resources, but also that this leads to inter-imperialist conflicts. On this regard, Bukharin argued that an increasingly integrated world economy, as a result of capitalism, becomes the arena for competition among capitals that tends now to take the form of geopolitical conflict among states. This is because capitalism is defined by two tendencies: the internationalisation of production, circulation and investment; and the interpenetration of private capital and the nation-state. The process neither bears attention to the implementing practices of capital accumulation and inter-imperialist competition nor to the result of these in the host countries (Bukharin, 1972). With this notion, we can understand today's scramble of Africa and the contradictory relations between expanded foreign investment and Africa's perpetual underdevelopment.

There are some defects to traditional Marxism's emphasis on the economic aspect which tends to view the state as only an instrument of capitals (Callinicos, 2009). This view limits them to the analysis of different modes of production, ignoring the importance of states as agent, the latter which is realism's focus. Strange (2000), for example, argued that often states dictate policies in irrational economic terms. Realism essentially addresses the desire of power and security as the primary impetus for state interactions. Marxism and realism have been contradictory logics. On the one hand, Marxism addresses economic competition in the emerging capitalist world system. On the other hand, realism addresses geopolitical competition as a process of political accumulation and military expansion. However, neo-colonialism which represents in today's scramble for Africa represents the moment at which these two logics become integrated. Geopolitical competition can no longer be pursued without the economic resources that are generated within the framework of capitalist relations of production. Besides, capitals are involved in increasingly global networks of trade which immensely depend on diverse state support, ranging from neoliberal policies, and subsidy to the assertion of military power (*ibid.*).

We now examine how realism can be used to understand foreign powers' interventions in African oil-rich states. Realism explains that states are rational unitary actors, each seeking their own national interest (Morgenthau and Thompson, 1985). They argue that security is the strongest motivation in international anarchy. In the anarchical world where there is no supranational sovereign to ensure order, realists argue that states are destined for unending competition to attain security. States must be cautious of others in attempts to look after their own security and material strength and so strive to gain control over scarce resources (Hobbes, 2008). Competitive interactions to secure resources can lead states into a security dilemma, a situation in which each party's attempts to increase its own security reduces the security of others (Snyder and Jervis, 1999). Realists use the 'Prisoner's Dilemma' model as an analogy between competitive interactions of states and the mathematical game where one state's action triggers suspicion and efforts to create the balance of power in another state. Eventually, this leaves everyone less secure (Snyder, 1993).

Applying the security dilemma argument to the oil politics, we assume that the rising demand for oil and depleting reserves in rich nations would enhance the level of international competition to secure access to oil. Although rich states have not engaged in actual conflicts with each other for resources after the end of European colonization, the neo-colonial practices of rich states have allowed both direct and indirect involvements in wars in the periphery states, Africa in this case, as a scheme to secure oil. We will explore this in detail in the following chapters which discuss foreign political interventions and economic interventions respectively. Realism explains that security fears are the reason for foreign interventions in resource-rich countries. However, this can be intertwined with their predatory goals; that is, even if the security threats diminish, their exploitation will not cease. It is often difficult to separate security-driven and predatory actions. States may hold the view of Catherine the Great in their efforts to gain superiority over their rival states: "That which stops growing begins to rot" (quoted in Snyder and Jervis, 1993: 16). Keohane (2005) points out that states could seek hegemonic power by seeking control over raw materials, capital, markets and competitive advantage over high-value goods. The combination of these dimensions must be stronger than any other states. Based on the security dilemma and the state's desire for hegemonic power, it can be assumed that the international competition for oil will be heightened where self-profit is maximized at the expense of others and more powerful states are most likely to gain. Therefore, we can expect that the resource curse in African oil-rich countries will become intensified and prolonged.

With regards to competition between states, realists would assume that expansion (in this case heightened foreign intervention in Africa's oil-rich states) increases power because it adds resources that can be used against other great powers. Interventions become highly attractive for states that are not self-sufficient in resources necessary for wars. They believe that achieving control of such resources improves their security (Snyder, 1993). Vulnerable areas in the periphery like Africa are seen as 'El Dorados' harbouring vast oil resources and being easy to control. And they must be controlled or else they will fall under the opponents' influence. This explains why the two global superpowers, the US and China, now enter into an intensified competition for oil in Africa by using any means necessary, direct or indirect, to achieve that goal.

Realism also assumes that great powers in a multipolar world may have stronger incentives to intervene in weaker states for full control since they are less likely to have attained the necessary resources for national security than in a bipolar world. We can assume that the world today is multipolar, especially with regard to oil politics. European powers such as France, the UK, Portugal and Italy still have strong ties with their former colonies, the factor which has facilitated European access to oil in Africa. China is also gaining a foothold there with new business approaches whereas the US uses unilateral and multilateral efforts to penetrate deeper into Africa. Therefore, realists would assume in this situation that foreign interventions in Africa's oil-rich countries will continue and become more intensified. Energy security has become, in Watt's (2006:2) words, 'a terrifying hybrid of the old and the new: primitive accumulation and American militarism coupled to the war on terror.'

Cooper (2004), a realist, expects such interventionist practice will increase because the Western societies now stand at the end of the 'Westphalian Age' (1648-1989). In a globalised world, dangers lurking beyond their borders are more covert and difficult to control; therefore, nation states must adopt a more assertive stance to ensure their security. The 9/11 incident is one of the milestones for rapid changes in the international energy security agenda. Diverse energy sources are aimed at reducing dependence on the Middle East as the fight against Islamic fundamentalism intensifies. In Washington, Houston, Paris, London, Beijing, New Delhi and elsewhere, there is a strong interest in long-term African oil plans. The Gulf of Guinea has rapidly drawn attention and becomes a new frontier of vital interests where security of access must be protected (Watts, 2006). There is also an increasing interest in other new locations in Africa such as Central African Interior basins, the Rift Valley basins, Eastern margin deep-water as well as onshore sites (Clarke, 2008).

Klare (2008) argues that energy is the major factor for new global order. Oil reserves resemble nuclear warheads, warships and military strength under the old global order as criteria determining the national ranking of global power. Countries are now categorized as energy-surplus or energy-deficit. To maintain the global hierarchy, the superpowers thus use varied methods to secure global oil accesses. States pursue their national interests - strategic or economic - by controlling oil. In international relations, this is the world of the calculus of interests described by Machiavelli and Clausewitz. American military is used more increasingly as a 'global oil production service' (Klare, 2006: 7), to protect overseas fields and supply routes (Kaldor, Karl et al., 2007). Oil's strategic importance remains at the centre of attention and attracts interventions from governments and actors, both multinational and civil (Kaldor, Karl et al., 2007).

Snyder (1993) argues that foreign intervention may be used for vested interests in the guise of national security concerns. The groups of interests may act individually or in coalitions to disseminate the myth of security through interventions in order to advance their own interests rather than those of the nation. The Bush administration's invasion of Iraq and the involvement of Halliburton in the event, the global military activities claiming it as part of the War on Terror and the MNCs' lobbying and justifications for the use of security apparatuses overseas in the name of energy security are clear examples of this notion. Realism, as discussed here, can thus be used in explaining why states seek dominance and under which conditions their intervention may intensify. States which seek power and prosperity are more likely to interfere in oil-rich states in aggressive manners. Furthermore, under high international security concerns and turbulent Middle East situations, the control of African oil industries becomes more alluring and unavoidable. With the strengthening Chinese economy and the economic crisis battering the West, the competition to secure supplies and foreign meddling in African oil industries become immense. The 'Scramble for Africa' has begun a new era.

To conclude, realism explains the reasons behind foreign interventions especially for the purpose of securing critical raw materials. However, no links have been made regarding Africa's oil. The reasons why foreign players intervene in Africa's oil rich states are not the focus of this thesis but it lays out the background to the contexts of foreign oil interventions in Africa and allows us to predict the conditions under which the interventions will continue. By interpreting realism and the global situations surrounding oil, it can be assumed that foreign interventions in African oil-rich countries will continue. Evaluating these theories, the thesis concludes that critical theories (Marxism and neo-Marxism), by discussing the contemporary 'world order' in forms of production structure and social struggles, are the most relevant in helping us understand foreign interventions and Africa's underperformance. Realism's state-centric ideas of power and security cannot sufficiently explain these relations. Moreover, the Marxist theories are distinctive in that it does not treat neo-colonialism as a transhistorical form of political domination as Realism, but rather explains neo-colonialism in the context of historical development of capitalist mode of production (Callinicos, 2009).

However, specific policy and practice of foreign interventions with relation to Africa's oil industries remain unexplained by existing theories. The foreign powers involved in these interventions, the mechanism through which they are carried out and the outcomes of these actions were neither addressed nor evaluated in these theories. Although the abovementioned critical theories indicate that neo-colonialism contributes to poor performance in Africa, this linkage is not related to the resource curse discussion which assumes that resource-rich countries are doomed to fail. This is the gap which this study aims to fill. The following section on operarionalisation links these theories to real-world practices. By applying theories of neo-colonialism, this study analyses the real-world context of the modern scramble for Africa's oil including how foreign interventions in Africa's oil are carried out and by whom.

Operationalising Foreign Interventions in Oil-Related Issues

The previous section discusses theories underlining foreign interventions and their explanatory potential for the underperformance of weaker nations. This section, by applying the neo-colonial concept, goes further in analysing the real world context surrounding the modern scramble of Africa's oil. It analyses mechanisms foreign powers use for oil-related interventions in oil-rich countries. While a broad definition of foreign interventions and the discussion of intervening players were introduced in chapter 1, this chapter discusses the forms of foreign interventions in Africa in further details. The next section discusses the main players of these interventions.

Neo-colonialism explains continued foreign interventions in former colonies after their political independence. However, neo-colonialism only loosely discusses foreign interventions. There is little connection to real-world practices or clarifications of their *modus operandi*. By first exploring the approaches to interventions discussed by neo-colonialist scholars, I describe, later in this section, what other approaches my study offers, particularly for the promotion of oil interests. The new foreign interventions, after the colonial era, are more varied including the use of both direct and indirect political, military and economic approaches. To facilitate discussion, I categorize these interventions into two approaches: political and economic.

Mathews (1989) suggests that foreign political interventions in Africa take several forms such as sponsored *coup d'état*; creation of and/or support for opposition groups; a 'press war' designed to undermine the regime; the use of neighbouring states, mercenaries, intelligence set-ups and military intervention to destabilise the regime. The objective has been to achieve colonialism while preaching independence. The Western military maintains direct relations with the ex-colonies' military to provide protection of interests for the Western governments and their corporations. Asante (1989) likens this type of neo-colonialism to the old form of colonialism. Mathews (1989) argues that nations in the Western bloc pose the greater danger to Africa's freedom.

Apart from the West's direct military relations with ex-colonies, a new focus has recently been placed on state-building in what is considered as failed or failing states. It is becoming the dominant framework for the international regulation of non-western states. State-building is justified with reasons that the territory of failed states will serve as a base for terrorists and criminals, as pathways for the illicit trade. However, state-building process is expensive and requires efficient national administrations. Unlike the colonial empires which developed schools for colonial administrators, there has been no technical training for these new state-building tasks. NGOs have been invited to carry out the social aspects of state-building such as health and education. The West also relies on regular police and military for security functions provided by the EU, the UN and NATO. However, their roles are proven ineffective because drug trade and trafficking in persons and weapons from failed or failing states are still growing (Chandler 2006). The rebuilding state structures in Iraq, Somalia, Liberia and Sierra Leone, for example, resembles the earlier colonisation.

Chandler argued that both the EU and the US are empires in denial. While they have the aims of empires to develop states according to their own design, they do not admit that their new state-building effort is to turn non-Western states into their likeness, in effect a state without the genuine self-government. Chandler focused on the EU's state-building role in Kosovo. He suggested that state-building is likely to continue for some time. However, it is debatable whether Western-designed good governance would be more suitable than self-governance (*ibid.*).

Another new form of foreign influence is largely concentrated on indirect economic approaches as opposed to direct political approaches like the old form of colonialism (Asante, 1989). One of the main goals of neo-colonialism is to make sure that the dominated countries do not have too many direct horizontal contacts among themselves, particularly not economic interaction. Furthermore, contacts with the outside world must be vertical towards the centre. Nkrumah (1968) points out that the neo-colonialist economic approaches used for full appropriation of African resources include the demanding of ‘rights’ such as land concessions, prospecting rights for resources, the rights to collect customs and to be exempt from them, to carry out administration and, above all, the rights to provide aid. Nkrumah believes that accepting foreign aid proves Africa’s dependency on external powers which resembles former colonialism. He notes that foreign aid comes mostly in the form of high-interest-rate loans, the repayment of which contributes to the underdevelopment of Africa. The aid is often conditional upon agreements for economic cooperation; the right to meddle in internal finances, to lower trade barriers in favour of the donor countries and to protect the interests of private investments; and the determination of how the funds are to be used, to supply raw materials to and/or buy goods from the donor nation. Under cover of aid, the modern economic interventions are perpetuating colonialism whilst preaching ‘freedom’, a practice Nkrumah (1968) calls ‘neo-colonialism’.

Neo-liberal policies are one of the main economic approaches used by the West with the US as their foremost promoter. Neo-liberal policies were first imposed on weaker countries in response to the communist expansion during the Cold War. The focus of neo-liberal policies is the spread of the free market and democracy. Neo-liberal promoters could justify interventions for a wider range of reasons than colonialism such as interventions for human rights protection, press freedom and fair elections. Although the neo-liberal approach is different from former colonialism in detail, neoliberal policies make interventions more sustainable by replacing draconian colonial practices with the promise of spreading global economic wealth in the name of liberalism. However, free trade favours the strong economies while harming weak ones. Imposing free markets prevents states from holding natural resources as national assets, or from remitting profits to national development. This makes hegemonic activities such as local property arrangements and profit repatriation by foreign companies legitimate. The existing disparity in economic efficiency and institutional capacity in the global order allows the richer states to extract lucrative profits from poorer states through the small advantage gained from open markets. Examples of neo-liberal policies in African oil-rich countries are seen in the US and Chinese economic approach to protecting their own national enterprises in Africa as discussed in the following chapter.

Economic sanctions are another means used by superpowers to ensure that all states play by the rules in the global markets. Economic sanctions can be unilateral or multilateral, comprehensive or partial, including all services and goods or limited to a specific few. It is expected that economic costs triggered by sanctions will translate into political changes in ‘troublemaking’ states (De Jonge, Oudraat and Simmons, 2001).The Western monopoly in the world market and the international capital control is another economic approach used for securing resources by sustaining neo-colonial power in Africa. In this regard, Che Guevara (1961) stated:

> We, politely referred to as 'underdeveloped', in truth are colonial, semi-colonial or dependent countries. We are countries whose economies have been distorted by imperialism, which has abnormally developed those branches of industry or agriculture needed to complement its complex economy. 'Underdevelopment', or distorted development, brings a dangerous

> specialization in raw materials, inherent in which is the threat of hunger for all our peoples. We, the 'underdeveloped', are also those with the single crop, the single product, the single market. A single product whose uncertain sale depends on a single market imposing and fixing conditions. That is the great formula for imperialist economic domination.

The Western monopoly in world markets has contributed to Africa’s inability to diversify their export productions. While raw materials face no tariffs, high tariffs are imposed on finished products such as from mineral resources. This discourages the locals from investing in added-value raw materials which is essential for economic diversification in order to break free from dependence on a single commodity and an external power (Dell, 2004). Chapter 2 showed that one of the main macro-economic solutions to the resource curse is export diversification. However, in the market monopolized by neo-colonial players, constraints are imposed on weaker countries from achieving such goal.

The existing discussion on foreign political and economic interventions has only revealed general methods of neo-colonialism; however, although volumous inventive methods exist, no direct relationships with African oil rich-countries have been identified. This is the gap which I seek to fill.

For all political approaches employed and previously discussed, this thesis categorizes foreign political interventions that are related to oil interests in African countries into four central themes: the balkanization of Africa, the use of state policies, political meddling and military involvement. First, the ongoing balkanization of Africa’s territory and society based on Western interests is discussed. Under the use of state policies, we analyse foreign policy, energy policy, oil diplomacy and the formation of special initiatives and institutions responsible for enhancing oil interests. Under political meddling, we explore practices such as election fraud, regime change and financial support used in promoting specific political groups in return for oil interests. In the military involvement section, we discuss the support of arms, military training and assistance and military deployment used for enhancing the oil interests. Oil and politics are intertwined and therefore closely tied to government decisions. The position of oil at the core of politics contrasted with the very few people who really know what happens in the oil world makes this a prime topic for further research. Details of this form of intervention are given in Chapter 4.

In addition to foreign political interventions, I categorize foreign economic interventions which are related to oil in African countries into two central themes: financial involvement and business conduct. With regards to financial involvement, the following practices are included: neo-liberal policies, petrodollar monetary order, economic sanctions, financial support and money corruption. With regards to business conduct, I include the following practices: circumventing environmental standards, enclave oil operations and unsuitable philanthropic projects. The details of this form of interventions are included in Chapter 5. Some practices such as political meddling, military involvement, neoliberal policies and economic sanctions can be linked to existing neo-colonialist discussions. The rest have been identified as neo-colonial practices by my study using real-world occurrences.

Determining the Players in Oil-Related Foreign Interventions

Having discussed the mechanism used in sustaining foreign domination of Africa, this section moves on to discuss which key players carry out these activities. This section uses the same approach as the previous by applying neo-colonial explanation and real-world practices to identify the main players seeking out Africa's oil. While the discussion of intervening players was introduced in chapter 1, this chapter discusses these actors in further details.

Neo-colonialism suggests that foreign interventions are continued by former colonial players as well as new players. Using the neo-colonialist concept in including both former colonial and new players in the analysis of oil-related interventions in Africa has never been attempted before. Studies on the modern African oil scramble have mostly addressed foreign players separately within a certain, mostly contemporary, timeframe. This study applies neo-colonialism based on the Marxist historical dialectical perspective by analysing the scramble for Africa's oil as a process involving various players. This process has shaped Africa and will continue to do so. However, neo-colonialism has not specified the main players intervening in African oil-rich countries, a deficiency this section offers to remedy.

Previous colonial states and other powerful states attempt to guard their status in former colonies especially their interests in raw materials. Hence, they interfere in the governance and economies of weak nations to maintain the flow of such materials at low prices with favourable conditions for their nations and multinational corporations. This was most common in Africa in the latter half of the twentieth century. European countries colonised most of Africa in the late nineteenth century and granted independence to colonies after WW II. However, they continue to control African economies. The end of colonialism also brought other powerful states into the scramble for African resource-rich countries. Nkrumah's words highlighted this:

> Africa is a paradox which illustrates and heightens neo-colonialism. Her earth is rich, yet the products that come from above and below her soil continue to enrich, not Africans predominantly, but groups and individuals who operate to Africa's impoverishment (Nkrumah, 1968: 1).

Neo-colonialists explain that foreign interventions are sustained both by former colonial powers as well as new players. We will first look at continued interventions by former colonial players.

Oil-Related Interventions by Former Colonial Players

European powers drew the political boundaries of Africa during their first scramble for Africa (early 1880s-early 20th century). Britain, Germany, Portugal, France, Spain and Italy took vast pieces of Africa into their empires while Holland was preoccupied with the Dutch East Indies. Regional differences in colonial rule were determined by the nature of exploitable resources (Gordon, 2001). No matter what specialized geographical areas, the profit-centred activities of European colonial powers clearly disregarded African development. Foreign-led political systems were established and actions taken that had an impact on cultures, language, hierarchy and local dominance. These created great turmoil and intense confusion in Africa.

According to the dependency school of thought, political independence hardly changed the constraining economic, political, military and cultural ties that continue to bind African countries to their former colonial powers (Amin, 1973). These linkages have shaped economic and oil relationships between them until today (Clarke, 2008). Even after decolonization, European powers never intended to develop rational programmes designed to make African states self-sufficient (Gordon, 2001). We first discuss the French neo-colonial interventions in oil-related issues in Africa, followed by that of the British and other European powers.

Neo-colonialist linkages are prominently displayed in the relationship between France and its former African colonies, primarily due to French policies designed to maintain their *chasse gardée* (see more in Suret-Canale, 1988 and Schraeder, 2001). [1] This helps enhance French access to Africa's oil. France has personalized high-level contacts in their relationship with Africa, more than any other external actors. A small group of politicians and businessmen manages this relationship with the French presidency playing a key role (Taylor and Williams, 2004). Among dominant players of the twenty-first century in Africa, France maintains the closest political-military and economic relationships with African countries, particularly within francophone Africa (Wauthier, 1995). Over the years, France has also developed close ties with non-Francophone countries such as Nigeria and South Africa. From the neo-colonialist perspective, this means that former colonial players can develop ties with states which were not their former colonies. The relationship is not bound by political territories but rather driven by economic and power incentives. Although the links between France and Africa were presented as cooperation, they mainly benefitted French interests and disregarded African concerns. Former President Valery Giscard d'Estaing's statement stressed this point, 'I am dealing with African affairs, namely with France's interests in Africa' (Martin, 1995:6). To this, Gaston Monnerville responded, 'without the empire, France would only be a liberated country today. Thanks to its empire France is a victorious country' (Ela Ela, 2000: 87).

Colonial ties and neo-colonial influence define the oil relationships between France and African oil-rich countries. In Francophone Africa, France started to dominate the Algerian and Gabonese oil industry as soon as oil operations were established there (1960s). The French government pressured the Algerian government to secure preferential treatment for French oil companies in the granting of oil concessions (Aissaoui, 2001). African oil industries have been traditionally dominated by France's Elf (now part of Total). Total owes its existence to government efforts to stimulate oil production in France's African colonies (Yergin, 1993). Thirty-three percent of Total's oil now comes from Africa, more than other parts of the world.

[1] France saw Africa as its '*chasse gardée*', or 'private hunting ground' since colonial times when Africa was literally a hunting ground for French elites. The '*chasse gardée*' Africa continued as the status was transformed into one of economic and political influence after Africa's independence. France believed that its place in Africa should be protected against other nations. It thus opposed other foreign interventions even those of allies (Schraeder, 2001).

Total is the leading foreign investor in Congo-Brazzaville, Gabon and Cameroon (Total Factbook, 2010). Total now trades in all of sub-Saharan Africa's producers including in non-Francophone countries (Jacques Marraud des Grottes, Total's Executive Vice-President, 3 November, 2010).

After the Cold War, France faced increasing economic competition throughout Africa from new powers, especially in the oil sector. The penetration of the US and other emerging states was perceived as aggression against France's *chasse gardée*. France responded to this threat in a series of policy meetings on how best to defend French interests against the US (Glaser and Smith, 1994; Védrine and Moisi, 2001; Schraeder, 2001).

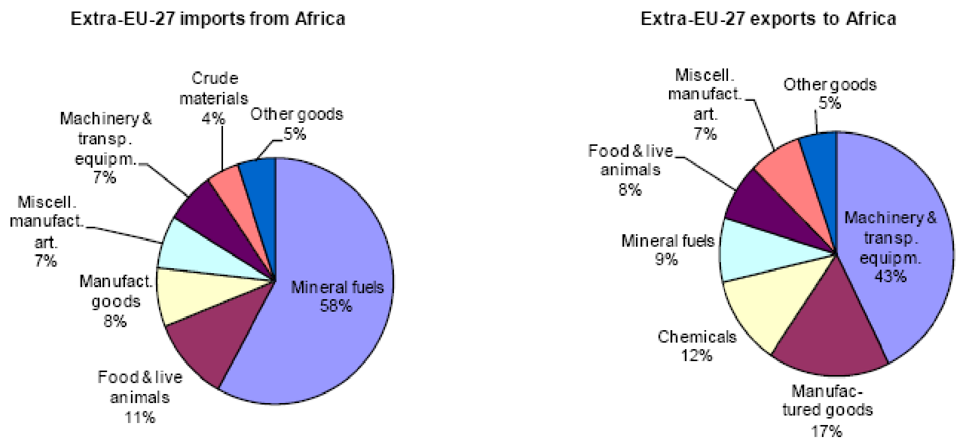
Similar to France, Britain continues to enjoy very close ties to some Anglophone and Commonwealth states in Africa. British ties with African countries have helped it gain a dominant foothold in the oil industries of these countries. Anglo-Dutch Shell has dominated African oil trade, especially in Anglophone Africa. Specifically with the 1914 colonial decree limiting oil licenses in Nigeria only to British oil companies, Shell–BP (British Petroleum) was allowed to establish a stranglehold domination of the country's oil production (Frynas *et al.*, 2000). With colonial ties and government support, BP now has operations in thirteen African states. Like France, Britain has expanded its engagements beyond former colonial countries. In Angola alone, BP expected to invest approximately $7 billion before 2010 (Williams, 2004). Compared to the French policy, British Africa policy today has been much less direct (Engel and Olsen, 2005). It prefers to seek influence without the responsibility of direct rule.

Although other former colonial players, aside from France and the UK, are not studied in this thesis, they still play a significant influence in Africa today and whose roles worth a brief discussion here. Italy has been actively engaging in oil operations in its former African colonies. One of the most prominent European firms operating in Africa is Italy's Eni (originally state-owned but largely privatized in 1998). As a former Italian colony, Libya has been well staked out by Eni (Gurney, 1996). It is developing several large natural gas fields in conjunction with the National Oil Company (NOC). Eni and NOC are fifty-fifty joint partners in the massive Western Libya Gas Project, while Eni is 75 percent owner of the "Green-stream" pipeline built beneath the Mediterranean to carry gas from this project to Italy and France (Energy Information Administration, 2007; Kahn, 2007; Klare, 2008). Neo-colonialism explains the colonial ties used for facilitating Italian oil exploitation of Libya. This is considered as an essential support for an extreme authoritarian leader. The money going through corrupt regimes helps sustain them. Poor governance established in a country like Libya is an indicator of the resource curse in the country. Eni is also an aggressive world player apart from in Libya. Its African holdings are particularly substantial, with major investments including in non-colonies such as Algeria, Angola, Congo-Brazzaville, Egypt and Nigeria. However, we do not focus on Italian players here because their influence is much less significant than other players discussed.

Portugal also has exhibited a renewed interest in strengthening cultural ties with its former Lusophone colonies, especially in oil-rich countries including Angola and Sao Tome and Principe (MacQueen, 1985). However, Portuguese oil production is still low due to the lack of high-profile supermajor companies. Other, traditionally less powerful colonial powers, such as Spain, were never important diplomatic players due to the lack of extensive colonial holdings (Naylor, 1987). Weaker colonial powers mostly demonstrated sporadic interest in their former colonies only during times of crisis, such as Belgium's involvement during the crisis in central Africa.

Numerous European energy companies have also been operating in the region for several decades and enjoy close links to local elites. These companies are skilled at participating in the international arena which ensures most Africans are excluded from any benefits that could derive from oil. Given the historical ties between Europe and Africa, European companies continue to remain the main players in the exploitation of African energy reserves. For Europeans, Africa’s reserves are attractively close. Aiming to reduce their reliance on Russian energy, European leaders have encouraged home-based energy firms to invest in Africa; such firms have recently accounted for 60 percent of new investment in West African oil and gas enterprises (Goldwyn, 2004; Klare, 2008). Figure 1 below shows that Europe today is still primarily extracting raw materials from Africa, especially oil, while Africa only serves as a dumping ground for manufactured goods.

Figure 1: EU-27 trade with Africa by product category



Source: Eurostat (2011)

Table 1 below shows Europe’s main African trade partners.

Table 1: EU’s 27 Main African Trade Partners (Source: Eurostat, 2011)

	extra-EU-27 imports		extra-EU-27 exports	
Rank	Country	Value in million EUR	Country	Value in million EUR
1	Libya	19 996	South Africa	16 040
2	Algeria	17 356	Algeria	14 655
3	South Africa	14 928	Egypt	12 627
4	Nigeria	10 453	Morocco	11 909
5	Tunisia	7 891	Nigeria	9 162
6	Morocco	6 510	Tunisia	8 931
7	Egypt	6 112	Libya	6 471
8	Angola	4 916	Angola	5 187
9	Côte d'Ivoire	3 055	Ghana	1 749
10	Cameroon	1 744	Senegal	1 628

Source: Eurostat (2011)

However, Europe’s privileged position has come under threat in the last decade from first the United States and its giant energy corporations, then from China, India and others (Klare, 2008).

Oil-Related Interventions by New Players

Apart from former colonial players, neo-colonialism explains that new players engage in foreign interventions in Africa. The modern oil boom has seen various new players actively involved in seeking oil in Africa.[1] After political independence, the US and the Soviet Union joined the Europeans in a new dimension of foreign interventions in Africa: the ideological warfare between capitalism and communism in Third World countries (Bromley, 1991). China also engaged in the ideological warfare in Africa; however, there were differences in the kind of socialism China and the Soviet Union promoted (see more in Anise, 1989). In this period, direct colonial rule was replaced by a series of neo-colonial relationships that permitted the continued external domination of Africa (Schraeder, 2001).

The end of the Cold War did not improve Africa’s position, the dependency school equates this period with the Africa’s increasing marginalization. They imply that African leaders will enjoy fewer options (Shaw, 1991). Aggressive foreign efforts to intervene in the name of democratization and economic reform suggest a “recolonisation” or “new scramble” for Africa (Ake, 1995; Schraeder, 2001). In many instances the struggle for state and resources had a non-petroleum character (such as for minerals in the DRC, Liberia and Sierra Leone). However, from the late 1980s, oil has become increasingly important (Clarke, 2008). It involves several domestic and external interests including state oil players, heads of state, political and commercial elites, super-majors, independents, local companies, middlemen, financiers, lobbyists, contractors and investors in oil-related industries (*ibid.*).

A close look at China’s current suction of sub-Sahara African resources showed that the kind of ravenous acquisition of resources did not end with Africa’s decolonisation (Behar, 2008). Africa provides both developed and developing countries vast oil resources. Today’s oil boom has marks of neo-colonialism, as American, Chinese and other major states compete against each other to gain support among African governments. There is little doubt that the interest in Africa’s oil and gas resources has caused rivalries between international actors in Africa, markedly the American and Chinese governments (Klare and Volman, 2006). Almost half of all foreign direct investment (FDI) inflows to Africa landed in five major oil-

[1] There are a number of factors why these players have just entered Africa. First, Africa’s markets were only opened after its independence from Europe (starting from 1960s). After which, European powers still kept strong ties and in some countries like Nigeria, Anglo-Dutch Shell had been predominant. The oil industries were monopolized and in this context were difficult to penetrate. At the same time, there were other promising sources outside Africa for massive oil ventures. The US-UK dominant role in Middle Eastern oil was unquestionable. Only until the Middle East crisis started to unravel, the attempts to nationalize oil industries in many large oil-producing countries globally, the creation of OPEC and the depletion of domestic and international oil production, and the rising global energy need accompanied by industrial growth in emerging countries that external players started to look at African oil-rich countries seriously. This development, however, did not take a long period. By the 1970’s, large US oil companies such as Chevron and ExxonMobil were already well established in a number of African oil-rich countries (Yergin, 1993).

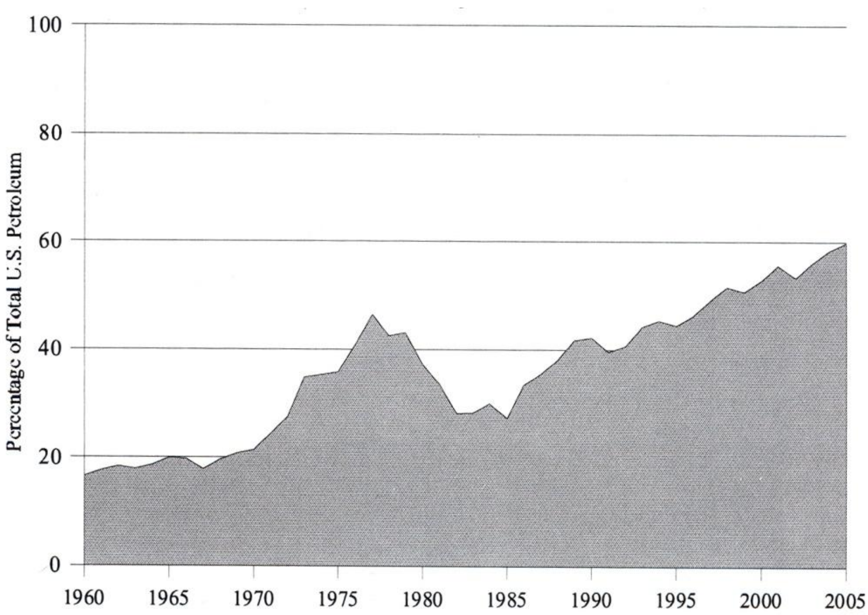
producing countries. The share of oil revenues to the total FDI was 94 percent in Equatorial Guinea, 93 percent in Angola and 90 percent in Nigeria (UNCTAD, 2006). Indeed, there are no other resources more likely to ferment conflict between states in the twenty-first century than oil (Klare, 2002). The world superpowers' unilateral and militaristic foreign policies to secure oil access underline the alarming importance of oil, especially in the mind of the policy-makers. Thus, less developed oil-producing countries are often caught in the struggles to defend their sovereignty, economic status, human rights and ecosystems (Leech, 2006).

Among the most prominent new players in Africa, the US and China stands on top, especially when it comes to the oil sector. The roles of transnational agencies, such as companies and international institutions, in seeking African oil have also been increasing. We will first discuss the US interventions in Africa in further detail before moving on to explore China and transnational agencies respectively.

While early involvements in Africa were claimed to be on ideological political grounds, an active oil scramble soon followed. The US became an active international player during the Cold War, especially in Third World Countries. Although the US never colonized a country, it was the author of direct and brutal imperialist activities including the repression of liberation movements throughout the world. Hardt and Negri (2000), however, point out that US imperialist practices go back earlier than that to the origin of the country, to black slavery and the genocidal wars against Native Americans. Overproduction, agricultural unrest and labour conflicts at the end of the nineteenth century drove the United States to expand for new economic frontiers (LaFeber, 1963). Another imperial design came in the 1920's when President Coolidge noted that the property of the US citizen is part of the general domain of the nation even when abroad. This gave legal immunity to US citizens and businesses overseas and provided justification for interventionism in violation of the national sovereignty of affected countries (Slater, 2004). For Africa, the US began to consider it an area of strategic importance when Portuguese colonialism, defeated in the 1970s, was replaced by Marxist-inspired regimes such as in Angola, Mozambique and Guinea Bissau.

Without entities to sustain African colonial ties such as the Commonwealth, La Francophonie and Lusophone cultural connections, the US created different mechanisms to promote its interests. These are the Corporate Council on Africa, several private groups and institutes such as Washington's Center for Strategic and International Studies (CSIS) and an African Military Command structure (AFRICOM) (Clarke, 2008). For the US, securing oil accesses is a critical security matter. The oil consumption ratio of the US citizen is higher than anywhere else. It is the top world oil consumer and it depends largely on imports. The US production started a permanent decline in 1972 (Klare, 2005). By 1998, for the first time in its history, more than 50 percent of US oil demands were supplied by overseas sources and currently (2010) this figure is almost 70 percent (See Figure 2 for US dependence on imported petroleum (1960-2005). With only 4 percent of the world's population, the US consumed over 25 percent of global energy production (see Table 2 for the Top World Oil Consumers). African oil exports to the US have been steadily rising, accounting for more than 25 percent of total US imports and already more than US oil imports from the whole Persian Gulf (United States Department of Energy, 2010), accounting for over 80 percent of all US purchases in the continent. The top five recipients of US direct investment are Equatorial Guinea, Gabon, Angola, Chad and Nigeria – the oil-producing states. Such huge demand for oil and heavy reliance on oil imports are primary reasons driving the US struggle for control over oil exporters. Figure 2 suggests increasing US reliance on imported petroleum.

Figure 2: US dependence on imported petroleum



Source: EIA, *Monthly Energy Review*, September 2006, Table 1.7, and *Annual Energy Review 1986*, Table 51.

Table 2: Top World Oil Consumers, 2010

	Top World Oil Consumers, 2010 (thousand barrels per day)	
Rank	Countries	Consumption
1	United States	19,148
2	People Rep. of China	8,746
3	Japan	4,422
4	India	3,215
5	Russia	2,686
6	Saudi Arabia	2,676
7	Brazil	2,599
8	Germany	2,489
9	South Korea	2,249
10	Canada	2,232
11	Mexico	2,141
12	Iran	1,898
13	France	1,814
14	United Kingdom	1,626
15	Italy	1,503

Source: Energy Information Administration (2011)

The lack of domestic conservation and alternative non-oil strategies suggest that maintaining stable, diversified foreign oil is a matter of national security for the US. According to the National Energy Plan developed by Vice President Richard Cheney's task force in 2001, "Energy security is a fundamental component of national security and a prerequisite to continued economic growth." Africa is highlighted in the plan as a significant and growing source of US imports.

Sub-Saharan African oil had been traditionally dominated by France's Elf, the Anglo-Dutch company Shell and, to a lesser extent, the US-based ChevronTexaco (Gary and Karl, 2003). However, the modern scramble for African oil is now having a much stronger American influence. New fields are being aggressively pursued by ExxonMobil, ChevronTexaco and by independents such as Amerada Hess, Vanco, Ocean and Marathon. US companies have plans for large investments in Africa. The US uses varied political and economic approaches to secure the oil there. The War on Terror and neo-liberal policies are mechanisms specific to the US. The following chapters discuss US foreign interventions in African oil-rich countries in greater detail. Through foreign practices, neo-colonialism in Africa has been sustained.

Another new major player seeking influence and sustaining neo-colonialism in Africa is China whose increasing presence is attracting world attention. However, Chinese milestone involvement in Africa could be traced back to the 1955 Bandung Spirit (Asian-African Conference held in Indonesia). Within the context of decolonisation and Cold War, China took a leading role in Bandung Spirit with a call for the liberation from the hegemony of any superpower and for building solidarities among the dominated states of the world order of that period. However, Chinese influence in Africa was limited compared to European, American and Soviet players. With the rapid spread of globalization as the twenty-first century turned, China made a strong comeback. China's quest for energy security now is more than a simple commercial purpose. It is about China's development strategy, modernization programme and its emergence as a world power (Jiang, 2005). Although the Chinese approaches attract heavy Western criticism, looking closely the pattern of Chinese meddling in efforts to acquire oil assets in Africa is essentially similar to that of the West. This section discusses China's struggle to control Africa's oil industry.

China needs oil. However, its domestic production is in decline (Sieminski, 2005). As China adopted free markets, it swiftly became the second top world oil consumer. China's top ten trading partners in Africa, apart from South Africa, are the oil-producing states (Taylor, 2006). According to the World Bank, 85 percent of Africa's exports to China come from five oil-rich countries - Angola, Equatorial Guinea, Nigeria, the Republic of Congo and Sudan (Alden, 2007) (see Table 3, below). China's biggest oil suppliers from Africa as of 2010 are Angola, Sudan and Libya while sales from Nigeria and Chad have tripled in one year. Figure 3 below shows that oil drives Chinese trade in Africa by far more than any other industry and to a greater extent than the rest of the world.

Table 3: China's top ten African trade partners

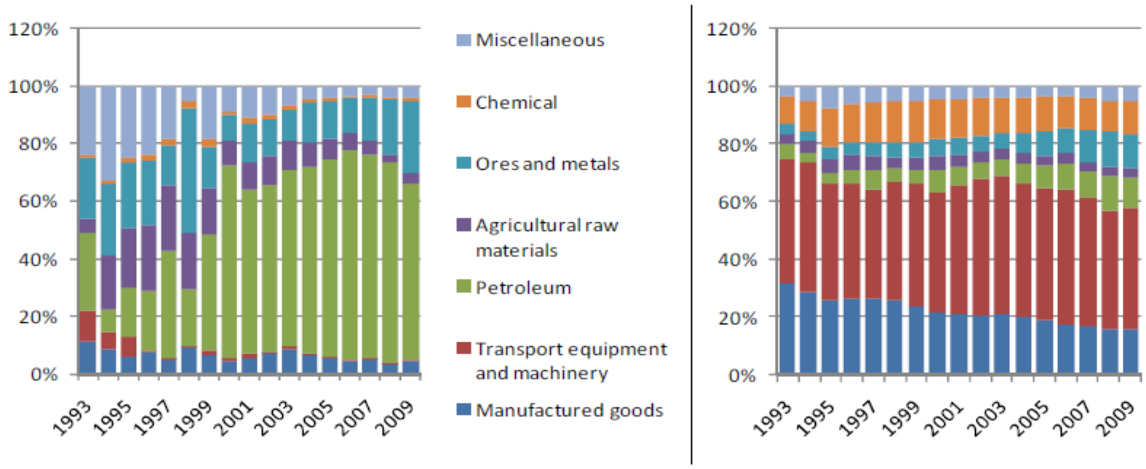
China's top ten African trading partners, 2008

1.	Angola
2.	South Africa
3.	Sudan
4.	Nigeria
5.	Egypt
6.	Republic of Congo
7.	Libya
8.	Algeria
9.	Morocco
10.	Equatorial Guinea

Note: The top five countries account for 61 per cent of Africa's trade with China, and the top ten for 79 per cent.

Source: Centre for Chinese Studies, Stellenbosch University, South Africa.

Figure 3: China's imported goods from Africa and from the rest of the world



Source: Ye (2010)

Since 2008, China has become the largest market for Africa's exports and the second largest source of its imports. See Table 4, below.

Table 4: Major African trade partners in 2008 (US$ billions)

Destination	Exports	Origin	Imports
China	49,8	United States	117,3
France	36,9	China	56,8
United States	28,6	Italy	56,5
Germany	28,6	Spain	38,4
Italy	26,4	France	38,6
United Kingdom	15,6	Germany	27,6
Saudi Arabia	15,3	United Kingdom	21,0
Netherlands	15,7	Japan	20,9
Spain	14,6	Brazil	20,7
Japan	13,4	Netherlands	19,7

Source: OECD (2010) based on UNCTAD Handbook of Statistics (2010)

China's trade to Africa rose significantly from $10.6 billion in 2000 to about $73 billion in 2007 (McLeary, 2007; Hanson, 2008). American investments in Africa have not been able to match this growth rate over the past decade (Frynas and Paulo, 2007) (see Figure 4 for the increase in exports from Africa to other regions). The increased Chinese imports of oil from Sudan and Angola have accounted for much of the growth in investments in Africa (Hanson, 2008). More than 800 Chinese companies are reportedly operating in 49 African countries (Xinhua News Agency, 2006). China has quickly become the most aggressive investor in Africa. Chinese commercial progress is the largest in sub-Saharan Africa since the end of the Cold War. The name "ChinAfrica" was even given to this relationship. There are now more Chinese living in Nigeria - from state-owned and state-linked corporations to small entrepreneurs - than there were Britons at the height of empire (Behar, 2008). Many of them work in the oilfields. Chinese state oil company champions - China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC) and China Petrochemical Corporation (Sinopec) - roam Africa as the new players on the continent. China has become the West's competitor for Africa's oil.

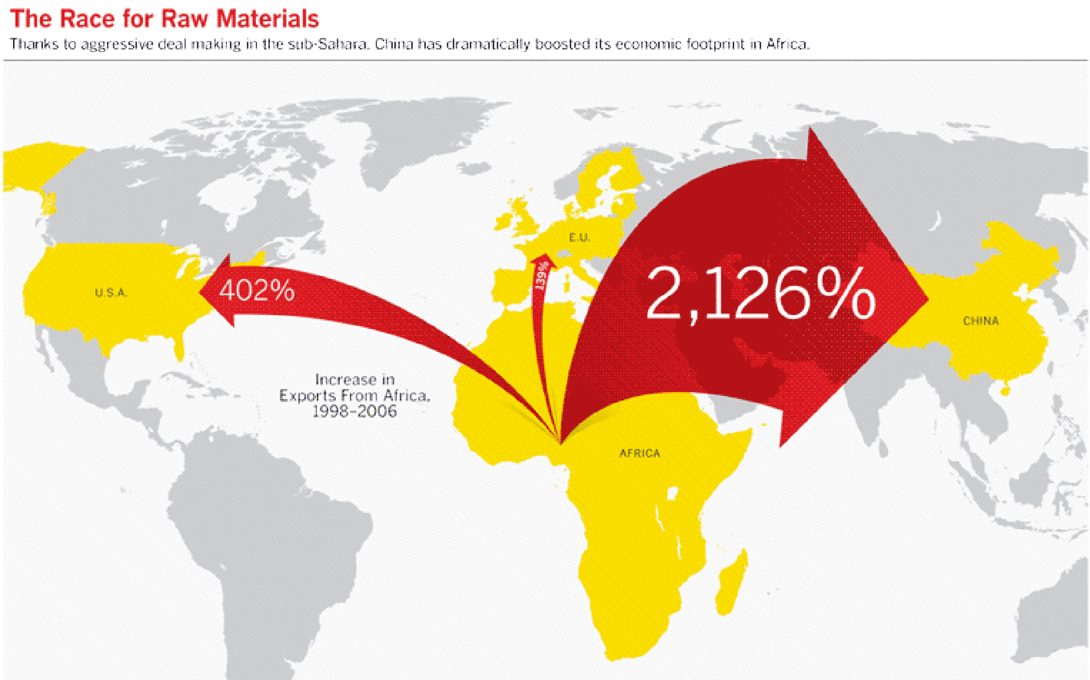
China has been criticized for following a neo-imperialist trajectory, in which its exploitation of raw materials in Africa in exchange for dumping of manufactured goods only emphasizes the inequality between the North and South and thereby heightening the cycle of dependency of African countries on powerful nations. The repeated pattern of imperialism alongside China's rapid expansion in Africa triggers much anxiety (Andrews-Speed and Dannreuther, 2011). Thabo Mbeki, South Africa's then president, highlighted that:

> The potential danger was of the emergence of an unequal relationship similar to that which existed in the past between African colonies and the colonial powers. China cannot just come here and dig for raw materials and then go away and sell us manufactured goods (Business Day, 6 January, 2007, quoted in Taylor, 2009: 2)

As with the European colonial powers, to secure oil access in Africa China uses a wide range of practices and policies including companies (Andrews-Speed and Dannreuther, 2011). The realpolitik behind China's penetration has been concentrated on interests including diversification from the Middle East, international competition and isolation of Taiwan on political grounds and India on African oil deals. The use of state-owned companies, a non-interference policy and unconditional cash incentives are practices specific to China which will be discussed in detail in the following chapters.

The chess game among oil companies is echoed apparently in the foreign policies of the world's superpowers. The United States, China, Great Britain and France are particularly engaged in an intensifying competition for oil interests in Africa. For the US and China, the globe's biggest oil consumers, the need to secure supplies is massive, even to the extent of questionable meddling in oil-rich regions. New players like India, Malaysia, Russia and the Middle East also entered the African oil 'game' albeit at a minor level (Clarke, 2008). Unlike the original scramble for Africa, the modern version has become a global affair. Thus, I argue that colonialism did not end when Africa received independence. Colonialism still exists in the presence of asymmetrical political relations. It may range from direct rule through to indirect steering implemented by advice and backed up by the threat of military intervention or economic sanctions. Although African states are sovereign, they are economically dependent on Europe, America and other powerful nations. Africa's foreign trade depends on these countries and they remain dependent on the same external actors to train their soldiers and ensure security in their territories (Mathews, 1989).

Figure 4: The race for raw materials



Source: Behar (2008)

Apart from state players, neo-colonialism exists now in another form; that is, through transnational agencies including the World Bank, the IMF and MNCs, promoting continued colonial control of modern Africa. Jalee (1968) explains neo-colonialist practices can be multilateral, often through international monopolies. In this case, the superpowers exert their economic influence through transnational agencies. Nkrumah (1968) points out the important role which 'The Invisible Government' plays in keeping Africa under control. Nkrumah explains his idea of 'The Invisible Government' as Wall Street's connection with the Pentagon and various intelligence services, encompassing private business firms and institutions. They are used to implement neo-liberal policies designed by Western powers to open African markets so that raw materials can be extracted and the inflow of manufactured goods unobstructed. Their roles are particularly crucial in the increasing international competition for oil. Neo-colonial ties become internationalized allowing superpowers to continue resource extraction without the need for overt national control (Asante, 1989). The activities of these corporations and organizations exceed the boundaries of the traditional nation-state, consequently hindering the development of interregional relationships.

In the early 1980s most African countries had to heavily negotiate to borrow from the IMF and as a precondition they had to adopt IMF programmes, often with little choice since there were no other accessible alternatives. Similar conditions such as wage freezes, higher prices and the devaluation of real exchange rates are also insisted on by the World Bank and most Western donor countries. These programmes disregard practicality or real benefits for Africa but are clearly designed only to make Africa a better client for the West (Payer, 1982). Here, interventions are referred to as exercises in 'structural adjustment'. The role of government has been performed by international institutions vested with foreign powers to re-order the economic and social policies of Third World governments. What Foucault once termed the 'benign opacity' of economic processes has certainly informed the actions and interventions of institutional bodies such as the IMF and the World Bank (Slater, 2004: 93). While African governments decide how revenues are allocated inside their borders, these international players come close to determining the policies, actions and development strategies of how revenues to be spent. Multilaterally or unilaterally, they are more powerful than any single African government (Gary and Karl, 2003).

The asymmetry of external pressure on state-welfare economies, protected economies, co-operative organisation and collective production denies communities economic options and can produce a politics of victimhood that stratifies and emnifies others, as occurred in Rwanda (Azar and Farah, 1981; Nafziger and Auvinen, 2003; Uvin, 1998).

Neo-colonialism today relates fundamentally to the expansion of multinational corporations. There is an interlinking relationship between states and oil companies due to the significance of energy security. For some, especially China, oil companies are state-owned. However, MNCs also act outside state control, particularly when they are *in situ*. This study thus addresses companies as a separate actor, while acknowledging the tremendous support received from their home governments to promote oil interests.

Multinational companies largely control foreign trade and exchange of technological know-how globally and thus undermine countries' autonomy in their ability and option to diversify their economy (Mathews, 1989; Bromley, 2008). Conversely, few governments in developing states have the technical know-how, financial capital, or market access required to commercialize their natural resources. They rely on multinational oil companies as the main agents in exploitation, trade and transport of such resources. Where these multinational companies operate in unstable regions, they may knowingly or unknowingly contribute to or exacerbate the problems (Ballentine and Nitzschke, 2005). Even well-intentioned community development programs may increase tensions between the company and local communities, within communities and between communities and the central government. According to Zandvliet, companies are never neutral but can have a positive or negative impact on local conditions (Zandvliet, 2005).

For many African countries, the roles of these companies in their economies are tremendous. For oil-rich countries like Nigeria, Angola and Sudan, most national revenues are derived from the oil companies. Moreover, multinational companies are known for undermining the sovereignty of states, threatening to relocate if favourable terms are not offered on taxation, environmental regulation, or labour discipline (Womack, Jones *et al.*, 2007). Some companies even directly support repressive regimes in order to secure access to local resources. Mathews (1989) views the growing partnership between African governments and multinational companies as a negative development. For example, Nigeria's oil has encouraged a partnership between the government and giant oil companies such as Shell-BP, Gulf, Mobil, Agip, Phillips and others. Aiming to capture foreign earnings, they invited

MNCs to expand the extractive sector, often with a single item export, whose prices are volatile in the world market. This reduced any significant autonomy for these countries to diversify their economic and trade linkages.

Oil companies in many cases make non-transparent deals or payments with governments which make it difficult to assess what revenues governments receive and whether revenue management in the country is fair. Numerous studies show that oil companies play an inappropriately significant role in political decision-making in oil-exporting countries to their own benefit. This is reflected in the increase in lawsuits against oil companies for supporting human rights violations and environmental destruction such as in Nigeria and Angola. Home governments opt to ignore oil companies' poor practices overseas and ally themselves with authoritarian rulers in order to secure the oil.

The private sector is often used as a tool to promote foreign policy either through sanctions or corporate codes of conduct (Haufler, 2001). Strange (2000: 50), for example, argues that US companies were a tool of US imperialism and that the government was only the executive committee of the bourgeoisie, providing American capitalism with the political support necessary for the exploitation of developing countries. Strange (2000: 65) concludes that multinational corporations are increasingly exercising a parallel authority alongside governments in management of the economy, technological innovation, labour relations and the fiscal extraction which affects the location of industry and investment. These roles further complicate the relationship between superpowers and African states. Tracing direct influence becomes impossible (Wildstand, 1975). In this system, weak states are unable to avoid the influence of developed states or to independently choose their own policy paths. Africa remains colonial in the modern world where colonialists in the literal sense are absent.

Both private and state companies and politicians benefit from African oil politics whereas common Africans have been largely neglected. President Wade of Senegal in November 2006 declared oil-exporting African countries perform poorly because oil monies flee elsewhere (Afrol News). Oil giants are pocketing billions of profits from high oil prices. Wade came up with the Wade formula which aims to distribute oil profits more equally between oil companies and African states (Clarke, 2008). Although African governments make decisions regarding oil extraction in their territory, we learn that they operate in an environment conditioned by dominant players from the colonial period onwards. Global oil production is dominated by a few supermajor companies which have great control over capital and technology. Oil supermajor finances often dwarf the countries in which they invest. For example, ExxonMobil's profits of $15 billion in 2001 are more than tenfold greater than Chad's GDP for that year. This is the same throughout the continent. There is an asymmetry of power and knowledge which accounts for Africa's poor bargaining power to win greater shares (Gary and Karl, 2003).

The fast expanding MNCs in Africa have led to increased regional inequality. The differential growth may revive tensions between the rich and the poor, or between African 'moderates' and the 'radicals' (Mathews, 1989:43). Today, the global financiers are part of the scramble for oil in Africa. The money matrix, political interests and geostrategy are key drivers in the African oil game (Clarke, 2003: 3). De Waal (1999) suggests that non-governmental organizations (NGOs) can also become the tools for neo-colonialism by imposing foreign expertise where local knowledge can serve better. The increasing presence of NGOs alters the power of local states. NGOs are moral instruments by which the neo-colonial interventions can be advanced while avoiding the appearance of direct control (Dunn, 2003). Duffield (2007) argued that the Western states make extensive use of NGOs in implementing ‘imperialist’ programmes. He viewed development as governance and a part and parcel of the imperial ambitions in disguise of the ‘liberal project’. This practice is increasingly pursued after the Cold War with the expansion of international alliance whereby respect for the sovereignty of other states has declined. By claiming that Third World states are unable to provide human security for their citizens, Western states with support from NGOs have been able to justify forceful interventions, a stage of foreign administration and even a reestablishment of statehood (*ibid*). Africa’s subordinate position in the world is maintained by these transnational agencies or ‘superstructure’ (in Marxist terms). The obstacles and conditions are too great for poor African states, however rich in resources, to resist the pressures and develop their own potential (Lanning and Muller, 1979).

However, neo-colonialism is not only achieved by foreign players’ input but is also built into internal factors such as leadership in African own states. Fanon believed that the African bourgeoisie who took power at independence were favoured by the former colonial powers because they were willing to cooperate and maintain their ties with the West. They were generally Western educated and they gained from continuing the colonial pattern. They served their own interests and the colonial interests rather than the masses from which the nationalist movements were born. To Fanon (1963), this is the main cause of neo-colonialism. Today the Western governments still favour African leaders who remain loyal to the West. Consequently, African elites have found it advantageous to their own positions to compromise with exploitation and accept easy ‘solutions’ to complex economic problems from foreign players. However, Mathews (1989) argues that this goes back to the European colonial legacy which left Africa ill-equipped to break out of the vicious circle of poverty and underdevelopment which forced African leaders to accept neo-colonial influence in the first place. These circumstances, combined with a power vacuum after decolonization, have created the ideal situation for superpower penetration into Africa.

When oil industries started to take shape, some governing elites of these energy-surplus states have been able to exploit their position for various forms of support from their principal customer states including international and unilateral political support from foreign powers, the transfers of arms and military assistance as well as negligence to human rights abuses in the host countries. Other leaders of African oil-rich states that lack support remain vulnerable to invasion by powerful oil-importing states (Klare, 2008). The economic stakes in Africa are too high for the superpowers to leave the continent. Hence, we are likely to see intensified superpower confrontation and foreign intervention in Africa in the future with disastrous consequences for the continent’s development.

This study acknowledges the immense importance of the roles of African elites in undermining Africa’s development (Bayart, 1993). However, failures in African political systems, violations and corruption are often derived from, and accentuated by, foreign players. While there are numerous studies arguing that Africa’s underdevelopment occurs because of Africa’s own domestic politics, there has been no study that systematically establishes foreign involvement in Africa's resources and Africa's underperformance. Therefore, the latter perspective forms the focus of this study.

In this section, we discuss the main foreign players involving in the interventions in African affairs as well as their specific relations to Africa. Neo-colonialism points out the continued control by both former colonial and new players in general but it does not directly relate this to the modern oil scramble for Africa. This section merges the theoretical concept of neo-colonialism and the 'real-world' context together using analyses of raw data and historical records. It reveals that France, Britain, the US, China and their transnational agencies are the main neo-colonial players in Africa's oil exploitation. Chapter 4 will look at their actions with regard to political interventions in detail while Chapter 5 explores the economic interventions of these players. Chapter 6 examines both political and economic interventions in a specific case study of Nigeria.

Conclusion

The latest 'scramble for Africa's oil' is a continuation of foreign exploitation in Africa. It is essential to understand this process and tackle it, if indeed the continuous exploitation hinders Africa's potential use of its resources for development. This chapter uses the concept of neo-colonialism to explain the African resource exploitation by colonial powers; that the history of colonialism established Africa on a disadvantageous path at the advent of the oil industry; and that the renewed foreign interventions both by former colonial and new global powers further deepened the problems. Applying Marxist historical dialectical perspective allows us to assess the on-going process that has continued to shape Africa. Neither critical theories (most directly Neo-Marxist variants), nor any other existing political theories explain the mechanisms of how continuing foreign interventions are carried out in Africa, particularly in relation to the oil scramble. In this chapter, we discuss the main players of foreign interventions in Africa's resources: France, Britain, the US, China and their transnational agencies. We discuss various approaches taken by these players in an attempt to dominate Africa. The next chapter explores the political interventions foreign players carry out in Africa in order to seek and protect their oil access.

-Chapter 4-

Foreign Political Interventions in African Oil-rich Countries

This study categorizes foreign interventions in African oil-rich countries into two areas: political and economic. This chapter examines the former category, the political approaches, which foreign players use in enhancing oil interests, while the next chapter discusses the latter category, foreign economic involvement. The mechanism of continued foreign political interventions in African oil-rich countries discussed below includes the balkanization of Africa, the use of state policies, political meddling and military involvement. There are various players involved in Africa's oil. The main ones which concern this study are Great Britain, France, the United States, China and transnational agencies. While some categories of interventions may be the main tools for a state to employ, the same may not be so for others. For example, non-interference policy and state-controlled companies, which are state policies specific to China, are not policy options for the Western players.

Colonialism ended but foreign engagements for Africa's resource control continue, some in the old forms while others are new and more covert forms. New players are now involved. This process is what the study classifies as neo-colonial and is what it offers to uncover. Due to neo-colonial influence, Africa becomes powerless in the international system allowing foreign powers to dictate their roles in the geopolitics of Africa (Anise, 1989). As Marxist historical dialectical approach explains the relations between continued interventions in Africa and Africa's development, this chapter adopts this approach in analysing real, on-going, instances of foreign intervention for African oil in order to assess (in Chapter 7) how this links to the African resource curse. By this, the study sheds light on the unaddressed relationships between the foreign resource scramble, neo-colonialism and the resource curse discussion.

To tackle the problem of the resource curse in Africa, one has to look beyond the present period, the business and industrial sides of oil or the domestic dimension of Africa. More important are the players involved, the approaches they use and how the history of this involvement affects Africa and hinders it from breaking out of the resource curse. This helps us understand the conditions which Africa was left in when the oil industries took place and why Africa has an additional burden to those of other oil-rich regions, namely, to break free from the curse. Without understanding this dimension and tackling the root of the problems, any cures provided by experts are likely to be mere Band-Aid to a gaping wound. The existing discussion on the resource curse does not sufficiently address the relation between foreign dynamism and Africa's resource curse. While external investors reap large commercial benefits, Africa has continued to suffer with wars, abject poverty and bad governance.

Before addressing modern-day involvement, we first look back at the balkanization of Africa designed for resource control as part of an analysis of the entire scramble for African oil.

Balkanization of Africa

The balkanization of Africa, although mainly associated with colonialism, is still on-going to a significant extent and this is how the neo-colonialism discussion becomes valid. The past-present balkanization of Africa defines Africa's structure, position in the world and the (or the lack of) dynamics of the contemporary resource scramble. The pattern will remain so as long as Africa supplies the world with resources as crucial as oil. This section discusses in detail Africa's balkanization as a form of political intervention securing resource control for former colonial masters and new players.

Balkanization of Africa by Former Colonial Players

Although Africa is just becoming the new energy powerhouse; it has experienced intensive foreign interventions for control of labour resources, land and raw materials and fallen under full, often brutal, control of the European imperialists during the colonization era. For full control, the 1884-85 Berlin Conference led by Bismarck partitioned Africa into parts for several competing European powers. National borders were drawn arbitrarily based largely on empire building, dispute settlement between the European powers and without any consideration of existing ethnic, tribal, religious and territorial sensitivities. Any form of African autonomy was eliminated, creating confusion and conflicts, destroying large parts of the traditional fabric that held African societies together with lasting impacts on the malfunctions of Africa today.

A series of intensive ethnic and religious conflicts have broken out in most African countries, especially those that were highly balkanized and those which were considered to be strategic prizes and consequently experienced intensive colonial penetration. These include Nigeria, Angola, Libya, Congo and Sierra Leone. Given normal state-creation, locals and academics argue these areas would not been formed as a unitary entity. To make matters worse, colonial masters played upon local differences to 'divide and rule', a strategy particularly used by the British.

Balkanization of Africa by New players

After WW II, European economic power declined. Europe was preoccupied by economic crisis, political changes and reconstruction of their homelands. The liberation movements in their colonies became large and widespread. Europe also faced pressures from the new superpower, the US, to open their colonies' markets to an inflow of American goods and the outflow of African raw materials in exchange for American financial support in rebuilding Europe. For Europe, keeping their empires seemed burdensome in these circumstances. The political independence of African states was more the consequence of the demise of European power rather than their own will. However, some colonial states, especially France and Britain, still sought to maintain colonial ties in Africa in the face of the new players.

WW II was followed by the Cold War when the key players in Africa started to change from the former European colonizers to the new US imperialists and the

Soviet idealists. While the USSR spread its Marxist communist ideology, the US promised the spread of wealth based on Adam Smith's liberal markets (Bromley, 2008).[1] In the same period, multinational companies started gaining worldwide influence, including in Africa. Since 2000, China and India have become increasingly important international players. Although new players are gaining influence in Africa, European power and ties remain relatively significant in their former colonies. France, in particular, has maintained both political and economic mechanisms to keep their relationships strong.

Even if European colonialism in legal terms started to crumble in the 1960s, balkanization of Africa is still on-going. Below, we discuss three African oil-rich countries, Libya, Sudan and Angola, where balkanization has been continuous. During the colonial period, the players balkanising African states were evident. For Libya, it was Italian colonialists. Sudan fell under British control and in Angola it was the Portuguese.[2] After colonialism ended, the balkanization process became less distinct. Often it was indirect, carried out through proxies and allegedly for humanitarian reasons or the War on Terror. Whatever the real motivation, these African states remain balkanized and resources still flow out to the imperial states.

Here, we examine African oil-rich countries that were, and still are, balkanized by both former colonial and new players. This section discusses Libya, Sudan and Angola while the specific case of Nigeria's balkanization is examined in Chapter 6.

We will first examine the balkanization of Libya which has occurred several times throughout its history. Libya's crisis today is mostly seen as a result of the late Muammar Gaddafi's oppressive rule. However, this study argues for a connection between the pre-Gaddafi balkanized structure of Libya and the on-going conflicts and fragmentation of society which Gaddafi tried too violently to quell. While his strong leadership turned oil wealth into some palpable developments in Libya, as strong leadership did for Indonesia and Malaysia during the 1970s oil shock, Gaddafi failed by over-exploiting his power for too long. Oil-wealth leading to corrupt cronyism became endemic and the violent crushing of opposition was largely responsible for Libya's failure to develop politically and socially. However, the pre-Gaddafi balkanization of Africa could also be significantly responsible for Libya's instability today.

The area which is known as Libya today fell under Italian rule in 1911. It is a vast land, made up of three historical centres: Cyrenaica, Tripolitania and Fezzan (Stratfor Global Intelligence, 2011).[3] Cyrenaica is located in the north-eastern coast, Tripolitania the north-western coast and Fezzan in the middle of what is mostly the Saharan desert. Most of Libya's 140 tribes live in the first two regions. However, Cyrenaica and Tripolitania have tribal and geographic differences (*ibid.*). Cyrenaica

[1] The Soviet influence ceased, however, at the fall of the Berlin Wall.
[2] Although Libya and Angola were not controlled by colonial players, this study's main focuses (Britain and France), they are highly worthy of study as they reveal that balkanization did not end with colonialism. Indeed, the new balkanization of these states are largely implemented by the players which this study focuses on including Britain, France, the US and transnational agencies.
[3] Before Italian rule, the centres of Cyrenaica and Tripolitania during the classical period were under Greek, Carthaginian and Roman occupation. In 1711-1835, they were conquered by the Ottoman Empire. However, they existed as separate entities and had a degree of self-rule (Wright, 1982).

and Tripolitania together cover 1,770 kilometres of coastline but the hinterland is distinct and separated by the desert. The only two real urban centres, Benghazi in Cyrenaica and Tripoli in Tripolitania, are 650 kilometres apart (Van Genugten, 2011), which resulted in diverse historical developments. While Cyrenaica has been oriented toward more radical Egypt and the eastern Islamic world, Tripolitania has been oriented toward the relatively liberal Maghreb and Western Islamic world (Stratford Global Intelligence, 2011). Any trade routes ran from north to south rather than east and west between Cyrenaica and Tripolitania (Van Genugten, 2011). Historically, the two centres belonged to different economic and political spheres and never experienced a central authority until Benito Mussolini decided to bring Tripolitania and Cyrenaica under the same Italian colonial administration in 1934 (*ibid.*), a decision without indigenous or geographic justification. See Map 1 for the map of Libya's three historical centres.

Map 1: Libya's Historical Centres: Cyrenaica, Tripolitania and Fezzan

Source: Generational Dynamics

Idris el Sanussi, the dominant religious leader in Cyrenaica, had initiated resistance against the Italian colonists. During WW II, he sided with the British having the promise from the British Foreign Minister, Anthony Eden, in 1942 that Cyrenaica would no longer be under Italian domination (House of Commons Debates, cited in Khadduri, 1963: 35). When WW II was over, Libya became a subject of superpower bickering between Britain, France, Italy and the US. When they could not agree on partition, the UN was brought in. Although the UN created Libya as an independent state in 1951, Libya was *de facto* under the influence of Britain and the US, with Fezzan as part of French-controlled Northwest Africa (Eliers, 2011). Idris el Sanussi was made king. He only reluctantly accepted Tripolitania under his control but his power there remained limited. By 1959 when Libya started discovering high quality oil, the international oil companies demanded the harmonisation of business regulations (Van Genugten, 2011), which led the King to bring the separate provinces under his control. Thus, modern Libyan territory is the result of the on-going balkanization of Africa first by the Italian colonial power and later by Britain, France and the US under the UN umbrella. This unlikely territorial entity was brought together to facilitate resource extraction and has been a significant factor in fuelling instability within Libya.

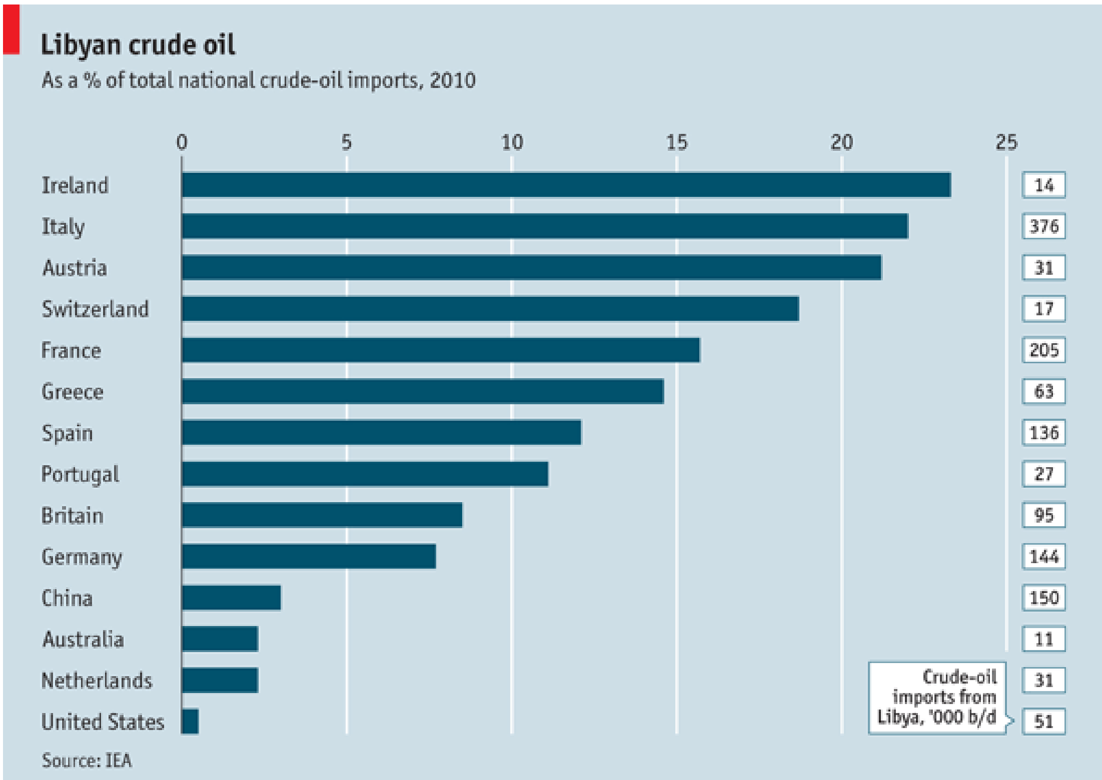
Opposing the monarchy's pro-Western policies, Gaddafi, with support from his native Sirte and Tripoli region, staged a bloodless *coup d'état* against King Idris in 1969. Realizing how diverse tribal differences could undermine state stability, Gaddafi attempted to create unified 'Libyans', a unit that had never existed before. However, he still privileged Tripolitania over Cyrenaica, which has always resisted the central authority and is more closely tied with the monarchy and religious establishment (*ibid.*). The rebel opposition that started the revolution against Gaddafi in 2011 was based in Benghazi the capital of Cyrenaica home of his long-standing ethnic rivals.

While in power, Gaddafi played a central role in raising the bar for oil-rich countries. He helped create OPEC. His attempts to nationalize oil companies were copied in other oil-rich countries worldwide. The price of oil quadrupled in a short period and oil-rich countries gained the negotiating power against the world's superpowers (Yergin, 1993). This was one of the main reasons why Gaddafi was so loathed by Western leaders. Before the overthrow of Gaddafi, the West had tried to undermine him either by sanctions, support for his opponents' movements overseas and even assassination attempts against Gaddafi himself (Stanik, 2002).

Gaddafi was by no means blameless. He admitted being involved in terrorist acts. In 1992 following the bombing of the Pan Am 103 flight over Lockerbie, the UN imposed sanctions on Libya (BBC News, October, 2004). However, Libya was still heavily involved in trading with countries to the South but due to the decrease in oil revenues Gaddafi was facing more political opposition. Thus, he was pressured to shift his long-standing position and eventually decided to compensate the Lockerbie victims in 2004. The Western sanctions were immediately lifted. Western leaders including George W. Bush, Tony Blair and Gerhard Schroeder among others rushed to hold talks with Gaddafi and to re-establish ties (BBC News, September and October, 2004). Oil businesses between Libya and the West resumed soon after.

However, Gaddafi's regime bolstered by the billions of dollars flowing from oil still clamped down heavily on any opposition (Blas, 2011). The West claims of democratic support in the presence of oil interests in this case seem hypocritical. Figure 1, below, shows the countries which imported oil from Libya. According to this figure, Ireland had the highest percentage of oil imports from Libya as of total national oil imports and Italy imported the highest quantity of oil from Libya compared to other states.

Figure 1: Oil Imports from Libya



Source: The Economist, 2011

With the rise of the Arab Spring, Gaddafi's regime was challenged. However, the rebels proved disorganised, untrained and inexperienced so, paradoxically, the future of a truly independent Libya was again determined by foreign assistance to bring down Gadhafi's regime.

Oil interests in Libya have been quintessential. Even before Gaddafi's death, talks were held between the West and rebel groups on how oil wealth could be used for post-Gaddafi Libya and how oil businesses could be smoothly operated during the political transitions (Black, 2011). Regardless of the real motives of the different parties involved, Libyan liberation represents significant progress, especially if it is a truly 'pan-Libyan' event. However, a balance is needed to accommodate inter-tribal rivalries. Some groups, especially in former Gaddafi strongholds, remain loyal to Gaddafi's regime while other tribal groups hold different preferences. The uprising has upset the prevailing balance. The fall of Gaddafi has allowed festering tribal differences to resurface. Additionally, new elements have arisen such as political Islamists, ranging from the Muslim Brotherhood to Al-Qaeda, and 'generation Facebook'. However, these conflicts still reflect historical patterns and the lasting legacy of continued imperial control in the balkanized society of modern Libya (Van Genugten, 2011). The balkanization of Libya brought rival tribes into the same territory.

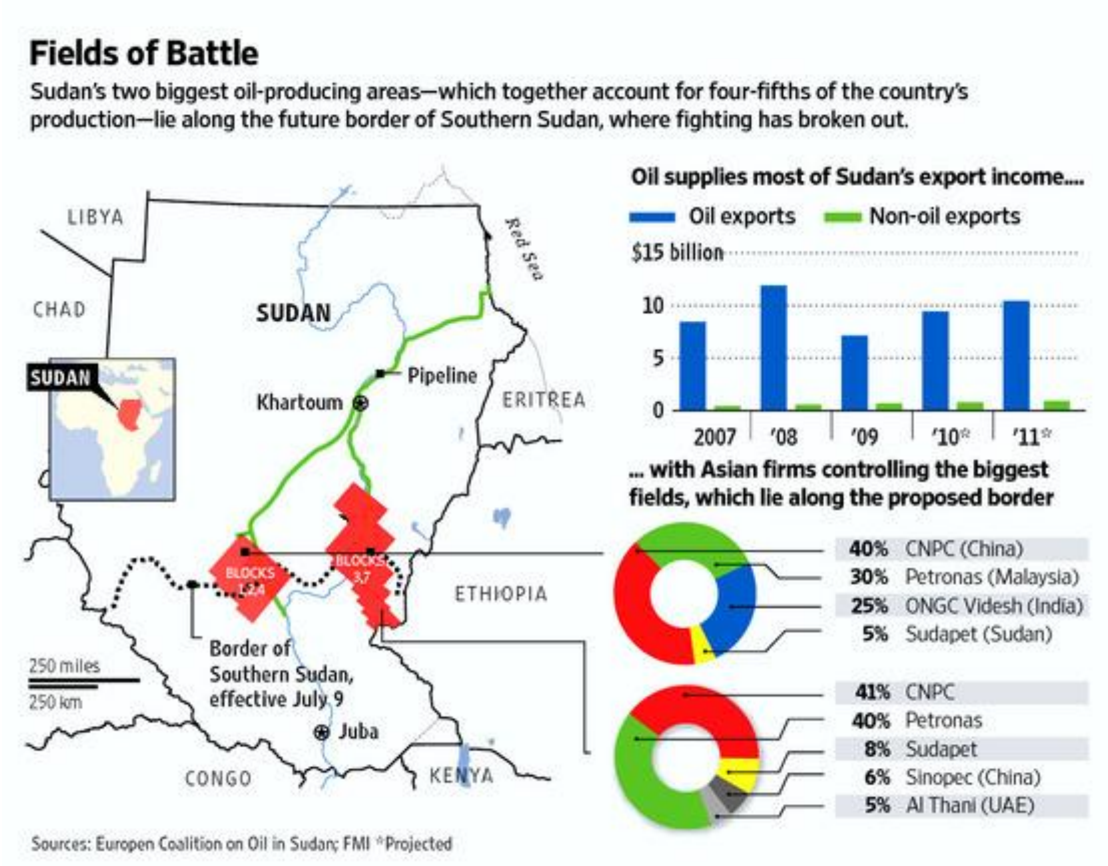
Similarly in Sudan, while there had been crises and nationalist movements in South Sudan since 1955 (BBC News, July, 2011), some underlying causes have been relatively distorted. Most Sudanese oil fields are located in South Sudan but the benefits from oil revenues flow largely to the government in Khartoum leaving South Sudan marginalized and oppressed (Reeves, 2011). Sudan holds the third largest oil reserves in sub-Saharan Africa after Nigeria and Angola. For many years, Chinese companies held the majority of these oil profits. The rise of nationalism in South Sudan gave the West justification for interfering in Sudan similar to the assistance to the rebel movement overthrowing Gaddafi's regime in Libya. The conflicts between Khartoum and Western-assisted South Sudan appear intimately related to economic and strategic interests for all parties involved.

The lawlessness in Sudan and poverty were certainly the primary causes but much of these have also been fuelled by outside forces either directly or through proxies in Africa. External involvement started as early as British colonial rule in Sudan when balkanization was imposed so that 'nationhood' did not derive from within. Sudan instead had been one country with Egypt during many periods. In order to force Egypt to share Sudan with Britain, Britain worked through the Anglo-Egyptian Condominium during 1899-1956 with an attempt to divide Sudan from Egypt (Daly, 1991). These British troops remained stationed in Sudan until 1955, even after the British invasion of Egypt and Sudan. Eventually, the Egyptian government decided to deny the legal recognition of the Anglo-Egyptian Condominium, asked the British to end the military occupation of Sudan and to stop preventing the re-integration of Egypt and Sudan. The British refused (*ibid.*).

When Sudan became independent from Britain in 1956, there was a strong movement to reunite Egypt and Sudan as a single Arab country. Fearing the loss of interests to Egypt, British fuelled Sudanese regionalism against Egypt in the same way that regionalism was recently fuelled in South Sudan against the rest of Sudan (Federal Research Division, 1991). Under British troops, Sudan emerged as an Arab/African state separate from Egypt (Louis, 2006). The balkanization of Sudan and Egypt was completed but it did not end.

New powers also became involved in the balkanization of Sudan. The US, the EU and Israel are the main powers behind the fighting in Darfur and South Sudan. They have assisted in training, financing and arming the militias within Sudan against the government in Khartoum since 2003 while they moved in to secure the oil fields (Hassan, 2010). Foreign troops and a foreign presence have assisted the division of Sudan and the following foreign takeover of state infrastructure, resources and economies. Whatever the extent of humanitarian interventions and results of this mission may be, resource control is a considerable part of the recent balkanization of Sudan whose oil fields are mostly in the South of Sudan (see Map 2, below). With the West helping South Sudan to break away from Sudan, Western oil profits in South Sudan are likely to increase in the coming years with the Chinese and other Asian oil companies being likely to lose their previously dominant positions in the Sudanese oil business and agreements made with Khartoum government (Sudan Tribune, August, 2011).

Map 2: Asian Companies are Likely to Lose Previous Oil Interests along the Border of South Sudan



Source: Le Monde (2011)

Like in many African states, there are people of diverse ethnic, tribal and religious origins in Sudan and South Sudan making up to 50 ethnic groups and 600 tribes (UNIC, 2011). Despite the recent nationalist movement and the independence of South Sudan, people still identify themselves based on their traditional origins. The lack of nationhood is due to centuries of external balkanization of this region. The creation of a new state on this ground risks renewed tribal conflicts (Deng, 2005). The oil revenue which has suddenly shifted from the regime in Khartoum to pro-American South Sudan has also been a threat to sustainable peace (Sudan Tribune, August, 2011). However, the Western players have ensured that the oil-sharing agreement is closely monitored (Shankleman, 2011).[1] Sudan remains controlled and balkanized.

In Angola, a false national border drawn arbitrarily across different tribes by the Portuguese colonial rulers was one of the key factors that fuelled conflicts there. Like many African countries, Angola comprises peoples from diverse tribes, some rivals, within its border. Political opponents use tribal differences for their own gains. The National Union for the Total Independence of Angola (UNITA) draws support from Ovimbundu and Bakongo ethnic tribal groups located in the northern, central and southern parts of the country. The Popular Movement for the Liberation of Angola

[1] As of December 2011, several negotiations for oil agreements between Sudan and South Sudan have failed.

(MPLA) - the party largely in power - has its Kimbundu power base located along the coast (Hueper, 2005). This has contributed to prolonged and intensified conflicts in the country.

The policies employed by former colonial powers were designed for colonial absolute control and maximum resource appropriation. Even after the Portuguese left Angola, other players such as the US and the USSR during the succeeding Cold War and oil companies which entered the country in the same period adopted the old colonial pattern to maintain resource extraction profits (Wright, 1997; interview with the Archbishop of Angola, 25 August, 2010). Colonialism left destructive legacies which new imperialist players picked up. The players change hands and the game changes its name but Angola was still controlled and exploited. Witnessing the American and USSR's struggle for Angola during the Cold War, how they supported different sides and intensified conflicts while the presence of their oil supermajors was constant, immune and large whereas Angola suffered, Father Jorge Congo, a Catholic Priest, said, "It is the Americans who are letting this happen … The Cabindan people are starting to hate Americans. These people are just employees. They aren't responsible for the policies," He said, referring to Chevron staff. "But you see, people are starting to hate them" (Ghazvinian, 2006: 165).

Ensuring peace in Africa will be difficult as national borders were drawn arbitrarily across tribal and ethnic lines by colonial European powers. These inherited borders that disregard ethnic backgrounds are at the root of some conflicts in modern African states as in the case of Libya, Sudan and Angola. This especially is true in oil-producing countries in which equitable distribution of oil revenues has been problematic. Rent-seeking behaviour is rooted in the histories of flawed African states, which lack the sense of nationhood that has been developed and strengthened in Europe and elsewhere for centuries (Clarke, 2008).

Misplaced national borders associated with conflicts make states too weak to manage the newfound oil industries, whilst falling prey to manipulation by foreign players in the oil industry. They support parties which hold the oil resources even if these parties are authoritative and oppressive in nature. Examples are Chevron's support of MPLA, Shell's support of Nigerian military regimes, Western leaders' support of Gaddafi's regime (2004-early 2011) and Tullow's and CNPC's support of the Sudanese government. In these circumstances, oil corporations appear careless of social responsibility.

After examining balkanization of Africa as one of the political approaches foreign players have employed in Africa's most oil-rich countries, we now address foreign players' use of state policies as a tool to secure resources.

The Use of State Policies

This section discusses the use of state policies in securing oil. The goal cuts across a number of state policies including foreign policy, energy policy and industrial, economic and security policy. To illustrate the neo-colonial perspective, we first look at former colonial powers' use of state policies followed by those of new players.

The Use of State Policies by Former colonial powers

Britain was in fact the country that initiated the importance of petroleum today. As early as 1882, Britain, under Admiral Lord Fisher, started to convert its naval fleet from using coal to oil (Bromley, 1991). This was a risky programme as Britain was rich in coal but poor in oil, at the time holding only two percent of global oil supplies (Engdahl, 2004). The programme was established so that Britain's navy would gain speed, strategic advantage and future control of the seas against rivals such as Germany. Fisher asserted, "In war, speed is everything." From that point, oil started to dictate Britain's national security policy (Fisher, quoted in Mohr, 1926: 118). Securing long-term foreign petroleum security became an essential element for British geopolitics. Winston Churchill stated, "We must become the owners, or at any rate the controllers at the source, of at least a proportion of the oil which we require (Churchill, quoted in Slulgett, 1976: 103)."

The Middle East was the first place Britain exercised its supreme influence in order to control the oil (Engdahl, 2004). The San Remo agreement in 1920 was an instrument in shaping British's Middle East policy (Frank, 1985).[1] In a memorandum titled 'Petroleum Situation in the British Empire', the blocking of the Open-Door Principle was outlined. This represented the British government's attempt to control future oil production. Britain indeed gained significant influence with the Shahs and the Anglo-Persian company managed to gain concession rights in the region for over 60 years (Engdahl, 2004). This, coupled with the discovery of North Sea oil in 1965, gave Britain energy security. Energy security has always been high on the political agenda but its importance has risen as Britain becomes increasingly dependent on imported oil (House of Commons, 2011). In 2000, North Sea oil production peaked (Gerling, 2002) while the Middle East has become unstable with new radical regimes resenting Western influence.

Realizing significant risks of energy dependency on a small number of energy producers, the British government developed a strategy for supply diversification set out in the Department of Trade and Industry's Energy White Paper in 2003.[2] West Africa became the new area of focus.

Both Shell and BP are seeking to expand in the region with Shell continuing to dominate Nigeria and BP becoming heavily involved in Angola. The UK government has been working together with oil companies to open new markets in West Africa. The relationship between oil companies and the Blair government was particularly close, similarly to Bush's Axis of Oil in the concurrent period.[3] For example, in 1997 Prime Minister Blair made Lord Simon, former Chairman of BP,

[1] The San Remo Agreement was between Britain, France, Italy, Japan, Greece and Belgium to decide the future of former Ottoman Empire territories (the Middle East included) after its defeat in World War I. An Anglo-French oil agreement was also concluded at this event. In return of French support for the British mandate in Iraq, the agreement provided France with 25 percent of Iraqi oil (Melby, 1981).

[2] In, 2002, it was predicted that by 2010 at least 80 percent of British oil consumption would be satisfied by imports (House of Commons, 2011). This was proved true.

[3] Bush's Axis of Oil refers to close relations top government officials of the Bush administration have with big oil companies. These include President George W. Bush and his long relationships with Texas oil companies, Dick Cheney's CEO position at oil-service company Halliburton, and Condoleeza Rice's CEO position at Chevron. The Bush administration was seen to be serving the interests of oil corporations (Rutledge, 2005).

his Minister for European Trade and Competition. In 2000, the Head of Policy at BP, Nick Butler, acted as Blair's informal advisor. In 2001, Tony Blair appointed John Browne, BP's CEO, to the House of Lords. In the same year, the Prime Minister's Director of Government Relations left the government to become Head of Communications at BP (ECON Analysis AS, 2004). During the dispute over Tullow Oil's unpaid tax bill to Uganda in 2011, the Foreign Secretary William Hague and Conservative Ministers lobbied strongly in the Foreign Office, parliament and in meetings with the Ugandan President Yoweri Museveni on behalf of Tullow Oil.[1] A spokesman for Tullow Oil confirmed that the Foreign Commonwealth Office (FCO) has been assisting UK companies operating abroad and that Tullow has had excellent support from the FCO throughout its 20-year operations in Africa (Watt and Blake, 2011).

The international development policy is also largely responsible for UK energy strategy. Helping African oil-producing countries to improve governance and transparency enhances energy security for Britian. The Blair government, in particular, forged closer links between development and energy policies. It initiated the Extractive Industries Transparency Initiative and the Commission for Africa and sought to promote these programmes through a combination of diplomatic efforts, bilateral aid assistance and multilateral financial institutions (Econ Analysis AS, 2004).

Generally, British energy policy towards Africa aims to increase the diversity of supply. This is also enhanced by the special relationship with the US. In April 2001, President Bush and Prime Minister Blair established the US-UK Energy Dialogue, specifically focusing on West Africa as an alternative supplier to the Middle East. Both the governments worked jointly to improve the climate for foreign investments, especially in Nigeria, Angola, Sao Tome and Principe and Equatorial Guinea (*ibid.*). The neo-conservative argument, largely from Bush's top advisers such as Paul Wolfowitz, has had a huge influence on the US-UK Energy dialogue. They stressed that the 'war on terrorism' cannot be defeated without cutting off the terrorists' source of finance, which mostly comes from the Middle East oil-producing countries. This is why the 'war on terror' is now also promoted in North and West Africa. They consider a military presence in these regions as a crucial means to secure supplies (Smith as quoted in Ikein, 2009: 550).

There are a number of British governmental sectors responsible for energy-related issues today. The Department of Trade and Industry works to promote the oil and gas industry. The Department of Energy and Climate Change deals with energy and nuclear policy. The Foreign and Commonwealth Office helps enhance UK commercial interests and diplomacy overseas. The Ministry of Defence deals with energy-national security matters. The Department for International Development

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[1] The dispute over unpaid tax arose after Heritage Oil sold its assets to Tullow Oil in June, 2010. Heritage Oil left without paying the tax leaving Tullow Oil responsible for unpaid tax of over £195 to the Ugandan government. The Uganda authorities stopped Tullow from working on the field and proceeded with the onward sale of stakes to CNOOC and Total until Tullow handed over the unpaid bill (Mason, 2011).

works to promote stable political environments in less developed countries, the climate required for secure oil investments.

For France, energy policy has always been strongly directed by the state.[1] Unlike other European countries which largely benefit from fuel materials (oil and gas in the UK, Netherlands and Norway and coal in Germany, Spain and the UK), France is poor in energy resources. France depends on its nuclear programme for its primary domestic energy but, like Britain, French energy consumption increasingly depends on imports.

As energy independence was considered to be essential for France's political independence, this led to the creation of two partly state-owned oil companies: Total in the Middle East and Elf in Africa. There has been strong high-level government involvement in promoting these companies. In the 1990s the so-called "Affaire Elf" broke out, revealing how the state often used the company as an arm of French policy. The term 'Affaire Elf' relates to the French government relaxing Elf's tax payments which allowed it to write off commissions to foreign officials and other intermediaries, and to reward African heads of state. This not only helped secure licenses and support for the company, but also helped strengthen some French government officials and French positions in Africa (ECON Analysis AS, 2004).

Even though Elf and Total were privatised in the 1990s and the government's use of French oil companies as instruments for French diplomacy has decreased (*ibid.*), the government has still been working to promote the interests of these companies overtly or through a shadowy network of 'Françafrique'.[2] During the 1990s, French policy in Africa has also been widening its horizon beyond francophone countries. Similarly to Britain, French companies have enjoyed close diplomatic support from their home governments which often take advantage of their former colonial ties.

However, due to declining economic status, France has lost its global influence and has faced increasing competition from the US, China and other emerging economies in its "backyard". Twenty years after the San Remo agreement, the US gained influence in the Middle East (Melby, 1981) during WW II and later into African affairs during the Cold War. As the US gains greater influence in the Middle East, France has to ensure that it can rely on other supplies. The only place France can preserve its power is Africa. Thus, France has attempted to strengthen ties in the continent, especially with oil-rich countries like Cameroon, Gabon and Algeria whose governments still rely on French political-military support (Diop, 2010).[3]

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[1] Energy security issues encompass work from different departments of the French government including the Ministries of Defence, Foreign Affairs, the Economy, Finances and Industry.

[2] Françafrique is the term used for France's special relationship with Africa, first in a positive connotation but now as a neo-colonial influence and complex economic and diplomatic relationship France attempts to retain with its former colonies in Africa. Françafrique started during the colonial period and has involved both official and underground networks in France's historically cunning dealings with authoritarian and corrupt African leaders for trading and political favours for both sides (Joly, 2006; Crumley, 2010).

[3] Over 80 percent of oil production in Cameroon is in the hands of French Companies, Total and Perenco (New African, 2009). Total is the biggest oil company in Gabon (41.9 percent), followed by Shell, Marathon, and Perenco (AEO, 2009). Algeria gained control of its oil resources following President Houari Boumedienne's nationalisation of all French oil and gas holdings in 1971. The old concession system was replaced by a seizure of a 51 percent share of petroleum companies. Only

Similar to Britain's creation of EITI programmes and the Commission for Africa, France has been seeking for ways to gain more control over vast natural resources, sea lanes and markets of its former colonies since the decolonization of African states. France created the Common Organization of the Saharan Regions (*Organisation commune des regions sahariennes*, OCRS) as a plan to support African entities in the Western Central Sahara as a French *département*. The planned entity comprised the boundaries of Mali, Niger, Chad and Algeria. The resources in this area include oil, gas and uranium which are essential for French energy supply. However, the plan failed in 1962 with Algerian independence and the anti-colonial struggle in Africa (Diop, 2010). President Sarkozy's launching of the Union for the Mediterranean in 2008 is a renewed attempt to maintain French interests in this region and its rich energy resources (The Economist, July, 2008). In effect, the colonization of Africa for resource control continues in new clothes.

Like Britain, France is also cooperating with the US in the affair of Africa's oil. As the US is the world's biggest superpower, this dialogue will help France retain power. On the other side of this relationship, France has a special place as part of the US global empire strategy due to the French strategic roles in their former colonial regions of North Africa, West Africa and Central Africa, especially through the 'Françafrique' network. For instance, the US initiative 'the National Endowment for Democracy' (NED) has been working through France's International Federation of Human Rights (*Fédération internationale des ligues des droits de l'Homme,* FIDH). FIDH specifically focuses on North Africa where Washington and Paris share great ambitions. Their work has set out to undermine the African governments in question. The NATO war against Libya via the UN was partly an orchestrated result of the FIDH and the affiliated Libyan League for Human Rights (LLHR) (Ikein, 2009). FIDH received direct funding from NED for this mission and its other programmes in Africa. Apart from North Africa, these partnerships also operate in other African countries where France has a relative power including Cote d'Ivoire, Niger and the DRC (*ibid.*).

The Use of State Policies by New Players

Having explored how Britain and France use colonial-related state policies to secure African oil resources, we now turn to new players including the US and China's interventions as part of the continuing scramble for Africa's oil.

Oil became political for the US as early as 1919 when the United States Geological Survey estimated that in about 23 years the available oil supply in the US would be depleted (DeNovo, 1956). Alerted to this, the US Secretary of State, Alvey Adee, responded with new instructions for oil supplies, highlighting 'the vital importance of securing adequate supplies of mineral oil both for present and future needs of the United States (quoted in Rutledge, 2005: 24).'

During WW II, President Franklin D. Roosevelt established the US relationship to the Gulf States in order to ensure the free flow of oil. The victory in WW II made the US a world superpower. There was an industrial boom with the US, hitherto an oil supplier to its allies, experiencing a declining oil production in the late 1940s for the first time. America needed oil to maintain its political and economic hegemony. It

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Total agreed to continue its activities; the other companies left Algeria. France is now the second biggest European oil importer and third biggest global gas importer from Algeria (EIA, 2011a).

recognized the importance of seeking energy security externally. With the Soviet Union advancing in the subsequent Cold War period, the US began developing aggressive geopolitical strategies as opposed to its pre-WW II 'isolationist' foreign policy (Paterson, Clifford *et al.,* 2009).

The Truman and Eisenhower administrations (1945-1960) began using American multinational oil companies as instruments of US foreign policy. The companies were assigned to supply a free flow of oil to the US and its allies at reasonable prices (Bromley, 1991). They were also used to channel financial support to Middle East regimes. Essentially, the companies were to boost US economic and political presence in the world in order to prevent the spread of Soviet communism (Rutledge, 2005). Similarly, US administrations strongly promoted US oil firms. They persuaded local governments to offer favourable tax codes and ownership of natural resources and to eliminate any barriers to foreign investment (Klare, 2008). In the 1980s, the Carter administration further strengthened the policy of international oil flow at home. This later became known as the 'Carter Doctrine' pronouncing that the US would use any necessary means, including military force, to defend its oil interests (Yergin, 1993). The 'Carter Doctrine' has been the touchstone of US energy security policy ever since and has become intertwined with other national economic and political policies.

The former US administrations of George W. Bush focused US foreign policy particularly on oil and security, demonstrating America's oil thirst. The Bush administrations had the closest ties to oil companies in US presidential history. It wedded energy policies to national security through US foreign policy (Engdahl, 2004). Two primary themes of the Bush administrations' foreign policy were securing new accesses to oil and the continuous promotion of 'free market' economic reforms (Leech, 2006). In 2001, Bush launched the National Energy Plan (NEP), highlighting the extent to which oil influenced national policies. The Bush energy policy detailed that to secure unrestricted oil access, global alliances with major oil-rich regions must be strengthened (ECON Analysis AS, 2004). As the US traditional alliances with the Middle East after September 11 were seriously shaken, Ed Royce, chairman of the US House of Representatives Subcommittee on Africa stressed in his speech the importance of adopting a new US energy priority in Africa as part of the US national security post-9-11 (Royce, quoted in AOPIC, 2002: 3). The growth in the West African oil industry has motivated this move.

Promoting the stability of oil supplies is a means to assure America's national defence and multi-trillion-dollar economy. This, US security advisers suggest, requires a policy of political engagement (Kalicki and Goldwyn, 2005). The Pentagon terms this energy strategy as 'full spectrum dominance' with complete control of military, economic and political developments worldwide (Engdahl, 2004: 269). In Africa, the Pan-Sahel Initiative (PSI) was launched to protect US national security and oil interests (Keenan, 2004).[1] President Bush also directed his

[1] While Washington claims that Pan Sahel-Initiative is designed to combat terrorism in Algeria, Libya, Niger, Chad, Mali and Mauritania, this boundary resembles the resource-rich colonial entity France attempted to create in Africa in 1957 OCRS. The French Institute of Foreign Relations (*Institut français des relations internationales*, IFRI) openly discussed this in March, 2011. Fighting terrorism is seen as a façade while the real aim is to restructure Africa, establish neo-colonial order and continue extracting resources. The 'terrorist' groups, Algeria's Salafist Group for Preaching and Combat (GSPC) and the Libyan Islamic Fighting Group (LIFG), which Washington claims to fight, are the

Secretaries of State, Commerce and Energy to bolster the US-Africa Trade and Economic Cooperation Forum and the US-African Energy Ministerial Process. More foreign direct investment in the petroleum sector of Nigeria, Angola, Equatorial Guinea, Gabon, Congo Brazzaville, Cameroon, Chad and the Democratic Republic of Congo has been pursued. The US has also offered assistance to the oil-producing countries of the region in improving transparency and governance as this means supply security for the US and increased interests for US energy companies. Despite this attempt, Washington stands opposed to the British government's Extractive Industries Transparency Initiative in disclosing revenue transactions of resource companies (ECON Analysis AS, 2004).

The War on Terror policy has also been used as part of US energy security, particularly during the Bush administrations. One of the US governments' attempts in pursuing this policy is by seeking to curtail the exercise of the Alien Tort Claims Act which allows foreign victims of human rights abuses committed by US companies or US-listed companies overseas to plead their cases in US federal courts. Employing the War on Terror in these cases supports US energy interests and other political and economic goals, rather than preventing a calamity for mankind, as claimed. Several arguments submitted by the governments objecting to ATCA cases were contrary to human rights protection. According to Earth Rights International, US governmental interference in these cases has led courts to dismiss a majority of them (Earth Rights International, 2010). Ultimately, the Bush administrations argued the entire legislation should cease to function (Apple, Bruno *et al.*, 2004). In African-oil rich countries, the Bush administrations' interferences in the courts include a case against ExxonMobil for human rights abuses concerning the Chad-Cameroon pipeline in 2000, the Presbyterian Sudanese case against Talisman in 2001 and two similar cases against oil companies accused of human rights violations in Nigeria (see Chapter 6). There are also several other cases against international oil companies operating outside Africa (See Earth Rights, 2010 for detail). While there are some signs of positive change in Obama's administration, the US position in this respect has remained unchanged.

Deepening relations between the US and African countries is also a part of the US energy policy in strengthening global alliances with oil-producing countries. The US has developed close diplomatic ties with the leaders of oil-producing states to protect future interests in African oil. Top US officials were sent out to visit Nigeria, Angola, Gabon, Sao Tome and Principe and Equatorial Guinea during the G.W. Bush administrations. President Bush himself met Cameroonian President Paul Biya, President Teodoro Obiang Nguema of Equatorial Guinea, Angolan President Jose Eduardo Dos Santos and the heads of other African petro-states (Gary and Karl, 2003). The Angolan President Dos Santos' visit in 2004 resulted in Angola extending Chevron's concession of block 0 for 30 more years. The US even put aside earlier concerns over Equatorial Guinea's poor human rights record to reopen an embassy there. Equatorial Guinea is the third largest producer in the Gulf of Guinea and the third largest site of US investment in Africa. However, the country lives under the

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same groups Washington cooperated with in pushing for regime change in Libya. By this, the US has adopted the old colonial pattern of dominating Africa (Ikein, 2009).

uncertainty about the direction its autocratic family-based rule will take (Goldwyn and Morrison, 2005).

In 2006, the former US ambassador to Chad, Donald R. Norland, pointed out that concepts of 'Africa' and 'US national security' were starting to be addressed in the same context in the Pentagon documents for the very first time (Klare, Volman *et al.*, 2006). This shows that the policy-makers have become cautious of the strategic importance of African oil. In the US, the Corporate Council on Africa (CCA) serves as a mouthpiece for many US commercial and oil interests in Africa.[1]

These were some of the 'key milestones in the new US strategic relationship with Africa' (Frynas and Paulo, 2007: 236). Whilst the federal government let private oil firms carry on businesses with foreign producers, it bears full responsibility for ensuring energy security and overseas investments. Petroleum has been treated as a US national security matter and thus the US has sought political approaches to gain dominance over such an oil-rich region of Africa. In this context, the US oil companies benefit from the diplomatic support of their home government for their operations in Africa.

For China, it primarily uses the control of oil companies, diplomacy and a non-interference policy in securing oil. Oil and the Chinese politics are one (Clarke, 2008). Unlike the oil companies from the Western world which have mostly been privatized, the Chinese companies are still state-controlled. In 1982, the Chinese government founded the China National Offshore Oil Corporation (CNOOC) for offshore exploration and production (Jaffe and Lewis, 2002). In 1998, China restructured most state-owned fuel operations, placing them under the State Energy Administration. Consequently, the corporations function in accordance with China's national strategy. This also led to the government creating two more major oil firms: the China National Petroleum Corporation (CNPC) in 1988 and the China Petrochemical Corporation (Sinopec) in 2000 (Taylor, 2006). CNPC was formerly designed for oil and gas exploration and production (the 'upstream' oil business) while Sinopec was responsible for refining and delivery (the 'downstream' oil business) (Nolan and Zhang, 2002). The Chinese companies are now major global players in the world oil industry, involved in all levels of exploration and production. Because large cash sums are readily available from the Chinese government for their National Oil Companies (NOCs), this helps Chinese companies to make swift business decisions which smaller private companies are unable to do. The Chinese government therefore greatly assists in closing the deals.

Diplomatic ties with oil countries are a significant tool China pursues to implement its energy security goal. China has increased the number of diplomats, high-profile visits and bilateral dialogues with oil-producing African countries (Taylor, 2006). China established the China–Africa Cooperation Forum in 2000, with the aim of promoting Sino-African economic cooperation (Frynas and Paulo, 2007). The first Forum held in Beijing was exceptionally well attended by African ruling elites, exceeding any African initiatives held by other foreign and international bodies.

[1] Corporate Council on Africa acts as oil-promoting organization. It publishes investors' guides for many African oil-rich countries in spite of the problem with governance. CCA hosts African heads of state in Washington, and the Africa Oil Policy Initiative Group. It has successfully encouraged US policymakers to pay more attention to the oil potential of the region (Gary and Karl, 2003).

China is increasingly using inter-government agreements to lock in African resources. Following are some examples where diplomacy has helped the Chinese companies to secure the deals. In 2005, China's Deputy Prime Minister Zeng Peiyan visited Angola and signed nine agreements on mineral resources, infrastructure and petroleum projects (Council on Foreign Relations, quoted in Frynas and Paulo, 2007). The Chinese President Jiang Zemin made the first Chinese head of state visit to Nigeria in 31 years in 2004, the same year Sinopec obtained its first stake in Nigeria's energy sector by securing the right to develop two blocks in the Niger Delta in conjunction with the Nigerian National Petroleum Corporation (DoE/EIA, 2007, cited in Klare, 2008: 169). This was just an initial incursion. During high-level meetings in Beijing in 2005 and in Abuja in 2006, Presidents Hu Jintao and Obasanjo reportedly discussed increasing energy cooperation between the two countries as a major topic (Hall, 2005 as cited in Klare, 2008). At the Abuja meeting, Hu reportedly told Obasanjo of his desire to establish a "strategic partnership" between the two countries, which he termed "a top priority for China's foreign relations" (China's Ministry of Foreign Affairs, 2006 as quoted in Klare, 2008: 169). In 2006, President Hu revisited the country and secured four oil licences in a deal worth US$4 billion. Beijing has adopted similar diplomatic ties with other African resource-rich countries. 2006 was declared the "Year of Africa" (Behar, 2008). Urquhart (2010) gives details of significant resource deals involving Chinese companies in African countries.

In this regard, China promotes South-South relationships, often emphasizing the common experiences both China and Africa share such as of historical oppression by the West and similar levels of economic development (Interview with Zhan in Taylor, 2006: 944). These have helped China gain approval and secure oil resources from African heads of state while promoting China's global position. However, Chinese bilateral agreements with countries in the South, rather than joint energy consumer-country strategies like the International Energy Agency (IEA) have been a cause of concern as it allows some governments to seek sensitive military equipment not made available by the West from China. Chinese providing of arms might fuel regional conflicts, as in the case of Sudan (Jaffe and Medlock, 2005).

While pursuing this relationship, China takes a 'non-interference' stance on internal politics. This is a policy specific to China and has helped China gain influence in African resource access.[1] The Chinese leaders underline that each country is free to their own definition of human rights and to apply it in their own time. China argues that foreign nations attempting to implement democracy and humanitarian intervention violate the sovereignty of that country (Hanson, 2008). It insists that Africa and China share a common view on this, which is different from that of the West.

Beijing applied this non-interference approach toward Sudan. Its reluctance to pressure the Sudanese government over the war in Darfur has been heavily criticized. China had had more leverage over Sudan than any other country because China is more involved with Sudan diplomatically (Downs, 2007). Therefore, China could

[1] Non-interference policy is a part of the Four Principles of Economic and Technological Cooperation which the Chinese premier announced when he visited Africa in 1982. According to these four principles, the political relationship between China and Africa would be based on "Independence, Complete Equality, Mutual Respect and Non-interference in Others' Internal Affairs (Anshan, 2007)".

have pressurised Sudan to cooperate internationally. Unlike the West, China claims it does not mix business with politics and that the situation in Sudan is an internal affair (Howard, 2004). Beijing had repeatedly obstructed any discussions of economic sanctions by members of the United Nations Security Council (UNSC) to pressurize Khartoum over the Darfur issue.

With the Chinese non-interference policy being applied to Sudan, the state-controlled CNPC benefited most. With hardly any competition (due to US sanctions), CNPC established itself as the largest oil investor in Sudan. The highest bid is a 40 percent stake in the Greater Nile Petroleum Operating Company (GNPOC) producing most of the country's oil. These investments helped transform Sudan into a net exporter of oil in 1999 (BP Statistical Review, 2007).

While the Chinese oil pursuit has been considered as statist, neo-mercantilist and neo-colonial, this behaviour is not unique. As above-discussed, Britain, France and the US, as well as other energy-exporting countries, have made similar moves (Klare, 2008). For example, Françafrique, France's patrimonial relationship with Africa and the Bush administration's NEP (National Energy Policy) where the president assumes overall responsibility for management of energy diplomacy (NEPDG, 2001), represent similar draconian neo-colonialist attitudes in full force. The result is that Africa's position in the world remains marginalized.

Political Meddling

Apart from state policies that appear on governmental papers made available to public and recorded official diplomatic visits, political meddling is another type of political involvement foreign players use in promoting oil interests. This study defines these activities are: regime change, interference in internal affairs and financial and logistical support to corrupt regimes.[1] One of the Western aims in political meddling in oil-rich countries is said to be to foment divisions in OPEC in order to undermine its stranglehold while propping up new oil-rich African governments that are non-OPEC states (Smith, quoted in Ikein, 2009: 550), even when these regimes are authoritarian. As these activities interrupt and influence the existing political system of the host country by strengthening or weakening it, we classify this type of political intervention as political meddling. As neo-colonialism is used in analysing continued foreign intervention in Africa, we will first examine the political meddling carried out by former colonial players, followed by that of the new players.

[1] Regime change based on Western terms, even when the effort is sincere, proves ineffective in African resource-rich countries which as a result of colonial balkanization are also usually multi-ethnic. Based on Western-modelled democracy, political candidates compete during the election processes and they find ethnicities a strong background to draw support from. African voters tend to support candidates of their own ethnicity in hope of preferential treatment. In time, this deepens ethnic tensions and fuels factions in the country. In resource-rich multi-ethnic countries, the Western model of democracy is unlikely to be effective (Posner, 2007).

Political Meddling by Former Colonial Players

Even after African countries became independent, European state players have continually attempted to influence their internal affairs. Friendly regimes which favour the political and economic interests of the European superpowers, regardless of the regime's nature, are put in place, supported and sustained. In the modern world where the idea of liberal democracy has flourished, a range of policies pursued is often claimed to be for promoting democracy. This claim has legitimated the projection of Western power (Slater, 2004). In this regard, Bobbitt (2002), for example, stresses that states should not be given the option of autarky. The promotion of democracy is also addressed in the US-led neo-liberal reforms which are based on capitalist principles. This range of policies allows Western states to reshape and influence the global political and economic system, to Marxist's the 'superstructure', in ways which enhance the power and prosperity of the core by helping them continue exploiting the periphery. Because neo-liberal policies primarily focus on economic reforms, these will be discussed in greater detail in Chapter 5 which examines foreign economic interventions. This chapter thus addresses foreign attempts at imposing democracy as part of political meddling practices that go alongside regime change and foreign influence on existing political systems in African oil-rich states.

One of the most successful European instruments for democracy promotion has been through conditionality for direct assistance programmes or trade agreements provided by the European Union to 'appropriately performing' governments. The friendliness of regimes seems to be placed above other more important priorities such as the real desires of local populations and free and fair elections. Democracy is imposed upon, rather than developed from within, according to diverse factors in each locality (Easterly, 2006). Election processes have been found to be manipulated in favour of candidates of the Western choice (Interview with the deputy director of Social Action, 6 January, 2011). Regimes hostile to the Western presence and threatening Western interests would often be challenged, labelled as terrorist and authoritarian and eventually overthrown. In its new 'democratic' clothes, colonialism survived to sustain the interests of imperial players. In this section, we will first look at the political meddling of former colonial players followed by the new players in African oil-rich countries. It attempts to provide samples of foreign political meddling which relates to oil interests in Africa. While the list of this type of political activities is exhaustive, some are highly secret and beyond the scope of this study to uncover.

While Britain now claims to be a strong supporter of international humanitarian rights such as through the EU and UN arms embargoes, travel bans and asset freezes on authoritarian governments, this appears to be hypocritical, selective and/or self-serving. For example, immediately after US trade re-opened with Libya in 2004, Prime Minister Blair flew to Libya to seek new relations. As Mr Blair met Gaddafi, it was announced that Anglo-Dutch oil giant Shell had signed a deal worth up to £550m for oil operation rights off the Libyan coast (BBC News, March, 2004). In 2007, the two leaders met again to establish oil deals for BP (Chancellor, 2011). The majority of oil money has poured in to support Gaddafi's strongholds (BBC News, March, 2004).

The Western efforts to support democratic regimes seem perverse. Libya is a country where Western political efforts on regime change have been imposed at different periods. While political conditions under Gaddafi's regime remained unchanged on the ground, the West shifted its position on Libya from hostility to affability. Their rhetoric supporting democracy in this case becomes questionable. It suggests that much political meddling in Libya has been orchestrated to serve Western interests rather than liberal democracy, as claimed.

In Sudan, the British government has been seeking to open business there by courting the Omar al Bashir government, the regime guilty of massacre (ICC, 2009).[1] By this, the British government declared in 2010 the relations with Omar al-Bashir have entered a 'new epoch' (Howden, 2010). In July 2010, Henry Bellingham, the new minister for Africa, visited Khartoum to encourage trade ties announcing Britain would be a 'candid friend' to the Khartoum regime. In October 2010, the UK Trade and Investment Authority organized the "Opportunities in Sudan" networking event between high-level officials of Mr Bashir's NCP party and British officials and business leaders from mining companies, investment banks and security firms (*ibid.*).

A brochure of the meeting said Sudan is endowed with rich oil resources and insisted that the country had enjoyed 20 years of political stability, deliberately ignoring the 20-year civil war between North and South Sudan that had cost 2 million lives. The deeply flawed elections early in 2010 which returned Mr Bashir as president were followed by repressions in the country (*ibid.*), also did not cause any concerns for Britain which claims strictly guard international human rights. Foreign Office spokesman instead insisted that British companies were "free to pursue commercial opportunities in Sudan" (*ibid.*). The country where oil monies provide half of government revenues, enrich the president and his cronies while strengthening his oppressive regime appears to raise no ethical concerns for the UK's support for democratic progress.

For France, French officials, oil executives and the French army remain heavily engaged in African political systems decades after former French colonies won independence. This is for both political and economic interests of France and its elites. As a part of its "greater France" ambition, France gives priority to African energy-rich countries (Algeria, Angola, Nigeria, Gabon, Cameroon and Niger) and those that can buy hi-tech products (Morocco, Algeria, Tunisia, Libya and South Africa) (RFI, February, 2011). A web of contacts known as Françafrique, where the resource monies benefit political parties and leading business leaders in Africa and France, has been sustained (The Economist, January, 2011). Thus, French dealings with leaders in these countries regardless of the nature of their regime have been treated with extreme caution (Boisbouvier, 2008).

Consequently, France has been involved in a range of military and intelligence activities including *coups d'état*, assassinations and providing cash and development aid to ensure selected African politicians who favour France's political and economic presence stay in power (Verschave, 2000; Schraeder, 2001; interview with the president of Network Movement for Justice and Development, Sierra Leone, 15 September, 2010). Françafrique used the growth of democracy in the 1990s for its

[1] Sudan's president, Omar al-Bashir, has been under the International Criminal Court's arrest warrants on ten counts of crimes against humanity, war crimes and genocide committed in Darfur (ICC, 2009).

own ends by adopting constitutional manipulation and ballot rigging so that favoured politicians could be officially approved (Verschave, 2001). As a result, many unsavoury leaders have been upheld and dictatorships in Togo, Cameroon, Gabon, Chad, Guinea, Mauritania, Djibouti, Niger, Benin, Ivory Coast, the Comoros and the Congos are legitimised (Verschave, 2000; The Economist January, 2011). Every government that came to power post-independence in former French colonies is said to have the support of France (Kebzabo, quoted on Al Jazeera, November, 2010). Over the course of four decades since independence, millions of euros have been misappropriated from oil, resources, arms and aid into financing French and African political-business networks (Verschave, 2000).

Francois-Xavier Verschave gave detailed accounts of French politicians' use of oil money in conflicts and corruption in Africa such as funding politicians and oil corporations and crises in West and Central Africa to maintain favoured persons in power. This also includes the use of french security services such as in planned aggression in the Congo's wars and President Denis Sassou-Nguesso's usurpation of power (Clarke, 2008: 39). Verschave also exposed the Elf-Aquitaine scandal which involves top executives of giant oil companies and senior politicians such as Ronald Dumas and Charles Pasqua. French companies backed up by French government help support oppressive regimes and fund arms and militias in Africa. For further details see Schraeder (2001).

The Democratic Republic of Congo, for example, has been under both French and, once, Soviet influence who sought to offer control of the state and oil to selected local politicians in the interests of investment stability. This forms part of a web of interests that have ensured political continuity which is mostly followed by repression, political power struggles and deprivation. It led to long-lasting ethnic confrontations (Clarke, 2008). In Chad, France is accused of providing authoritarian leader, Idriss Deby Itno, with military and logistical support when his administration was under rebel attack in 2008 (The Economist, January, 2011). According to French Defence Minister, Hervé Morin, France has had military agreements with Chad, providing for logistical and training support (BBC News, February, 2008). As a result of continued support, Chad is replacing the US companies that have been developing its oil industries with French companies (The Economist, January, 2011).

Frequently, political meddling is carried out in secret where the web of interests becomes blurry and the parties involved unidentifiable. Regardless of this, the result is that African political systems become compromised. Western claims of democratic support thus become double-standards. Where politico-economic interests are low, political interventions, though needed in times of crisis, are unlikely. In contrast, in areas of geopolitical significance, regimes friendly to the West, though authoritarian, are sustained in power (Africa Today 06, Jun, 2011). Although Sarkozy claimed to renounce neo-colonial Françafrique networks as he embarked on his presidency, the ties between Africa and France are as tight as before (Interview with the head of Petroleum Exploration and Exploitation Department, Republic of Niger, 4 November, 2010; the administrative and finance director of Les Depeches de Brazzaville, 7 November, 2010). In Verschave's words, Françafrique has now become 'mafiafrique' where the web of interests between France, Africa, the US, Israel, Brazil and other parties become more complicated and exist in covert forms (Verschave, 2004). Political meddling, as part of neo-colonial political interventions;

therefore, has negative impacts on African oil-rich countries while continuing to enrich the neo-colonialists.

Political Meddling by New Players

After having examined continued political meddling in Africa by Britain and France, we now turn to political meddling by new players including the US, China and transnational agencies.

As American power grew in the twentieth century, the US started expanding its influence and instruments for political engagements in Africa. Like its European counterparts, the US leaders have also pursued strategies, including military intervention and assistance, which uphold pro-American leaderships in Africa. Without colonial ties, America sought alternatives which allow it to gain relative influence and democratic development appears a legitimate instrument. Programmes such as the National Endowment for Democracy (NED) and Agency for International Development (AID) - known as 'The Democracy Programme' - were created in the 1980s on the basis that American efforts to promote democracy would be good for both the US and the host countries (Lowe, 2010). These programmes provide direct support and grants to various organizations and institutes both domestically and overseas.

Many companies now also have democracy and governance divisions which receive support from NED and AID. The US Defense Department is also involved in the promotion of democracy. Alliances such as the North Atlantic Treaty Organization (NATO) and the Organization for Security in Europe (OSCE) have also played a crucial role in fostering democratic regimes in Africa (McFaul, Magen *et al.*, 2007). During the Bush administrations, the funding for the State Department's Bureau of Democracy, Human Rights and Labor increased. These instruments have significantly expanded efforts for promoting good government abroad. American spending on democracy promotion worldwide amounts to around $1.5 billion annually (*ibid.)*.

However, the US rhetoric supporting democracy appears futile when pursuing oil. For example, the Bush administrations provided brutal military machinery to corrupt regimes in West Africa, responsible for gross human rights violations and environmental damage (Leech, 2006). US governments do not only acknowledge similar ties between multinational oil companies and repressive regimes in this region but also often approve or further support such activities (*ibid.)*. US support for Angola (since 1974); Somalia (1974-1975) and Libya (2002-2010) are evident examples of this. US support legitimizes and further strengthens these oppressive regimes, one of the factors undermining the performance of African oil-rich countries and contributing to the resource curse. We now explore these cases.

Angola is one of the African oil-rich countries experiencing the most extreme battles between the US Liberal democracy and Soviet Communism. While the battles were claimed to be for ideological purposes, geopolitical interests were crucial to the parties involved. Following the departure of the Portuguese in 1975, a civil war broke out, with the Popular Movement for the Liberation of Angola (MPLA) against the National Front for the Liberation of Angola (FNLA) and UNITA. As an important prize in the Cold War battle, the Soviets showered money and weapons on the MPLA and Cuba provided soldiers while the Americans and South Africans did the same for UNITA (Interview with the Archbishop of Angola, 25 August, 2010). At one point there were so many planeloads of military equipment that they could not be distributed fast enough (Leech 2006)

The US Senate Foreign Relations Committee hearings on US involvement in Southern Africa revealed that the Nixon-Ford administrations provided about $60 million in illegal support to anti-MPLA forces in Angola through the Zaire connection between 1974 and 1976 alone. In 1979, ex-CIA agents' disclosed the continuation of destabilisation policies in Angola under the Carter administration. The move was aided by chief African interest advocates, most notably Andrew Young and Donald McHenry, among others. By 1979, the FNLA had been defeated, but UNITA continued to fight in south-eastern Angola with support from South Africa and the US.

In the early 1990s, the Cold War proxy battle in Angola reached its extremes. The MPLA's attempt to replace support from the collapsed Soviet Union found itself increasingly reliant on oil revenues, ironically from the American oil company Chevron and the French state-owned Elf. The MPLA also applied to Western banks for credits and received hundreds of millions of dollars from the US Export-Import Bank, a loose arm of the US government. As the Soviet Union began to implode, the United States saw an opportunity to bring the war to an end and UNITA to power. In 1991, the United States offered the Bicesse Accords to both warring sides, which later proved to be catastrophic for Angola. According to the Accords, an unrealistically early election date was set, with the MPLA allowed to maintain control of the transitional government so that UNITA could not be responsible for any failure to deliver. The UN's role was kept to a minimum to avoid complicating UNITA's assumption of power. This plan would have been actualized if the majority of the Angolan people had not failed to vote for UNITA. In the legislative elections of 1992, the MPLA won 54 percent of assembly seats while UNITA secured only 34 percent. In the presidential election, dos Santos won 49.6 percent of the vote against the UNITA leader Jonas Savimbi's 40.1 percent. The UN declared the elections "generally free and fair". UNITA, thought they were about to take power, rejected the results and returned to fighting (Bridgland, 1990 as cited in Billon, 2007: 144).

Being certain that UNITA will not resume power and that the Soviet influence over MPLA vanished, the US had switched its allegiance from UNITA to the MPLA, making its standard for support of democratic regimes questionable. The formerly Marxist MPLA turned to Western capital markets to pay for a war against pro-Western rebels, who were in turn dropped by the West. The absurdist version of the Cold War in Angola occurred in Cabinda city. Molongo oil facility in Cabinda, originally built by Gulf Oil, was surrounded at the height of the civil war by a double layer of electrified fencing and razor wire as well as several hundred landmines, laid by Cuban soldiers under orders from the MPLA to protect Gulf Oil's operations against UNITA. For years in Cabinda, a Marxist government depended on money from an American oil cooperation whose operations were defended by Cuban soldiers against attacks by an American-backed rebel army (Billon, 2007: 159).

The already-complicated Angolan conflicts were made worse as France also became involved. French oil interests were shaken after the 1991 peace process failed and the conflict resumed. While both sides were seen to have an equal chance of victory, the

French government and Elf decided to follow dual policies by supporting both sides of the conflict (Billon, 2007: 121). For twenty-seven years Angolans had been forced to take sides between the ruling MPLA, founded as a Marxist liberation movement and backed by the Soviet Union and Cuba, or the rebel UNITA, backed at various times by the United States and apartheid-era South Africa. Until its end in May 1991, support from Cold War superpower rivals allowed Angola's civil war covering 15 of the country's 18 provinces to intensify with an estimated 300,000 casualties in its final years (Bridgland, 1990).

The US has been upgrading its relationship with Angola since the MPLA victory (as called for by the US-based Council on Foreign Relations in 2007). The newly upgraded relationship was evident when Angola abstained in the UN condemnation of the American blockade of Cuba in 1995. This is considered crucial as Angola was once a country that had played host to 50,000 Cuban troops fighting the US-backed South African Defence Forces. The Americans' once bitter enemies, President dos Santos of the MPLA now enjoyed a renewed relationship with America. In 2004 the White House welcomed him as an important ally. Chicote says, "Even if the past has been difficult, relations with the US have been extremely good in the past two, three, four years … America is a priority partnership for our international cooperation" (Chicote quoted in, Billon, 2007: 152). Similarly, Cynthia Efird, the US ambassador called Angola a "friend" of the United States (*ibid.)*.

Although Angola's government has a poor human rights record, the US approves of its legitimacy, pursues relationship with Angola and supports the US businesses in the country. Following the terrorist attacks on the United States in September 2001, the US administration sought to diversify its oil supply outside the Middle East, with West African oil a major target. In 2001, around 50 percent of Angola's oil production was exported to the US, accounting for around 4 percent of all American oil imports (EIA, 2009). On a visit to Cabinda in 1997, the then US Secretary of State Madeleine Albright pointed out that this was higher than US imports from Kuwait prior to the Gulf War (which had been only 1.6 precent). Her comments were viewed as a warning to any threats to those supplies, confirming the American government's readiness to secure them. Since 9/11, President dos Santos met with former president George W. Bush twice seemingly urging that he should 'Turn a blind eye to delaying elections (until 2006) in exchange for oil (Billon, 2007: 121).' Although there has been mutual mistrust of the MPLA for its flawed human rights record and the US for its regime-change agenda, the relationship has strengthened showing that both sides are pursuing a self-serving realpolitik approach. It also suggests that, despite problematic governance issues, the US would not seek to disturb Angola's *status quo*.

The Horn of Africa was another African region displaying the political meddling and the power struggle between the USSR and the US for African oil. Although it is not oil-rich, the Horn of Africa is a geostrategic location vis-à-vis the Persian Gulf's oil resources, to which access must be secured. The US involvement in the Horn of Africa was a paradox. While Somalia invaded Ethiopia during the Cold War, the US not only supported this movement but also persuaded its allies to send aid to Somalia. Somalia invaded Ogaden Province in Ethiopia as part of the 'liberation' movement of the Somali people who lived there and their historical claims to a Greater Somalia (Lefebvre, 1992). This was, however, a violation of international law, the UN charter and the OAU charter.

In this conflict, the Soviet Union and Cuba supported the territorial integrity and the national sovereignty of Ethiopia. The US, speaking of a Soviet-Cuban threat to Somalia as if Ethiopia was the aggressor, persuaded Egypt, Iran, Saudi Arabia and Sudan to send aid to Somalia. Although the Soviets and Cuba may have supported the legitimate side, it led to the increasing dependency of Ethiopia on external actors. This situation showed the West to be willing to overlook international law which it often claims to uphold when pursuing its own national interests (Anise, 1989). In this case, it was to secure an open access to the Gulf's oil fields via Somalia (Lofland, 1992).

Libya is another example where the line between Western claims of upholding democracy and their pursuit of self-interest become blurry. Although Libya's regime was oppressive, the US efforts to curb terrorism after 9/11 had relied on Libya. The US National Security Strategy stated that the US would ensure that Libya has the necessary military, law enforcement, political and financial tools to fight terrorism (The White House, 2002). This was used as a tool to eliminate Gaddafi's political opponents, many of which ended up in prison or executed (Human Rights Watch, 2011).

When the US reopened trade with Libya in 2004 as part of Libya's cooperation in the war on terror, many Western players poured in, beginning a historical period of financial kickbacks and corrupt deals from which the Gaddafi regime largely benefited. In the same year British Prime Minister Blair and French President Chirac and German Chancellor Schroeder visited Libya to hail new relations with Libya (BBC News, March, 2004). The US officials believe this provided Gaddafi with tens of billions of dollars with which he paid for military hardware and enabling his supporters to tighten their grip and stay in power (Chancellor, 2011). Even in February 2011 when the 'Arab Spring' unrest started in Libya, over $770 million of oil were shipped in a two-week period (Blas, 2011).

During the unrest, the US officials saw involvement in Libya justified because of the oil interest. Bill Richardson, the former US Energy Secretary who served as US ambassador to the UN, said (Richardson, quoted in Hari, 2011),

> There's another interest and that's energy ... Libya is among the 10 top oil producers in the world. You can almost say that the gas prices in the US going up have probably happened because of a stoppage of Libyan oil production ... So this is not an insignificant country and I think our involvement is justified.

However, political engagements for Libya's oil control had been discussed by top US officials even before the unrest started. This was shown in the document the US Tripoli embassy sent to the State Department in November 2007 stating,

> Libya needs to exploit its hydrocarbon resources to provide for its rapidly-growing, relatively young population. To do so, it requires extensive foreign investment and participation by credible IOCs [international oil companies]. Reformist elements in the Libyan government and the small but growing private sector recognize this reality. But those who dominate Libya's political and economic leadership are pursuing increasingly nationalistic policies in the energy sector that could jeopardize efficient exploitation of Libya's

> extensive oil and gas reserves. Effective US engagement on this issue should take the form of demonstrating the clear downsides to the GOL [government of Libya] of pursuing this approach, particularly with respect to attracting participation by credible international oil companies in the oil/gas sector and foreign direct investment (Telegraph, February, 2011).

The West's oil interests and colonial character seem apparent. Even before the Libyan conflicts were over, Western leaders met at the "Friends of Libya" conference hosted in Paris to discuss the future of Libya's oil with the new, Western-backed, Libyan rebels. Libya's people had little to say in determining the use of their own resource (Lister, 2011). Seeing the complexity of oil-driven foreign involvement in African countries, the extent its contributions to Africa's poor performance or the resource curse seems undeniable.

For China, one of its main, comparatively successful, strategies in Africa is non-interference in internal affairs. Although some Chinese foreign policies seem to have an interventionist dimension, it remains small. Hence, only a brief discussion on this matter follows. For example, while China strongly advocates non-interference, it acts as a strong voice and often exercises (or threatens to) its veto power in the United Nations Security Council for countries encountering international political pressures. When it comes to oil-rich countries, China has sought to deepen its relationships with countries under US sanctions, such as Sudan and Libya (Blas, 2011). China has also been courting other unstable oil-producing countries in North and West Africa. As of January 2011, the largest African oil exports to China are from Angola, Sudan and Libya respectively (China Oil Web, 2011).

China finds this strategy gives it some advantages as China finds it difficult to compete with more mature supermajor companies from the US, Europe and Japan. This would help China secure oil access. However, Chinese support of countries under US sanctions has created Sino-US rivalries (Jaffe and Medlock, 2005). China's position is embracing dictators and indirectly encouraging authoritarianism across Africa. Although China does not aim to topple regimes or impose regime change, its political, business and military support does influence the political system of the host countries by helping to sustain the regimes in power that otherwise might not last as long. Nowhere is this more evident than in Sudan where other players have restricted access to Sudanese oil due to US sanctions. China buys two-thirds of Sudan's oil exports. Its business in Sudan has supported government-backed militias which killed more than 400,000 people and displaced a further 2.5 million (Behar, 2008).

However, Chinese expansion strategy into Africa is only the result of China's pursuit of capitalism; policies that have been persistently encouraged by all western countries (Interview with Zhan, in Taylor, 2006). Although the claim that China is now integrating the US into a new international political order where democracy is no longer favoured is unproven, the effects on African governance are certainly negative (Behar, 2008). China's non-interference policies and support for corrupt regimes in order to secure Africa's oil resources creates a lax international order, sustains Africa's bad governance and thus contributes to the resource curse.

Apart from the US and China, neo-colonialism can explain transnational agencies, including international organizations and companies, becoming new players involved in African oil. This section discusses political meddling carried out by international organizations, followed by that carried out by companies. International institutions such as the World Bank, IMF, the EU, NATO, OSCE, the G8, the UN and the OECD make substantial efforts to induce regime change. The EU's offer of treaties and special agreements has been considered particularly successful in pursuading political behaviour based on Western terms (McFaul, Magen *et al.,* 2007). These international agencies, by engaging in political meddling, create environments for open access to Africa's resources by Western states.

Like other players, the claims of International Organizations to support good governance become questionable when they also play a part in supporting corrupt regimes. For example, the World Bank has been involved in a dialogue with Nigerian authorities on a range of petroleum sector topics while contracts and payments have been non-transparent. Their financial support to Nigeria is easily available knowing that this would further problematize a rentier economy and mismanagement (Gary and Karl, 2003). Some international organizations are seen to serve the interests of superpowers rather than the common good. The World Bank, the IMF and NATO are seen to largely serve the interests of the US and its allies while the EU primarily serves the interests of its member states (Interview with the former Trade Union Leader of Nigeria, 9 January, 2011). The myriad foreign players' engagements in political systems in return for oil interests are complex. For example, what appeared in the headline of an independent newspaper in Congo-Brazzaville prior to the meeting between US President Bush and the Congolese President Sassou-Nguesso in September 2002 represents this. It stated, 'Bush Wants the Oil, Sassou Wants the Money and the IMF audits the SNPC (state oil company) (Headline in Independent Newspaper, Brazzaville, September 2002, quoted in Gary and Karl, 2003: 34).'

Foreign oil companies also support corrupt regimes and consequently undermine good governance.[1] Despite the region's history of civil conflict, ruthless dictatorships and on-going ethnic clashes, foreign oil companies have continued to operate in West Africa. Foreign oil companies have worked closely with corrupt regimes in the region and benefited from human rights violations committed by national military apparatuses responsible for protecting oil operations. By this, the Western efforts to urge democratic progress while acknowledging and promoting their own oil companies' large investments appear contrary.

Libya is a good example. In 2007, BP started a $900 million joint venture with Libya's National Oil Company, which took place after a meeting between General Gaddafi and former British Prime Minister Tony Blair. The project money helped support Gaddafi's oppressive regime (Bream and Hall, 2008). The BP investment in Libya may top $20 billion in 2017 (Berr, 2010).

In Sudan, oil companies provided 80 percent of the government's revenues up until the independence of South Sudan in 2011 when revenues were split (Clarke, 2008).[2]

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[1] Major oil companies in Libya include Eni, Statoil, Occidental, OMV, Hess, Marathon, Shell, BP and ExxonMobil (Williams, 2011). In Nigeria, these are Shell, Mobil, Chevron and Total (Obasi, 2003). The leading oil companies operating in Angola include ChevronTexaco, ExxonMobil, Total, BP, Shell, and Agip/Eni (Mbendi, 2011a). In Sudan, these are CNPC, Petronas, Gulf, Shell and Talisman (Mbendi, 2011b).

[2] Sudan and South Sudan have been involved in various negotiations since the South gained its independence in July, 2011. The two sides announced that their most recent talks in December, 2011 failed to reach agreement on how to share the oil revenue.

Revenues flowing from these companies are known to be used for fighting wars. The Sudanese military spending more than doubled since the oil was produced. Talisman, a Canadian oil company, under this target was pressured by the NGOs and the churches to sell its share in the Greater Nile Petroleum Operating Company. The Chinese CNPC facing no such pressures bought these shares, making it the largest foreign player in Sudan with a 40 percent shareholding in the Sudanese national company. NGOs subsequently urged BP to divest from PetroChina, CNPC (its subsidiary) as the monies were seen to support the wars in Sudan. BP, with 10 percent equity in PetroChina, and hence a diluted 2.2 percent of CNPC, was branded as unethical (Clarke, 2008: 203-4). Because oil revenues fuel wars, Sudanese churches pleaded with oil companies, the government and the international community to stop exploiting the oil until peace could be negotiated (Gary and Karl, 2003: 35). The Bishop of Central Africa (quoted in Gary and Karl, 2003: 36) stated in 2002:

> The control of oil manna is at the centre of several battles for power in our region. Oil revenues have served as funding for arms purchases and to support private militias in certain States, sometimes with the complicity of oil companies. The latter have elsewhere, in their own interests, brought in financial and logistical support to belligerent parties in the region.

Companies also play an important part in political meddling thereby supporting both the North and the South in the war in order to protect oil interests. Where oil aggravated political, ethnic, regional and religious discontent, both sides had allies with corporate and state oil companies to help fight the war (Clarke, 2008; Woldemariam, 2011). With financial and military assistance from companies, the government was persuaded to clear oil areas of local inhabitants, for instance around Bentiu. This kind of engagement supported officials in control of oil resources while undermining their opposition and consequently played a part in lengthening or intensifying the conflicts. NGOs claimed that the clearing of oil areas in Sudan was occasionally accompanied by ethnic cleansing, extermination practices and scorched-earth policies (Earth Rights, 2006; The Hague Academic Coalition, 2006; International Humanitarian Law National Implementation, 2006). Chinese-backed CNPC and Talisman, for example, have been blamed for facilitating the Sudanese policies of ethnic killings (Downs, 2007).

Angola is another case where multinational businesses supported two warring sides and had an effect on the duration and intensification of the civil war. Oil companies supported the MPLA while diamond companies sided with UNITA. They competed fiercely for the rights to exploit Angola's mineral wealth. Fully aware of how the revenues they provided went to fund the war, they continued 'business as usual'. Human Rights and Global Witness, for example, have argued that oil companies' non-transparent payments to the Angolan government or Angolan state-owned company Sonangol play a part in strengthening Angola's authoritarian regime. BP was the first company to admit such involvement. By contrast, ExxonMobil has not openly discussed how its activities in Angola could exacerbate the problem (Skjærseth, 2003).

In this section, we explored foreign political meddling practices and support given to the host governments to acquire or remain in power in order to gain relative influence over African oil-producing states for enhanced oil interests and control. These practices, used as a tool to boost foreign access to Africa's oil, undermine the development of Africa's politics and play a large part in the resource curse. The next section discusses military involvement of these players as another political approach employed in securing African oil.

Military Involvement

Foreign military involvement in oil-rich countries often fuels internal political conflicts over the allocation of oil revenues. This is particularly true when the regime in power monopolises such revenues, restricts the oil benefits to particular population groups and uses these oil revenues in programmes to oppress others. Such actions cause political unrest. The marginalized groups often resort to arms as it is the only way to obtain a larger share of oil benefits. In response, African regimes rely on large forces, mostly assisted by foreign players, to constrain such challenges and to remain in power. These aggravate the unrest and violent conflicts (Klare, Volman *et al.*, 2006). This section first explores military involvements carried out by former colonial players, followed by new players, in African oil-rich countries.

Military Involvement by Former Colonial Powers

Britain has been a key player involving in military assistance and weapons supplies to Africa since colonial times. The list of this kind of involvement is extensive. Here we examine explicitly British military involvement in African oil-rich countries including Libya and Nigeria (See Chapter 6 for Nigeria).

Britain exercised huge influence in Libya even before its independence from Italy in 1951. Britain first supported the Libyan monarchy in power. However, by the end of 1968, Britain believed that regime change would be better for UK interests (UK Public Records Office, FCO 39/452, cited in Cricco, 2002: 153). Britain thus started to build up ties with an army officer who attempted to overthrow the monarchy. According to the Memorandum of October 1968, Britain decided to supply weaponry confidentially to the army Colonel Abdul Aziz Shalhi while a mission to train the Libyan army was underway (Van Genugten, 2011). However, the British plan did not succeed as Gaddafi, an army rival, staged a coup first. Gaddafi did not grant Britain preferential treatment that it had enjoyed pre-Gaddafi. Instead, he played competing European interests off against each other and against new Asian players in what seemed to be a more profitable strategy for his regime (*Ibid.*).

Although violence was prevalent under Gaddafi's regime, the West has supported it with arms in order to enhance relations with Gaddafi and promote the oil and trade interests. The Guardian reported that Italy, France and the UK were the top three European countries which sold arms to Libya between 2005 and 2009 (The Guardian, November, 2011). The amount of arms exported to Libya from these three European states over the five years alone is estimated to top over £700 million. Additionally, Britain had provided MI6 intelligence services to Gaddafi, which were mostly used to quell Gaddafi's opposition. Abdel Hakim Belhadi, a commander of the anti-Gaddafi forces in the 2011 Libyan civil war, for instance, claims that MI6 intelligence led to years of torturing of Libyan political prisoners including himself (Allen and Shapman, 2011).

France has been another key player involving in military assistance and weapons supplies to Africa unconditional of the state's governance since colonial times. Twenty-three countries in Francophone Africa were tied to defence agreements with France. Since 1963, these agreements allowed France to intervene over thirty times in Africa. France also provided military training for African troops, even under dictatorial regimes (Kroslak, 2004). Here we discuss the case of France's direct oil-related military involvements in Angola.

In oil-rich Angola, France was accused of the 'Angolagate' scheme in which French officials used intermediaries such as Pierre-Joseph Falcone and others to illegally supply arms to the Angolan government MPLA in 1993 and 1994 (Leech, 2006). This was kept secret as President Francois Mitterrand realized that members of his government who sympathized with the UNITA rebels would block such a deal.

President dos Santos' public statement to the new French ambassador shows the linkages between Falcone, a Franco-Brazilian arms dealer, and the French government and how France's armaments supplies to Angola resulted in increasing cooperation in the oil sector with France. He said that Falcone:

> … dealt with sensitive matters with the consent of the French authorities … which were of great utility for Angola. We interpreted his action as a gesture of confidence and friendship on the part of [the] French state. For that reason, my government took decisions that permitted the spectacular growth in cooperation with France in the petroleum sector and in financial and economic areas (Remarks by His Excellency Jose Eduardo dos Santos, 2001).

However, France supplied these arms and equipment at highly inflated prices. To pay for the armaments, President dos Santos had to obtain loans by mortgaging the country's future oil revenues. Angola's oil fund disappeared while a significant portion of the money ended up in Pierre Falcone's secret Caribbean bank account. Eventually, Falcone was arrested for illegal arms trafficking together with the French president's son, Jean-Christophe Mitterrand and others (Leech, 2006: 111). [1]

Military Involvement by New players

New players such as the US, China and companies have also been involved in military activities in African countries.

The United States is the main player having successfully systematized military involvements over energy and national security, resulting in a range of military

[1] For detailed French military interventions in Africa, see Martin (1985).

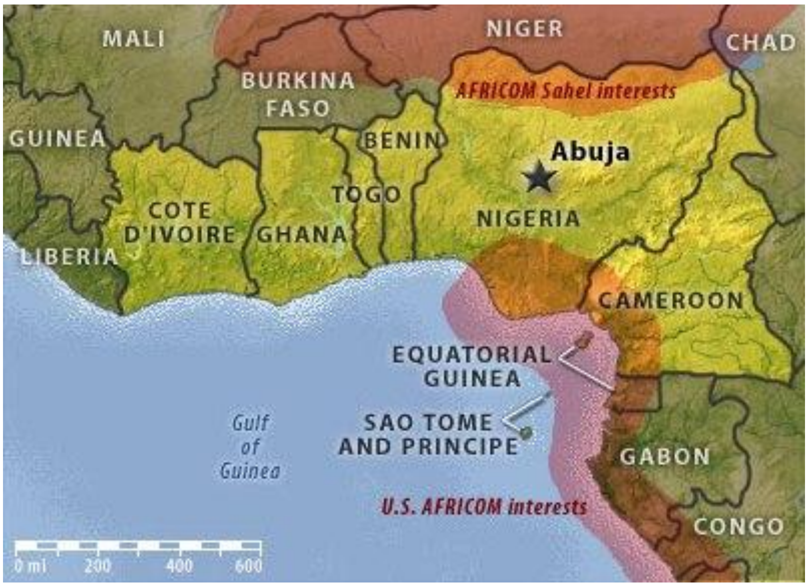
activities in Africa. With the US's increasing reliance on foreign oil after WW II, the energy policies became the core of the Truman, Eisenhower and Nixon doctrines (Kaldor, Karl *et al.*, 2007). This was also due to the increasing US concern in this period that oil was used more intensively as a strategic resource to pursue national interests. For instance, the Arab's oil embargo after the 1973 Yom Kippur war protested against Western support for Israel. This led to oil price shocks, economic mishaps and energy crises. This provided the rationale for the Carter Doctrine, which assumed that it is the US's responsibility to defend the Gulf 'by any means necessary, including military force' (Klare, 2006: 46). It placed US military control of oil under the supervision of the Department of Defense and other government bodies responsible for national security. To facilitate US troop movements in the region, Carter established a Rapid Deployment Joint Task Force. These policies were sustained by the Reagan and Bush administrations (Kaldor, Karl *et al.*, 2007). For Africa, we explore US military involvements in oil-rich region of North Africa and the Gulf of Guinea.

In North Africa, the US had tried to persuade Egypt, as its proxy, to declare war on Libya from as early as 1986 with the Reagan administration supplying weapons, logistics and funds (Anise, 1989). Reagan thus hoped to install a pro-American regime in Libya (Biscotti, 1986).This involvement was carried out to support US claims that Libya was a communist and terrorist state, which was believed to hold one of the richest oil reserves in Africa. It also lies in a geo-strategic location between Africa, the Middle East and Europe. Gaddafi's unfriendly regime, however, obstructed the smooth operation of American oil companies and threatened US energy security, particularly by seeking to work with other oil-rich states in the region (Time Magazine, 1986).

However, the Egyptian President refused to take part. Similar efforts with European allies also failed. Had Reagan succeeded with his plan, two African countries would have gone to war against each other with minimal African national interests involved. However, Egypt later agreed to participate in a joint military exercise that was confrontational to Libya (Anise, 1989). Eventually, the US went ahead with a raid on Libya in 1986. The US military attacks focused on bombing Gaddafi's headquarters, rather than on terrorist training camps or on military barracks. This suggested that the 1986 invasion was designed to assassinate Gaddafi, thereby violating the laws of the United States which prohibit the assassination of other countries' political leaders (Biscotti, 1986).

AOPIG's strategic report recognized the importance of the Gulf of Guinea. In September 2002, the US National Security Strategy Statement emphasized the increasing significance of energy security to US national interests. The government pledged to reorient its foreign policy in the Gulf of Guinea accordingly (AOPIG, 2005). Since then, the US/European Command (EUCOM) has become increasingly active in West Africa and in 2003 began to implement a counterterrorism training programme designed in cooperation with the Department of State. In 2005, this evolved into the Trans-Sahara Counter-terrorism Initiative, involving eight countries, including Nigeria and funded at $100 million. James Forest and Matthew Sousa, US military strategists, called for a comprehensive approach beyond the placement of military hardware and deployments in the Sahel (the Trans-Sahara Counter-Terrorism Partnership) and the Gulf of Guinea including the promoting of good governance and stability-building in and around Nigeria, as well as mechanisms dealing with the large ungoverned spaces of the Sahel and Niger Delta (Clarke, 2008). In early 2003, the Pentagon prepared a long-term agreement on military bases with two small islands, Sao Tome and Principe, see Map 3, both within the striking distance to the West African oilfields (Engdahl, 2004). In 2004-2005, EUCOM began a coastal security programme in the most oil-rich region of Africa entitled the Gulf of Guinea Guard, which in 2005 became AFRICOM (Goldwyn and Morrison, 2005).

Map 3: US AFRICOM in Africa



Source: Suburban Emergency Project (2009)

Increasing naval activities are clear evidence of US interest in Africa's oil. Klare, Volman *et al.* (2006:302) viewed this as the most likely scenario 'for direct US intervention in Africa'.

In addition to naval power, the US has equipped many parts of Africa with military training and assistance. In 2009-2010, Nigeria and Angola together received a huge sum of $300 million worth of military aid (Dempsey, 2011). The World's leading democracy Washington seems to ignore the poor human rights record in this region. Washington claims to act as an instrument for the global war on terrorism but, according to US senior officials in AOPIG, the US military involvements are there to ensure the free flow of oil, to maintain domestic order and resist rival challenges. Critics claim that the on-going US militarization of the region could amplify the presence of mercenaries and paramilitaries, creating conditions similar to Colombia. Some of these weapons have already been used by militias (Watts, 2006). The arms available for both government and insurgent groups have legitimized the use of violence in the political struggle. The US militarization in the Gulf of Guinea to protect the oil fields and in the north, claimed as acting against Islamic terror, has been considered a recipe for massive political violence (*ibid.).*

The fact that the US controls oil sea lanes in this part of the world threatens the interests of other superpowers. For example, China, not having colonial ties like European players or military strength like the US, has been pursuing different approaches which would give it a competitive edge. New actors and approaches have been linked to a new global colonialism (Maillard, 2003).

For China, it seeks close military relations with African oil-producing countries, particularly Sudan, Angola, Libya and Nigeria (see Chapter 6 on Nigeria) (Klare, Volman *et al.*, 1999). By 2007, China has participated in all seven UN missions in Africa countries.[1] China's participation in UN peacekeeping missions in Africa (1316 personnel) outweighs its total contribution elsewhere (545), reflecting the fact that Africa is China's priority (China Military, 2006). China does not pose any conditionality for military aid and is a preferred partner compared to Western countries, according to H. E. Patrick Mazinhaka, Deputy Chairperson of the Commission of African Union. He further stressed China is considered a 'friend' rather than a partner (African Union, 2007).

China views arms sales and mutual defence military as a means of advancing its international political power and accessing significant oil sources. From 2003 to 2006, China's arms sales to Africa accounted for 15.4 percent of all arms transfers to the continent including in African oil-rich states such as Nigeria, Chad and Equatorial Guinea (Jaffe and Medlock, 2005). Since Chinese weapons manufacturers are state-owned, activities and decisions are especially close to state's policies (Anderlini, 2005). Beijing has also sent Chinese military trainers to help their African counterparts. Thus, China has gained important African allies in the UN - including Sudan, Zimbabwe and Nigeria (Hanson, 2008). Such practices have been criticized as destabilizing and anti-developmental as Chinese assistance is accused of facilitating persistent violations of human rights (Amnesty International, 2006).

In Sudan, in order to make space for the 900-mile pipeline, Chinese companies were accused of being involved in aerial bombardment campaigns designed to eliminate southern Sudanese villages. Sudanese Air Force Antonovs were accused of repeatedly bombarding the villages, the Chinese team following with bulldozers and government soldiers finishing up by burning the villages. Between 1998 and 2000, thousands of people were displaced. Approximately 4,000 Chinese soldiers are now stationed along the pipeline to prevent sabotage (Ghazvinian, 2007). China has been flooding the Sudanese government with weapons that have been used by the armed forces and pro-state militias to commit atrocities against civilians (Goodman, 2004; Le, 2007). China also provides the Sudanese government with revenue while large

[1] The UN missions in Africa, in all of which China has participated include MONUC in DRC, UNIOSIL in Sierra Leone, UNMEE in Ethiopia and Eritrea, UNMIL in Liberia, UNMIS in Sudan, UNOCI in *Cote d'Ivoire* and MINURSO in Western Sahara. The Chinese have also joined past missions in Namibia, Mozambique and Burundi (UN, 2011). Recent examples of Chinese military involvement include financial aid to the AU mission in Sudan (2006) and in Somalia (2009) and election monitoring in the first Sudanese multiparty elections, held in 2010. China has also supported regional efforts such as the New Partnership for Africa's Development (NEPAD) (Taylor, 2010).

amounts of Chinese oil from Sudan have been frequently released to the global market.

China was criticised for its involvement in Sudan, the international image of China was portrayed as a resource-grabbing (Andrews-Speed and Dannreuther, 2011), neo-colonial actor (Gary and Karl, 2003). Amnesty International declared in 2006 that China's relations with Sudan had adversely affected human rights within the country (Dempsey, 2011). However, this kind of criticism tends to ignore the fact that China is in fact a rather small player in international arms market. In Sudan, the US, the UK and Russia have been historically bigger arms exporters than China (Hellstrom, 2009).

Apart from the state actors, many companies now invest in private security in African oil-rich countries including Sudan and the DRC. Mostly, private security is hired for the protection of assets and personnel. By providing assistance and facilities to repressive governments, oil companies exacerbate instability, as these are used to oppress the opposition.

In Sudan, NGOs have for many years criticized the oil players in Sudan as being complicit in the government's civil war and in the unjustifiable abuse of human rights by supplying finance, facilities and arms. Christian Aid (Gary and Karl, 2003) asserted that the companies' exploration and production are directly facilitated by military operations or 'clearings' which often use scorched-earth policies, bombings and killings. It argued that airstrips, oil roads and other facilities were shared with the military and in some instances they are coordinated. Talisman, for example, was found to provide government military forces with company facilities and technical support in its aerial-bombardment of southern civilians (Harker, 2000). There have been several forced removals, denial of relief flights and food aid, restrictions on medical inflows, organized killings by the army and militias, widespread rape and looting, abductions, child slavery, calculated starvation, serial bombings and the destruction of villages, with the burning of homesteads, as well as genocide. Attacks on relief agencies were frequently reported. Oil companies still flourished. The demand for an account of oil revenue was ignored and companies generally took no responsibility for displacements and related violations.

NGOs also claimed that there have been covert arms supplies shipped to Sudan with labels such as "Petronas equipment". (Clarke, 2008: 204). The foreign companies' silence means assent. Their involvement contributes to perpetuating the war. In highlighting the extent of the damage oil companies have inflicted on Sudan, the country's Catholic Bishops stated:

> Our country is poor and in need of economic development. However, oil is not contributing to the development. We witness this displacement of our flocks from their homelands, driven away by helicopter gunships, Antonov bombers and government troops and militias in order for oil companies to work in relative security. Private companies, like any other organ in the society, are obliged to abide by and promote respect for the principles of the Universal Declaration of Human Rights (Omondi, 2001: 1).

The exploitation of Sudan's oil reserves has been only to fuel the country's on-going conflicts. In the DRC, the French oil company Elf-Aquitaine provided the former

President Denis Sassou-Nguesso with funds to purchase arms and militias, consequently helping install him in power during the Civil War in 1997-1999. The Civil War which was fought for the control of the petroleum rents and of the capital has devastated the country. Over 800,000 Congolese, approximately 30 percent of the population, fled their homes while Congo's business and administrative infrastructure was destroyed (Gary and Karl, 2003). Elf-Aquitaine's support was rewarded with access to oil. The company has enjoyed particularly close relations with President Sassou-Nguesso and expected to boost production there (*ibid.)*.

Regardless of the oppressive record of the governments, the companies are ready to attend to their requests in order to secure the oil knowing exactly how the support is spent. Their home governments are aware of their companies' involvement. African locals view these involvements as double-standards, explaining that such operations would not occur in the developed countries elsewhere. The military means used as a tool in the scramble for Africa's oil, have largely fuelled conflicts and consequently contributed to the resource curse.

Conclusion

This chapter discussed foreign political involvement in African oil-rich countries by identifying the actors involved and the approaches used. The existing resource curse discussion has so far been only from economic and domestic political perspectives. This chapter provided a close examination of the international dimension in their involvement in Africa's resource extraction. We examined the political involvement of former colonial powers including Britain and France, and new actors including the United States, China and transnational agencies. In seeking dominance over oil-rich Africa, the practices of balkanizing Africa, the employment of state policies, political meddling and military involvements have been examined.

Although Africa is just becoming the new energy powerhouse, it has constantly experienced intensive foreign engagement in order to obtain human and material resources long before the colonial era began. Africa has provided resources for Western industrialization while resource extraction brought a history of oppression, exploitation and violent conflicts to Africa in return. This long-term resource extraction process is the main obstacle to modern African states maximizing their oil potential for developmental progress. This chapter reveals continued foreign political interventions for resources, the extent of which plays a part in Africa's failure to perform well despite its promising resource endowment. The pattern suggests that political interventions will continue so long as Africa supplies crucial resources for the world such as oil.

In the world of the free market, where some economic and political aspects are changing rapidly, in Africa, they remain unchanged. Foreign imperialism and interventions continue, leaving Africa consistently dependent on foreign players. Continued foreign interventions contribute to Africa's lack of unity, self-determination and significant power in competitive international trade and relations. These conditions allow foreign powers to dictate their roles in African geopolitics. Having discussed the political side of foreign oil-related interventions, Chapter 5 will address their economic effects in oil-rich African countries.

-Chapter 5-

Foreign Economic Interventions in African oil-rich countries

Foreign players have gained control over Africa's oil not only through political and military means but also through two categories of economic apparatus: financial involvement and business conduct. This study demonstrates that financial involvement includes practices such as neoliberal policies, petrodollar monetary order, economic sanctions, financial support and money corruption. Business conduct includes the circumventing of environmental standards, enclave oil operations and unsuitable philanthropic projects. The economic practices, though different in nature from political interventions (as discussed in Chapter 4), are equally statist. Moreover, these policies are adopted and/or imposed worldwide (Castoriadis and Curtis, 1991). Economic interventions are often more complex, less direct and involve more than a single approach and player. This chapter seeks to discuss foreign economic interventions in detail with direct relations to their attempts at securing the oil in Africa.

It is crucial to note that beyond oil there are various similar interventions for other aims in Africa which undermine African political, social and economic systems, increase the complexity of problems and continue to obstruct any systematic oil development. Like most things in a society, oil industries do not exist *in vacuo* but are intertwined with domestic and international factors. The positive use of oil wealth requires most of these factors to contribute, especially in the continent where management capacities are weak. Addressing all these factors requires considerable work including studying all forms of historical economic, political, social and cultural involvements by all players, which would be extremely useful topics for future researchers. This thesis particularly contributes to those involvements concerning foreign oil interventions in Africa. The study hypothesises that this variable, foreign intervention as part of oil pursuit, tends to contribute to Africa's resource curse which is displayed in economic collapse, poor governance and civil wars. In the presence of foreign interventions, it becomes more difficult for Africa to use its resources as a source of development. However, oil-related foreign involvement is not just a contemporary matter but a part of the scramble for Africa which this study argues, in Chapter 3, can be explained by neo-colonialism.

Under financial involvement, we will first discuss neo-liberal policies as the tool foreign powers use in order to pursue oil interests, followed by petrodollar monetary order, economic sanctions, financial support and money corruption. Later in this chapter, business conduct including practices relating to environmental damage, enclave oil operations and unsuitable philanthropic projects will be explored. This chapter attempts to analyse the main actors implementing these policies and practices including Britain, France, the US, China and transnational agencies. Each actor has different roles, responsibilities and tools to play with. They may be dominant in one area of policies while dormant in others. We discuss the practices of these actors, where they are present, as much as possible. However, where their actions are absent under certain categories, they will be omitted.

Financial Involvement

Neo-liberal Policies

Neo-liberal policies have been the primary economic tools employed by superpowers since the end of WW II and became intense during the Cold War period. It is seen as a primary means of sustaining neo-colonialism which helps facilitate resource exploitation in weaker states, enhances the benefits of powerful states and leaves Africa more marginalized even after the independence of African states (Anise, 1989). Neo-liberal policies involve a concatenation of several states and organizations and delivers in the name of international development (Bromley, 2008). The nationalization movement, following the Bandung Conference, threatened multinational interests.[1] Decades of wars had economic consequences and produced new demands for raw materials and strategic minerals that can only be found in the Third World. Interests in the developing world thus intensified. In the post-war period, governments were heavily concerned with access to strategic materials as the resource extraction sector was significantly growing (Sigmund, 1980).

Neo-liberal ideas originated from Washington, the dominant world power after WWII, referred to as 'Washington Consensus' (Williamson, 1990). The Western concerns of declining profits in the world became a motif to stimulate the emphasis on monetarist policy, the assertion of the private sector and the support for capitalism in the global markets (Bromley, 2008). The International Financial Institutions (IFIs) - the IMF and the World Bank - have been the two main Washington institutions carrying out these tasks (Dunn, 2001), later joined by the World Trade Organization, Group of Eight (G8), the World Economic Forum (Perkins, 2004) and most leading First World states. Apart from Washington-centred institutions, European leaders also found seeking influence on African states via international and regional economic institutions increasingly easier than direct single influence on African states in this period. This is known as 'proxy policing' (Pugh, 2003). Dunn sees this post-Cold War development as an increasing re-colonization of Africa. In the 1980s, the Reagan administration in the US and that of Thatcher in the UK particularly employed extensive neo-liberal policies with privatization, deregulation and emphasis on market forces (Slater, 2004).

As discussed in the previous chapter, neo-liberal policies are not the same as neoliberalism in the philosophical sense. The term 'neo-liberal' is a disguise from the reality where policies employed are draconian, predatory and realist by nature. The policies and practices used in the name of 'neo-liberal' policies rather reflect a new form of colonialism in the ways which new players such as the US, as well as other players, implement a mixture of policies to gain economic and political domination over weaker states. In contrast, neo-liberalism theory is really about international cooperation which promotes peace and prosperity, which, as displayed here, is not

[1] The Bandung Conference was held in Indonesia in 1955 after global decolonisation. Twenty African and Asian countries came together to address their common interests in the struggle against colonialism. The famous non-aligned movement, formally established in 1961, was born here (Rist, 2002). This 'Third Worldism' phenomenon (Chaliand, 1978) was received as a radical political movement and a challenge to the Western power.

the case. Therefore, neo-liberalism theory is not discussed here (For a detailed discussion see Dunne, 2008).

For neo-liberal policies, the relationships between the interventions of the US, other Western powers and transnational agencies in Africa are intertwined with no clear separation between actors. However, the US is a strong advocate of this policy. It often takes the lead and acts unilaterally using international agencies as their tools to interfere in other states' politics and economies (Bromley, 2008). Neo-liberal policies are very effective ways to put pressure on countries to abide by their rules. For China, as a strong promoter of non-interference policy, the use of this policy choice is limited. As the engagement in neo-liberal policies is largely entangled in the US-centred financial institutions, we will discuss the pursuit of this policy as a whole, instead of by separate players.

Generally, a neo-liberal foreign policy proposes open markets and deregulations arguing for drastic cuts in most government spending, except in the military sector (*Ibid.*). The state should refrain from any kind of control while international capitalism does its work. However, open markets are not offered on equal terms. The West has encouraged free trade in areas where it excels, such as manufactured goods and financial services, while restricting trade in areas it loses out such as in raw materials and textiles. This created an unequal distribution of income between countries (Oxfam 2002).

The approach Western institutions take according to the West's ideal design is also neither flexible nor liberal as the policies claim to be. Particularly in the oil-rich nations, Western financial institutions have been directing neo-liberal reforms including programmes designed for the opening up of economies and their resources to multinational corporations and pressurizing them into offering favourable oil contracts to their companies (Leech, 2006; interview with the former Trade Union leader of Nigeria, 9 January, 2011). Although the neo-liberal policies of the Western powers strongly advocate privatization, they lead to the paradox of pressuring oil-rich countries to open their resource markets and privatize their national oil companies whilst strongly supporting their own national oil companies such as Anglo-Dutch Shell and BP, French Total and American ChevronTexaco (Interview with the director of African Economic Research Consortium, 16 September, 2010).

Pushing for open markets has been a primary foreign policy, particularly for the US which lacked Europe's historical colonial ties. Economic strength is seen as a way to advance American power and maintain global dominance. AOPIG (Africa Oil Policy Initiative Group), for example, suggests the creation of the US-Africa free trade agreement, the expansion of the Africa Growth and Opportunity Act and the US debt forgiveness attached to free market reforms, especially in sectors such as energy and banking (AOPIG, 2002). Despite the growing evidence that these policies only benefit multinational companies and Western economies while increasing poverty and widening living disparities for the rest, Western governments continue to endorse a 'free trade' policy around the globe (Leech, 2006; Strange, 2000). The Bush administration pursued this policy more than most.

Since the 1980s, 'Structural Adjustment Programmes' (SAPs) imposed by the World Bank and the IMF as part of neo-liberal reform have contributed to Africa's economic collapse. The SAPs have been criticized for their complete disregard of the political realities confronted by African leaders. They are usually formulated by international economists who know little about Africa (Schraeder, 2001). SAPs include devaluation of the national currency meaning an immediate decline in the already marginal buying power of the average citizen. They also include sudden privatizations and budget cuts for basic social services causing sharp reductions in employment and damaging health and education systems (Jones, 2006). This results in social exclusion, inequality and violence. The reforms led to the loss of 3.6 - 4 million jobs and the sharp fall in real wage levels in Africa between 1985 and 1987 when the policies were executed (ECA, 1988, cited in Jones, 2006). The rural decline increases the migration to towns leading to the growth of slums and urban poverty (Davis, 2004, cited in Jones, 2006). The spatial arrangement of the colonial social order described by Fanon is reproduced. The 'gated communities' of African elites and expatriates are today more severely separated from the extensive and growing slums that run alongside (Fanon, 1967, cited in Jones, 2006). The urban problem and violence in the neo-liberal situation is felt in Africans' daily struggles to survive.

Loans provided by these institutions have also played a significant part in neo-colonial control. They often come with high interest rates and tied-in conditions which favour the financial interests of the IMF and the World Bank while damaging the recipient economies (Bromley, 2008). Parts of the loans are subsidies to corporations of the creditor states. In effect, the weaker countries are monopolized by foreign corporations. Africa today pays more money every year in debt service payments to the IMF and World Bank than it receives in loans from them. Repayment of these loans keeps Africa poor and dependent on the Western partners. Even the best-intentioned African leaders may find themselves constrained by policy choices under the restrictions imposed by various players (Schraeder, 2001).

The IFIs also support a perverse cycle of oil development by lending to deeply-indebted oil exporters knowing that debt only supports unproductive activities or rent-seeking behaviours. International trade and lending policies in this circumstance contribute to governments' mismanagement of oil, endemic corruption, socioeconomic inequality and conflicts (Ballentine and Nitzschke, 2005). While preaching export diversification as a way to escape the resource curse, IFIs routinely encourage extractive industries because these provide large financial returns to the institutions, thus locking countries into a perverse pattern (Gary and Karl, 2003). There is thus a need to address the structural causes of IFIs' involvement and the poor performance of recipient countries that, wittingly or not, may reinforce the resource curse in the latter (Ballentine and Nitzschke, 2005).

Neo-liberal policies are deemed to be successful economic instruments which allow Western players to exercise influence over weaker nations. As a result, a wide range of Western states and institutions has been pursuing this policy. Various programmes can be employed such as a requirement to reform national economic and political structures, aid as a reward and sanctions as punishment. H.E. Ellen Johnson Sirleaf (13 June, 2011), the President of Liberia, addressed this issue:[1]

[1] HE President Ellen Johnson Sirleaf is the Nobel Prize Winner and is recognized as one of the most committed African leaders. Her administration has tackled issues of post-war reconstruction and peace process, poverty and corruption as well as managing the second-fastest economic growth in the world. In her speech at the Royal Institute of International Affairs, she addressed the challenges of dealing with international players and their agenda.

> It can be a curse to have many foreign parties and international institutions offering us aid and assistance. Liberia is dealing with over 100 organizations involved in more than 1000 projects. The goals and approaches of these organizations are often diverse and uncoordinated, which becomes overwhelming to a small post-war country like ours. Our national sovereignty is constrained. We do not have the freedom to make plans for federal spending which can obstruct any developmental progress of a country but we have no options except for following their regulations … However many promises for wealth distribution, it is important to highlight that all external players are there to pursue their own agenda and interests.

As discussed in Chapter 4, neo-liberal policies also include the imposition of Western democratic systems since democratic states are believed to be a prerequisite for the functioning of liberal markets. Through the promotion of neoliberal policies, superpowers can now have significant control over both the politics and economy of weaker states without the blame of colonization. It is an effective way which superpowers use to sustain neo-colonialism of Africa. The US, as a leading state that promotes liberal markets, for instance, can justify eliminating the leadership of states that refuse globalization. In these circumstances, they ‘acted as a terminator of the democratic process’ rather than ‘being a diffuser of democracy (Slater, 2004: 69). When the West is involved in organizing political and economic systems of developing states, the latter becomes less accountable to their domestic citizens. In effect, neo-liberal policies obstruct democratic progress since the link between the government and its people which is central to representative democracy is missing (Hurrell and Woods, 1995). This policy option has recently been developed into the War on Terror. Political and military apparatuses tackling the War on Terror now allow aggressive neo-liberal policies to be pursued. As discussed in Chapter 4, there is a tentacle of state and non-state actors under US leadership. An accumulation is now achieved by occupation.

This complicated web of foreign interventions is what Watts (2006:8) called ‘military neoliberalism’. The result is at one pole a militarily fortified accumulation of the market and at the other pole recession and uneven commodification (Bernstein, 2004). These complex accumulation patterns are centred on the extraction of commodity production – namely oil (Watts, 2006). The liberal claims in this respect enforce neo-colonialism in Africa while guarding the West’s capitalist opportunities (Curtis, 2003).

Petrodollar monetary order

Petrodollar refers to the currency the oil is priced and traded. The attempt to shape petrodollar monetary order has been another means of economic interventions used for controlling the oil flow since the end of WW II. Because petrodollar monetary order is designed for oil and the financial interests of the players that impose it while keeping Africa marginalized, this is considered neo-colonial. Petrodollar monetary order is mainly orchestrated by the Anglo-American coalition as the two dominant players in the financial banking world. The Washington-based transnational financial institutions, such as the World Bank and the IMF, largely help enforce the functioning of their petrodollar monetary order. France, an American ally and leading Western lender, became a beneficiary from this strategy but its role in exercising this policy is small. China and its companies do not apply this policy. We will thus discuss the co-ordinated involvement of Britain, the US and the transnational agencies which help implement this policy.

The world oil had been priced in dollars since 1945 with American oil companies dominating the market. The US has been a mastermind in the international monetary control since. However, deep economic crisis and the decoupling of dollars from gold in August 1971 led to the sharp fall of the dollar, affecting all American allies. This crisis was one that pulled the world's top financial, political insiders and banking executives to the Bilderberg meeting at Saltsjöbaden in Sweden, with the aim to design a new monetarist plan to re-create the strong dollar along with global political power.

The Bilderberg meeting of 1971 was designed to use the US control of oil flows to tilt the balance of power back to the American financial gains.[1] To achieve this goal, the meeting decided that setting up the Bilderberg policy to trigger a global oil embargo was necessary because a dramatic increase in world oil prices would lead to a surplus of petro-dollars. The meeting expected that enforcing this policy would result in a 400 percent increase in OPEC petroleum prices; and discussed plans about how to manage the resulting flood of petro-dollars which would threaten strategic relationships between oil-producing and importing countries (Engdahl, 2004). Below are four excerpts from the confidential protocol of the 1973 Bilderberg meeting. The first shows that there was discussion about the danger that inadequate control of the

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[1] Dr. Joseph H. Retinger (economist, political philosopher, communist Poland's *Chargé d'Affaires*, and a major proponent of a united Europe); along with Prince Bernhard of the Netherlands, Colin Gubbins (former director of the British Special Operations Executive, SOE) and Gen. Walter Bedell Smith (former American Ambassador to Moscow, director of the CIA, and Under-secretary of State in the Eisenhower Administration); joined together in 1954 to organize this secret Bilderberg group. Created under the direction of Alastair Buchan, son of Lord Tweedsmuir, and Chairman of the International Institute of International Affairs; its governing council was made up of Robert Ellsworth (Lazard Frères), John Loudon (N. M. Rothschild), Paul Nitze (Schroeder Bank), C. L. Sulzberger (New York Times), Stansfield Turner (who later became CIA Director), Peter Calvocoressi (Penguin Books), Andrew Schoenberg (RIIA), Daniel Ellsberg and Henry Kissinger. There are about 120 participants invited to the Bilderberg meetings. About two-thirds come from Europe and the rest are from North America. One-third of the participants are from government and politics, and the other two-thirds are from the fields of finance, industry, labour, education and communications. The meetings are closed to the public and the press, although a brief press conference is usually held at the conclusion of each meeting to reveal generally some of the topics discussed. The resort areas where they meet, are cleared of residents and visitors, and surrounded by soldiers, armed guards, the Secret Service and State and local police. The official press release for their, 2002 Conference said: "Bilderberg's only activity is its annual Conference. At the meetings, no resolutions are proposed, no votes taken, and no policy statements issued". They are just "a small flexible, informal and off-the-record international forum in which different viewpoints can be expressed and mutual understanding enhanced". However, Phyllis Schlafly wrote in *A Choice not an Echo*, that the Bilderbergers are a "little clique of powerful men who meet secretly and plan events that appear to 'just happen' (Schlafly 1964).

financial resources of the oil-producing countries could undermine the world monetary system.

> The task of improving relations between energy importing countries should begin with consultations between Europe, the US and Japan. These three regions, which represented about 60 percent of the world energy consumption, accounted for an even greater proportion of world trade in energy products, as they absorbed 80 percent of world energy exports.
>
> Two other reasons for cooperation were bound up with the world responsibilities of these countries. First, an energy crisis or an increase in energy costs could immediately jeopardize the economic expansion of developing countries which had no resources of their own. Secondly, the misuse of inadequate control of the financial resources of the oil producing countries could completely disorganize and undermine the world monetary system (quoted in Engdahl, 2004: 132).

The second excerpt addresses huge increases in the price of oil imported from the Middle East, a warning that dependence on this region would trigger a complete change of relationships between this region and oil-importing countries (Engdahl, 2004).

> The cost of these oil imports would rise tremendously, with difficult implementations for the balance of payments of consuming countries. Serious problems would be caused by unprecedented foreign exchange accumulations of countries such as Saudi Arabia and Abu Dhabi.
>
> A complete change was underway in the political, economic, strategic and power relationships between the oil producing, importing and home countries of international oil companies and the national oil companies of producing and importing countries (quoted in Engdahl, 2004: 132).

The third excerpt shows a projected price rise for OPEC oil of approximately 400 percent.

> An American speaker pointed out that one official US estimate of the future delivered price had been as high as $5 a barrel – which was now perhaps on the low side – but that certain cost factors would reduce the net return to the producing countries by around $1. Two other American participants reported that the author of the estimate just referred to – Mr. James Akins – had subsequently said that the $5 figure would prove to be too low and might indeed range up to $10-12.50 a barrel (Bilderberg Meetings, 1973: 63, quoted in Estulin, 2009).

The fourth excerpt illustrates the Bilderberg group discussion of this scenario; that is, to take advantage of this oil price rise and the resultant political issues.[1]

> Reflecting on some of the figures projected above, an American participant was impressed with the community of interest of the OECD group and the vulnerable developing world in assuring the continual flow of Arab oil at a reasonable price. *As this issue became more political, we should seek to capitalize on it* (Bilderberg Meetings, 1973: 63, quoted in Estulin, 2009, emphasis added).

OPEC was accused of being a cartel and thus responsible for the global economic crisis which followed the sharp increase in oil prices. However, Nikolas Sarkis, an economic energy expert and the former Goldman Sachs wealth manager suggested that there were other untold elements behind the incident:

> It came as a real shock for the public opinion and the government. … But how come this oil exporting countries organization didn't do anything for over 12 years? They had their headquarters in Geneva, then in Vienna. They had some meeting about accounting, royalties and taxes. And, all of a sudden, they took their courage in both hands and decided to multiply oil prices by four. Thinking whatever they want. But how come a group of countries, Third World Countries which means being politically, militarily and economically weak, could impose their own will to the great industrial powers of the world, to the United States, Europe and Japan? What was the matter with them? … The vision of facts was just play-acting. Just sheer play-acting. It didn't happen this way. Never, never in the world, would OPEC have dared multiply by four and increased prices even by 10% if it hadn't hidden something (Beaurenaut and Billon, 2005).

Although the implementation of the Bilderberg policy was not conclusive, these materials and comments revealed a relative level of Anglo-American involvement in attempt to control and manipulate the global flow of petrodollar which is the determinant of their financial and industrial gains. Sheik Yamani, the then Saudi oil minister, commented that the oil price rise benefited not only the OPEC but also the rise in profits allowed the international oil companies to invest in sources that would otherwise be financially unviable. He added:

> However, the oil price was very good for the oil companies. They made a great profit and they used that huge profit for investments to explore and develop alternative sources of supplies (*Ibid.*).

[1] For more detail of the 1973 Bilderberg meeting and parts of this meeting's secret document including the high-profile conference participants, see Engdahl (2004: 130-135) and Estulin (2009).

These sources include oil fields in the North Sea and in Africa. In effect, the oil price rise allowed the diversification of supply sources which America and the West were deeply concerned.

However, the 1974 oil price inflation, partly a result of the Bilderberg policy, led to enormous economic and financial shocks for the world, especially for the fragile countries of the South. The new oil prices combined with the 1971 dollar-gold decoupling and the resultant floating of exchange rates had created a worldwide shortage of liquidity. The Bank of Italy Chairman Guido Carli at the time noted that the international failure to create a new, effective, gold-free, monetary order confirmed the fact that it was the US monetary design which strengthened the dominant position of the US, American banks and their corporations in the world (Carli, 1976).

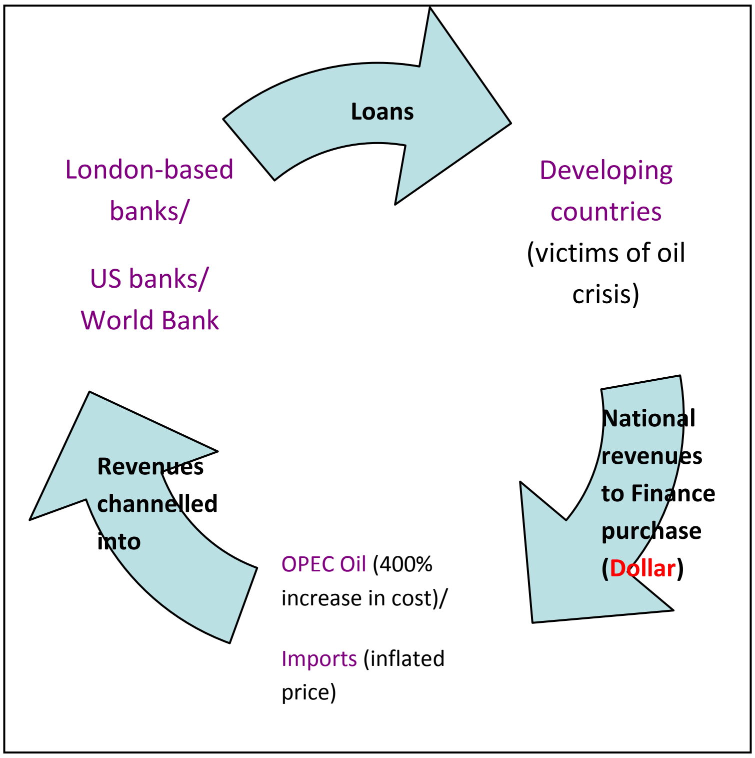
In most developing countries, the oil crisis put an end to development, the ability to finance industrial and agriculture improvement and the hopes for a better life during the 1960s post-colonization. This oil crisis combined with the worst drought led to huge harvest shortfalls, especially in Africa and South America. Unable to finance food imports from the West, these developing countries faced famine, let alone financing the oil shock. Most of the developing economies deteriorated as a result of the quadrupling of primary oil prices. The account deficit of all developing countries rose from some $6 billion per year in the early 1970s to more than $26 billion in 1974 and to $42 billion by 1976. The countries that were hit the hardest were among those with the lowest *per capita* income in the world (Engdahl, 2004). In the same period, during 1975, the New York Council on Foreign Relations, the policy driver behind the American liberal establishment further created policy blueprints for the future of the global monetary order. It underlined a degree of "controlled dis-integration" in the world economy as a legitimate objective for the 1980s (Hirsh *et al.*, 1977: 55).

Africa's economy was damaged most severely in comparison to other regions as a result of the American petro-dollar recycling strategy. The oil shocks, the 20 percent interest rates and collapsing industrial growth in the 1980s wrought serious damages on the entire continent, which still depended on exporting a few primary raw materials even after decolonization. In this period, the world prices of raw materials were falling steadily and in 1987, to the lowest levels since WW II (Michler, 1991). If raw materials prices had been stable, Africa would have earned a further $150 billion during the decade of the 1980s.

Apart from state players, transnational agencies such as the IFIs help implement the petrodollar monetary order designed by the Anglo-American coalition and consequently play a part in the economic collapse in African resource-rich countries. Having to borrow from the World Bank and the private banks of the industrial nations, developing countries which at the time were facing serious economic crisis, were forced to redirect funds from industrial and agricultural development projects into reducing the deficit of oil balance-of-payments instead. They must continue to pay for oil imports in dollars while the cost of their national raw materials exports had significantly fallen in the 1974-1975 global recession (Engdahl, 2004) and the IFIs insisted on the devaluation of national currencies as a condition for giving them loans.

Private Western banks also offered loans to these countries, under the Bilderberg 'petrodollar recycling' strategy (See Figure 1). This strategy damaged the industrial and agricultural development of the less-developed regions. Any income went to refinance deficits, rather than to finance the important sectors of an economy. In 1982, African countries owed creditor banks in the West approximately $73 billion. By the end of the decade, through debt 'rescheduling' and various IMF economic interventions, the debt spiralled up to $160 billion. In other word, these countries would not have been in debt given that the price for raw materials remained stable, especially if the petrodollar recycling strategy had not been applied (Engdahl, 2004). This petrodollar recycling strategy has been used until today. London/Washington-based banks or the IFIs release loans to developing countries. These loans make up a large part of national revenues which are mostly taken up by Western imports at inflated prices. The monies then are channelled into the Western banks and then accumulated into loans released to the developing countries.

Figure 1: Petrodollar Recycling Strategy



Economic sanctions

Economic sanctions are another mechanism employed multilaterally by both former colonial powers and new powers mostly led by the US. As economic sanctions are on-going efforts by old and new players alike to exercise economic influence so that other states are pressurised to behave in a manner conducive to them, this is considered a neo-colonial practice. Internationally agreed sanctions can be imposed through the UN, however, occasionally, where an agreement is not met, the US goes ahead with unilateral sanctions. Unlike the West, China does not exercise economic sanctions except over Taiwan (Tanner, 2007). It often opposes sanctions in other cases and continues to trade with countries despite sanctions by the West. Economic sanctions have been placed on a number of oil-producing countries to keep them under control. According to Bill Richardson:

> American foreign policy has long been influenced by the US need for energy security. As a congressman and as the permanent US representative to the United Nations, I saw the United States use energy as a weapon, by sanctions that deny US investors and markets to countries that threaten America or reject its values (Richardson, 2005: xvii).

One African oil-rich country facing US-led economic sanctions was Libya. However, Libya continued major deals with Japanese, Italian, French and other foreign companies not bound by the US sanctions (BBC News, 2007). Libya also signed deals with China to build oil and gas pipelines. The British government seeing the loss in oil profits to other competitors took an active role in de-sanctioning Libya in 2003. The British government had been establishing close relations with high-level politicians of Libya. Seeing that sanctions had not been successful in shaping friendly Libyan behaviour and that more diverse sources of oil had become increasingly necessary for American foreign policy and national security, Washington also sought to resolve this issue. This led the US to decide to lift sanctions on Libya in 2004 on the condition that Colonel Gaddafi rejected connection with terrorism and opened up Libya to US oil investment. Gaddafi stressed that emerging factors derived from the new era of globalization were behind this move. The oil industry pattern in Libya, especially after Gaddafi's death, is now changing with the return of Western oil companies.

Additionally, the US had imposed sanctions on Sudan since 1997 (BBC News, 2007) and in 2005 the UN Security Council Committee established a resolution to oversee sanctions measures (UN Sudan Sanctions Committee, 2010). While the US firms were excluded, Sudan had still been working with Chinese, Asian and some European companies. Like Libya, Sudan had significant oil reserves and the US saw it was necessary to end the US sanctions on Sudan by bringing an end to the two decades of civil war. In this context, Washington was behind the agreement the government in Khartoum signed to share the oil wealth with the rebel south in 2004 (Engdahl, 2004).[1] The imposition of economic sanctions, thus, is rather driven by economic gains and energy concerns than by the promotion of democracy as claimed.

Financial support

While the West exercises sanctions as a means of economic intervention, China uses large financial support as the primary economic instrument for securing control. Unlike the West, China's government provides large cash to its oil companies and their financial support to the host governments is unconditional. While China is blamed for its unconditional aid to corrupt African regimes, the West itself has also been providing financial support there. Since large, unconditional, cash incentives are an approach specific to China and Chinese export credit to Africa is the highest, this section primarily focuses on China with some links with Western players towards the end. Although considerable amounts of cash are provided for African

[1] See UN Security Council Sanctions Committees, 2011 for a list of countries under the UN sanctions.

states, this serves rather as an incentive for African elites to accept oil deals rather than for developmental purposes and hence considered neo-colonial. Not only has this financial support not brought benefits, it has also harmed African political and economic systems and contributed to Africa's resource curse. This section discusses the linkage further.

A specifically Chinese foreign policy is the enormous support for national companies in overseas investment (Lagos focus group, 15 January, 2011). Beijing provides financial support to China's National Oil Companies (NOCs) since it recognizes their disadvantageous position as latecomers in the global oil industry only starting active overseas operations in the 1990s compared to some International Oil Companies (IOCs) who began operating over a century ago (Chengyu, 2004, cited in Downs, 2007)[1]. This vast experience has given the IOCs a competitive advantage that other companies cannot match (Downs, 2007). One way which Beijing provides financial support to the NOCs is through China Eximbank (the Export-Import Bank of China), one of three policy banks created in 1994 to manage state-directed lending.[2] China Eximbank, the world's third largest export credit agency, assists China in foreign trade, finance and foreign affairs (China Eximbank, 2004, cited in Alden, 2007). This agency has given more loans to Africa than the Eximbank of the US, Britain and Japan. The loans are thirty times higher than that of the nearest rival (Alden, 2007).

The financial support from China Eximbank comes in three forms. First, it extends credit to China's NOCs that partly or totally fund overseas projects, including natural resource development, with a discounted interest rate. The China National Offshore Oil Corporation (CNOOC) was a beneficiary of this support. In 2006, the company received a 10-year loan of $1.6 billion to fund the Akpo field development in Nigeria at an interest rate of 4.05 percent, much below the 4.68 percent ceiling set by Beijing for commercial lending (South China Morning Post, 2006, cited in Downs, 2007). Second, China Eximbank also provides financing for acquisitions abroad. Third, the bank supports China's NOCs through investment in infrastructure in host countries, which is aimed at securing oil. The obvious example is the $2 billion low-interest loan provided to Angola in 2004 to refinance projects primarily built by Chinese companies, such as the refurbishing of the Beguela railway, which facilitated Sinopec's entry into the country's oil fields (Downs, 2007: 53).

China's cash to Africa is unconditional. This is an approach specific to China. Chinese loans combined with infrastructure projects and military assistance to African regimes flow in without requiring the regimes to respect human rights,

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[1] The terms 'IOCs' refers to large oil companies listed in the international stock markets such as BP, ChevronTexaco, ConocoPhilips, ENI, ExxonMobil, Royal Dutch/Shell and Total (Downs, 2007).

[2] China Eximbank is a part of Export Credit Agencies (ECAs). ECAs are governmental or quasi-governmental institutions, operated in most industrialized countries. Despite their significant roles in the global economy, their activities are little known. ECAs provide domestic exporters and their banks with loans; guarantees and insurance that protect exporters against loss if a foreign buyer or debtor defaults in payment. ECAs promote their national corporate interests aggressively. They heavily compete with others to support projects that benefit their domestic producers. Considerations for environmental and social impact are not required of them and often are neglected for projects they finance. ECAs have been supporters of extractive projects in developing countries, including the oil projects in Africa. According to the IMF, the amount of investment that ECAs support globally is considerably higher than the total amount of lending from the World Bank, IMF and other multilateral institutions combined (Gary and Karl, 2003).

transparency and good governance, unlike Western donors. China's Premier Wen Jiabao declared that 'We do offer our assistance (to Africa) with the deepest sincerity and without any political conditions (People's Daily, 2003, cited in Alden, 2007: 15).' China's funding is largely aimed for the rights to lucrative oil concessions from African countries. For example, China offered Nigeria and Angola – countries with decades-long relationships with Western oil companies - integrated packages of aid in order to increase their deal's attractiveness. Angola is a good example where China's unconditional aid linked with Chinese oil interests undermines Angolan good governance and economic development. When Angola's 27-year civil war ended in 2002, Luanda prepared to work towards a financial arrangement plan with the IMF in return for loans from the IMF and other Paris Club donors.[1] However, the negotiations broke down over the issue of revenue transparency in Angola. With the advent of China, Angola found IMF lectures about transparency less relevant (*ibid.*). Thus, Beijing secured a major stake in future Angolan oil production in 2004 in return of a $2 billion package of loans and aid (later increased to $4 billion) which includes funds for Chinese companies to build railroads, schools, roads, hospitals, bridges, airports, new governmental buildings and other necessary infrastructure.[2] No amount of Western donor aid or IMF debt rescheduling can compete with the quantities of money and assistance that have been flowing into the Angolan treasury since 2002 (*ibid.*).

The Chinese infrastructure projects in Africa; though comprehensive, have not always been successful. Angola's railroad projects were halted or faced serious delays (personal conversation with Angolan locals, International Institute of International Affairs, United Kingdom, 14 July, 2009).The deal came with an interest rate repayment of 1.5 percent over 17 years and was tied to an agreement to supply at first 10,000 barrels per day of crude oil, increasing later to 40,000 barrels per day, as well as the award of substantial construction contracts. According to Angolan economist José Cerqueira, 70 percent of the loans would be subcontracted to Chinese firms (Taylor, 2006), which is an alarming threat to Angola's indigenous businesses sector. The construction sector is one in which Angolans hope they can find work (United Nations Office for the Coordination of Humanitarian Affairs, 2005, cited in Taylor, 2006). The IMF and UN critique that these contracts mean a lack of "Angolan content", which is dramatically counter-productive for a country where local people desperately need jobs. Thus, the real cost of the loan is higher than that

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[1] The Paris Club is an informal group of official creditors whose permanent members include 19 of the world's wealthiest nations (Gary and Karl, 2003).

[2] Chinese fund with tied-in infrastructure projects to Chinese companies in Angola was so successful and repetitively employed throughout African countries that this design was later referred to as the 'Angola Model' (Corkin, 2011). State financial support has helped China's NOCs establish a footprint in Angola that they otherwise might not have. China's NOCs in Angola's Greater Plutonia fields are massive (Downs, 2007). It seems unlikely that Sonangol, the Angolan NOC, would have rejected the deal struck between Shell and India's Oil and Natural Gas Corporation Ltd. (ONGC) for ONGC to purchase Shell's 50 perceny stake in Block 18 (Greater Plutonia Fields). Instead, with Chinese Eximbank extending a $2 billion loan, Sonangol decided to sell this deal to Sinopec (Downs, 2007: 53). In another block, Block 3, once owned by France's Total, the Angolan authorities declined Total a renewal in favour of Sinopec. Sonangol (the Angolan state oil corporation) has also recently agreed a joint venture with Sinopec to build a new refinery on the south coast of Angola, a project that international oil companies deemed economically unviable (Petroleum Economist, 2006, cited in Frynas and Paulo, 2007:239).

suggested by the published rates. However, the cost should still be below what Angola was previously paying to borrow from other sources (Taylor, 2006).

Responding to this, the Angolan embassy announced that the deal could not be matched by other players, who also impose conditions that are unbearable and politically unacceptable. Currently, Angola is China’s second largest trading partner in Africa (China Daily, 2005 as cited in Taylor, 2006: 947). In 2004, bilateral trade totalled $4.9 billion, representing an increase of more than 113 percent from 2003. Chinese companies continue to look for secure oil deliveries and Angola, as sub-Saharan Africa’s second largest oil producer, is central to this policy. Thus, during a recent visit by Vice-Premier Zeng Peiyang, a total of nine cooperation agreements with Angola were signed, three of which related to oil. One fixed a long-term supply of oil from Sonangol to China’s Sinopec. Further, it was announced that Sonangol and Sinopec are to evaluate jointly an offshore oil block. Meanwhile, China has increased its provision of aid and soft loans. During the visit Zeng Peiyang agreed to provide Angola with more development aid, comprising approximately $6.3 million in interest-free loans (Afrol News, cited in Taylor, 2006). The Angolan ambassador in China later called Beijing ‘a true friend of Africa’ and suggested that Africa can now develop by its own effort with China’s help which, unlike the IMF, does not demand humiliating conditions.

However, critics say that Chinese aid to Angola reduces transparency. Douglas Steinberg, Angola country director for the humanitarian NGO CARE, noted that huge Chinese loans allow Angola not to comply with the conditions of other deals (Integrated Regional Information Networks, 2005, cited in Taylor, 2006). Angola needs to diversify its economy to increase non-oil revenues if it is to break free from the resource curse. However, with large inflows of Chinese cash for the oil-related industries, it is unclear how much incentive Angola has to diversify its economy (Hanson, 2008).

Apart from Angola, China has worked to expand its presence into other African oil-producing countries, especially Nigeria, Libya and Sudan. China ignores the issues of corruption, human rights violations, conflicts and autocratic regimes while doing business and giving aid to these countries. In fact, part of the Chinese oil strategies has been to invest in countries that are difficult or under sanctions (Clarke, 2008).

In Sudan, China buys two-thirds of Sudan’s oil exports. The China Petroleum Engineering Construction Corporation and the Great Wall Drilling Company (GWDC) have several services to support CNPC’s exploration and development efforts in Sudan. These same companies also have plans to expand activities in Nigeria, Chad, Niger and Equatorial Guinea (Interview with the director of African Economic Research Consortium, 15 September, 2010). Following a $500 million China Eximbank loan, preferential rights to important deals in Nigeria were given to CNOOC in a 2006 bidding round. China's aid approach toward African leaders is eroding a developmental trend. This is evidenced as Edmund Daokoru, the Nigerian Minister of State for petroleum, indicated that right of first refusal on oil blocks will be awarded to the governments which offer attractive economic packages (Ashby, 2005).[1] CNPC has also been seeking to expand acreage in Algeria, Tunisia and Libya

[1] The right of first refusal ‘grants the preferred company the right to match the highest bid, which has been determined in an open and competitive bidding practice. Should the company granted the right elect not to match the highest bid, the block goes to the highest bidder’ (Vanguard, May, 2007).

(Jaffe and Medlock, 2005). In 2007, a $5 billion commitment was made for DRC infrastructure (Clarke, 2008). In return for the funding, which is well above other international loans to the DRC, China has obtained rights to extensive natural resources including oil, copper and cobalt (European Union Committee, 2010). This is critical to France which has seen the DRC as *chasse gardée*. Western players are pressured to step up with their political and economic relations with Africa as competition for global resources increases.

As a whole, Chinese aid projects are now active in more than forty-five African countries. Chinese are known for leaving 'big footprints' in Africa in order the secure agreements with African governments (President Sirleaf Speech, 2010). This includes prestige projects, such as a massive building - Parliament House - in Uganda, new offices for the Ministry of Foreign Affairs in Angola and in Mozambique, presidential palaces in Harare and in Kinshasa and stadiums in Sierra Leone and in the Central African Republic (Alden, 2007). Chinese aid with tied-in infrastructure projects enhances the attractiveness of the Chinese ventures to African leaders with Chinese companies often outbidding other competitors (Interview with the director of JGC Corporation, 5 November, 2010). For these projects, China provides lower labour costs with less costly managerial staff by hiring their own contract workers (Alden, 2007). These strategies help China secure precious resources, particularly oil in Africa. Observers from human rights groups to Africans themselves are expressing concerns over such business approaches in Africa. Chinese companies often underbid local firms and do not employ Africans. Their infrastructure deals often insist on hiring a majority of Chinese labour (Hanson, 2008). Gabriel Ngeuma Lima, the son of the President of Equatorial Guinea and an Energy Ministry official, noted in this regard:

> If you were in our shoes - a developing country, with not a lot of funds - and the Chinese come and will do for three what it costs ten from others, what would you do? The Chinese listen better and they understand that sometimes you need to make sacrifices for a future gain. They'll do a hydroelectric plant at half the price, and, in return, they get future projects. With US companies, we feel more squeezed and squeezed. They just take the oil and do nothing else. Of course they are losing ground to the Chinese. The World Bank and the IMF also come. 'No, we don't need you,' the president says all the time (Behar, 2008: 32).

Chinese economic approaches have helped China make diplomatic inroads into Africa (McLeary, 2007). Several Western policymakers view China's increasing role in Africa as more than just a commercial threat to Western businesses. There are concerning voices in Washington and among institutions like the World Bank and the IMF that China's willingness to trade and provide unconditional aid to oppressive African regimes will undo much of the progress that has been made on economic reforms, democracy and good governance in the region (Hanson, 2008). Due to China's large cash reserves, the Chinese government has begun playing a significant role as counter-player to the IMF. China's low requirements when providing aid have led some countries to shun the IMF projects (Gary and Karl, 2003).

However, the West can be seen as equally undermining African good governance, for instance, Chevron’s active operating offshore of Cabinda from 1970 to 1990 while the civil war raged and the West’s ties to corrupt African regimes in exchange of oil (see Chapter 4). Western countries also put pressure on aid recipients to ensure contracts go to their corporations (Gary and Karl, 2003). Examples of countries of crossed-interests between the West and China are Sudan, Libya, Equatorial Guinea and Zimbabwe. This different standpoint will undoubtedly influence Western policy in the years ahead (Ghazvinian, 2007).

The Western conditions recall humiliating experiences from nineteenth-century colonialism in Africa by former European powers. China’s ability to recognize this is a success for its foreign policy (Alden, 2007). China’s provision of ‘no political strings’ economic aid coupled with a non-interference policy in politics (see Chapter 4) are symbolic diplomacy replacing colonial-era ties and have great appeal to African elites. Despite this appearance, Chinese policies resemble the imperial path established by Europe and the United States in the earlier period by offering poor countries exploitative trade deals combined with aid. Chinese involvement in Africa is driven by self-interest and is imperialist in nature (Lei, 2005). While ‘Western colonial powers projected their power physically from ports and forts to take over Africa’ in the past, China is using soft politico-economic approaches (Brautigam and Gaye, 2007: 7). However, since the days of Zhou Enlai, Chinese leaders have repeatedly stressed that their aid programme is not a charity but a mutual benefit (*ibid.*). China’s infrastructural and industrial developments and its debt cancellation to Africa have been seen as mere efforts to buy goodwill to secure China’s advantage. China’s assistance to Africa has not reversed the unequal terms of trade for which the Western nations have been blamed. China’s claim to help Africa lacks credibility considering the way it treats hundreds of millions of its own people and the vast regions of China that are poorer than Africa (*ibid.*).

As mentioned in Chapter 4, China’s government owns its oil companies. Hence, large financial resources are available to companies from the government. This is different from China’s rivals like Britain and the US and reflects close relationships between oil, national interests and Chinese diplomacy. Because China’s oil companies are state-owned, China is able to outbid the competitors in major contracts even if the price exceeds the commercial benefits (Lagos focus group, 15 January, 2011; interview with Senior Counsel of Samsung Heavy Industries, 19 January, 2011). For China, the matter of energy security comes before the considerations for profits and shareholders (Taylor, 2006). In contrast, international oil companies will only invest in projects of commercial significance (Personal conversation with a senior executive of an international oil investment company, 4 October, 2010). This willingness to pursue an oil interest, even by paying inflated prices, threatens Western interests, especially in onshore areas and marginal oil fields. Deep offshore oil fields which are the most profitable investment in Africa are dominated by Exxon, Shell and BP due to their financial and technical capability (Frynas and Paulo, 2007). What the Chinese NOCs are lacking, however, they substitute with commercial and diplomatic components under government support (Interview with the director of Nigeria’s Department of Petroleum Resources, 1 November, 2010).

Additionally, Chinese oil firms are more immune to public scrutiny due to being state owned. There is no requirement for data to be made public unlike the revelations required of private companies. Chinese firms do not prioritise human rights, democratization or environmental protection to the extent required of Western firms. This can be evidenced in China's willingness to offer Angola, a country with a poor human rights record, a $2 billion low-interest and long-term loan in return for exploration and production acreage (Goldwyn and Morrison, 2005). The demonstration of the difference between the Western and Chinese approaches can be seen in the contradiction in practices over the concerns in Kenya's corruption issue, in April 2006. While the Dutch government was suspending nearly $150 million in aid to Kenya, China was aggressively securing a lump-sum oil exploration agreement in the country (BBC News Online, cited in Taylor, 2006).

Notwithstanding China's new approach of unconditional aid, China is not new in providing support to corrupt regimes. Western players through different organizations have also been providing support for extractive investments in countries with poor records even before China became active in the continent. One of these fundamental players is the Export Credit Agencies (ECAs). Essentially, ECAs provide state companies with a financial safeguard against risks when operating overseas. Albeit disastrous impacts of ECA-backed extractive industry projects in unstable countries, ECAs remain unchanged. They are reluctant to incorporate environmental and human rights standards or conflict-impact assessments into their lending decisions (Hildyard, 2005).

The US has the world's largest ECAs. However, Chinese export credit to Africa is still the highest (as discussed above), with the US coming second followed by the UK and Japan. Because the US export credit is significantly much higher than the UK and Japan, we will only consider the US here. The US has two ECAs, the Export-Import Bank (Exim Bank) and the Overseas Private Investment Corporation (OPIC). The Exim Bank is government held and, in 2001, provided support for $1.3 billion worth of US exports in the petroleum sector (Gary and Karl, 2003). A sample review of 50 ECA projects in Africa from 1994 to 1999, valued at $15 billion, showed that the largest sector was oilfield exploration and development. Moreover, there is a high proportion of African oil exporters' debt owed to ECAs (see Box 1) (Gary and Karl, 2003: 16).

Box 1: African Oil Exporters and Export Credit Agency Debt	
The percentage of total external debt held by ECAs (2000):	
Country	**Percent**
Nigeria	71
Gabon	55
Congo- Brazzaville	42
Democratic Republic of Congo	33
Cameroon	31
Angola	20

Source: Environmental Defense

The US Export-Import Bank, in the early 1990s, issued loans and loan guarantees to Angola that have benefited US oil companies operating there. Between 1983 and 1985, Exim issued almost $410.1 million in loans and guarantees for offshore oil projects in Angola. In June 1998, the US Export-Import Bank guaranteed an $87 million loan by the SocGen Bank in New York to the Angolan government to cover

Sonangol's share of the development of an oil well in the war-torn Cabinda. This means millions of dollars were lent to a repressive regime in Angola. The Export-Import Bank provided a $64 million direct loan to Sonangol in the following year, for the purchase of equipment and services from more than twenty US energy companies, including Halliburton (Leech, 2006: 116). Ironically, while the Reagan Administration was working to overthrow the MPLA government (for details see Chapter 4), it was providing massive export credits to the oil industry which created 90 percent of the MPLA's revenue (Carbonell, 2002).

In addition to Angola, the World Bank, one of Washington's main international institutions, has encouraged oil operations in the DRC, a country beset by wars and serious corruption and where transparency hardly exists. Oil revenues have long served to sustain the government. Already in 1996, at the end of the Mobutu era, a government budget estimated that oil revenues would reach $186 million in 1996. Investments and lending into such countries only result in a higher degree of rent-seeking and corruption. Over time, earnings are used up and oil is depleted while the rest of population remain trapped in poverty and conflicts (Gary and Karl, 2003).

The World Bank also proposed the Chad-Cameroon pipeline project, the largest construction project in sub-Saharan Africa, despite numerous cases of human rights abuses by the governments of those countries had been documented. While acknowledging that Chevron was charged with human rights violations in 1998 and 1999 in the Nigerian Boweto *versus* Chevron court case (see Chapter 6), the World Bank funded Chevron's 30-percent investment in the Chad-Cameroon pipeline construction in the same period. During the Chad-Cameroon pipeline development project, Chevron was again found complicit in human rights violations in the two countries (Bustany and Wysham, 2000).

Although the West claims to provide financial support to African regimes based on respect for human rights and transparency, loans from the Western ECAs are considered to be largely private and free from political conditionality (Gary and Karl, 2003). Their criticism of China's unconditional aid to oppressive African regimes thus lacks significant weight. Financial support available to oppressive African regimes helps sustain bad governance and fuels conflict in the countries. Financial support, as part of foreign economic interventions in the pursuit of oil, therefore, can be linked to the resource curse.

Money Corruption

In addition to financial support, both former colonial and new players become deeply involved in vast money corruption in exchange for oil interests. This helps sustain and deepen the level of corruption in Africa. The corruption of oil monies in Africa by domestic or foreign actors is a serious problem. A minimum of $500 billion has been drained and stored offshore. Managed properly, such an amount could fund much development. This section first discusses French roles in oil-related corruption, followed by the US-British coalition, China and multinational companies.

French patrimonial relationships with African elites have played a role in a series of corruption cases in Africa. Vershave, head of French NGO *Survie*, claimed French officials cooperated with African governments in oil-related corruption and crimes in

Congo, Chad and Gabon. For example, ex-Elf executive Andre Tarallo, having worked closely with the Gabonese government, testified to massive bribery with slush funds diverted to African leaders through accounts in Liechtenstein.

Loic Le Flech-Prigent, former Elf President revealed that in exchange for preferential treatment for Elf operations in African countries, a list of people to receive commission was drawn up annually (Loic Le Flech-Prigent, cited in ECON, 2004: 17) usually by, or with the assistance of, the heads of state of the countries involved, their family members and close associates (Tarallo, cited in ECON, 2004: 17). The list was then sent to the Ministry of the Economy so that Elf could claim tax credit for the expenses. The amount of commissions grew from 300 million francs in 1989 to about 1 billion francs by 1993. Most of the money went to Gabon, followed by Angola, Nigeria, Congo-Brazzaville and Cameroon (*ibid.*). The money was transferred primarily through the French International Bank (Fiba) of which Elf owned 42.5 percent and much of the rest by Gabon's president Omar Bongo (*ibid.*).[1] Renaud Van Ruymbeke, a French magistrate, reported that in March 2003 Elf executives placed a sum of around $30 million in Bongo's secret bank accounts (Vershave, 2000, cited in Clarke, 2008).[2]

Some of the corrupted money returned to France in the form of kickbacks as African recipients were expected to make a donation to offshore accounts. The money corruption network became a large source of funding for a number of French political parties including the Gaullist RPR party, President Sarkozy's political party and high-ranked French officials and businessmen (ECON, 2004: 17; Boisbouvier, 2010). This financial involvement by France systematized oil-related corruption and consequently strengthened authoritative regimes in power in African states.

Since the early 1980s, top-level control and management of industries and monies have become concentrated in the financial centres of New York and London and to a much lesser extent Tokyo and Frankfurt (Sassen, 2001). However, Western banks and governments have done literally nothing to repatriate the corrupted oil monies or to help African governments tackle the thievery. A top Western money-laundering official with extensive knowledge of Africa revealed that most investigations by African countries of money laundering and corruption are shunned by banks and governments in the developed world (Behar, 2008). The departure of these funds would damage their banking systems, the institution fundamental to the Western world's economic and political infrastructure. The US and the UK are the top two uncooperative countries in tackling African financial corruption (*Ibid.*). Their actions, in effect, help sustain corrupted African officials and criminal business leaders. This problem is particularly worsened in oil-rich countries where revenues can be misappropriated. When the presence of oil does not provide an equitable distribution of wealth, this often leads to conflicts, followed by a series of political repressions. Essentially, the West is contributing to the resource curse.

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[1] Fiba was closed by French judges in March, 2000. During its business period, the bank was based in Paris with branches in the capitals of Gabon and Congo (ECON, 2004).

[2] See more details of French-African networks of money corruption in Verschave (2000).

China is now involved in large-scale, oil-related corruption in Africa. The money specifically targets the resource sector. Their attention to use money to secure the resources is more overt than other players. China views this as part of doing business (Interview with Fukushima, 15 January, 2011). It is known for handing out heavy bribes to secure its extensive oil deals in Africa. According to Transparency International's Bribe Payers Index, Chinese companies are the second-most likely (after India) to use bribery abroad (Hanson, 2008). A World Bank survey also found that sub-Saharan Africa has the greatest expectation of receiving ‘gifts’ from firms in exchange of government contracts (43 percent). This mutual recognition is what makes China’s deal-making in Africa very effective (Behar, 2008).

Apart from foreign states, multinational companies have also been involved in oil-related corruption including briberies, secret deals and tax evasion in exchange of favourable oil deals (Interview with the director of African Economic Research Consortium, 16 September, 2010; director of JGC Corporation, 5 November, 2010; Chairman of Governance Technical Team, Bayelsa; Chief Executive Officer of Dotecon Nigeria Limited, 30 December, 2010; Lagos focus group; 15 January, 2011). Foreign firms have made several secret oil contracts and paid secret bonuses with African elites offering the latter cash incentives in return for lucrative investments. This makes it difficult to assess their contracts, know what oil revenues actually accrue to governments and evaluate whether the proportion accruing to countries is fair. It also makes it very difficult to hold governments accountable for their revenue management (Gary and Karl, 2003). Global Witness (1999) heavily criticized corporate oil’s complicity in bonus payments that might have helped finance Angola’s civil war and called for full financial contract disclosures. For example, approximately $400-$500 million in signature bonuses for blocks 31-33 alone disappeared (through arms purchases). Contract confidentiality was seen as aiding government unaccountability, official corruption and widespread poverty (Clarke, 2008; Leech, 2006).

In Equatorial Guinea, companies including ExxonMobil, Hess, Marathon, Chevron, Devon and Vanco Energy are said to share in the country’s rampant corruption, according to Avin Ganesan, the director of the business and human rights programme at Human Rights Watch. Companies in the oil business in Equatorial Guinea have been anxious to improve the image of the country and play down its history of instability (New York Times, July, 2009).

In Uganda, ENI’s willingness to give incentives to Ugandan officials in exchange for oil deals, for example, makes international news (Muhumuza, 2011). Agreements signed between the Ugandan government and foreign oil companies, Italian firm ENI and UK company Tullow Oil, have allegedly involved bribery. The President’s close officials were said to be bribed in order to represent the interests of foreign oil companies or to influence presidential decisions. In October 2011, Prime Minister Amama Mbabazi, Foreign Affairs Minister Kutesa and Internal Affairs Minister Onek faced serious corruption charges (MP Gerald Karuhanga, cited in BBC News, October, 2011). The latter two confirmed they would step down from the office as the parliamentary committee commenced the investigation.

In Ghana, Kosmos, a Texas oil company was allegedly involved in corruption deals with EO, a company set up by two political allies of former president John Kufour. The corruption was said to help Kosmos secure control of the Ghanaian oil block, one's of Africa biggest recent discoveries. According to a senior Ghanaian official, Kosmos's financing of EO's costs was "widely regarded in the industry as unusual" especially as the terms of Kosmos's deal with the government and state oil group were "more favourable (to Kosmos) than from any other agreement". While the Ghanaian authorities are investigating corruption, the US justice department is also understood to be probing the relationship between Kosmos and EO (Wallis, Arnold *et al.*, 2010).

Bribes paid from oil companies often allow unequal contracts that benefit small groups of politicians, their business associates and the companies involved while the mass populations lose out (Interview with the director of Nigerian Central Bank, 15 September, 2010). The mass African populations also lose out when multinational corporations use their international structure to avoid paying taxes on their African operations. This results in revenues erosion and the impoverishment of the country. Furthermore, tax evasion usually involves criminal activities such as fraud and money laundering. For example, in August 2006, Chevron and its consortium partner Petronas were found guilty of unpaid back taxes worth US$450 in Chad (Reuters, 2006). Chevron also faced charges of tax evasion in the same year in Nigeria, for which, the House of Representatives' Committee on Petroleum Resources ordered Chevron to pay $492 million in settlement (This Day, August, 2006). Apart from the known allegations of company corruption, it is believed that there are many more secret deals made behind closed doors. This is carried out for commercial returns without any considerations of how the money would contribute to the political, economic and social problems on the ground. The companies' practices in this context play a part in exploiting Africa and are, in effect, neo-colonial in nature.

Having discussed foreign financial involvement as part of economic interventions used for enhancing their oil interests in Africa, the next sections move on to discuss foreign business conduct which is carried out in ways that most benefit their oil ventures. These practices are designed for maximum extraction of Africa's resources by the superpowers leaving Africa poorer and worse off while enriching the latter. A level of control is at play, particularly with emerging Chinese influence in Africa. As a result, African countries remain subordinate decades after gaining their independence. A new era of colonialism in Africa is in full force.

Business Conduct

Foreign players employ various practices to maximize their interests in the oil business. Some of these practices, however, are called into question. For example, in the circumstances when the business interests and the risks of environmental damage are at odds, they would try to circumvent best practices in order to save costs. Foreign oil operations in Africa are also attached to exclusivity and act like an enclave within national economies. Philanthropic projects also serve like a masquerade rather than being a part of social responsibility. This section discusses the negative business conduct which is mainly carried out by multinational oil companies, another type of foreign player taking part in the neo-colonization of Africa.

One of the most serious consequences of oil industries in Africa is environmental damage. Oil spills and gas flare from oil operations can have widespread and permanent impacts on the health of local populations, their livestock, farming and natural biodiversity. The destruction of livelihoods contributes to the impoverishment of the affected regions and potentially worsens local conflicts (Homer-Dixon, 1999). For instance, ExxonMobil has also been blamed for environmental damage caused by the Mobil-led construction of a pipeline from Chad to Cameroon. The environmental damage has been found to have negative social and economic consequences (Skjærseth, 2003).

The locals are further marginalized and impoverished as oil operations in Africa are often an enclave within the national economy bringing few benefits, if any, to the locals. Angola is an extreme example of an enclave sector. Despite a huge oil industry which provides 80 percent of national income (Oxfam, 2009), oil employs only about 10,000 out of over 19 million Angolans (World Bank, 2010). Most oil is produced offshore, loaded straight from the rigs onto tankers and shipped off to international markets without ever coming into contact with Angolan soil (Gary and Karl, 2003). Until the early 1990s, international oil companies and oil service companies kept their staff and installations in Angola to a minimum, preferring wherever possible to run their Angolan operations from overseas. Likewise, equipment destined for the production of oil in Angola was almost entirely manufactured and assembled outside the country. One of the few companies which did have significant installations in Angola, Chevron, maintained an enclave within an enclave: the company's Angolan operations ran from the Malongo camp in Cabinda, which is surrounded by minefields and which expatriate staffs are absolutely forbidden from leaving (Ghazvinain, 2007).[1] In recent years, under pressure from Sonangol and the Angolan government, this has begun to change. All of the major oil companies have now invested in office space and accommodation for some expatriate staff in Luanda. Nevertheless, most other supplies are still shipped in from abroad. Even with this expansion of oil operations on Angolan soil, the industry is still present only in the coastal towns of Cabinda, Soyo, Luanda, Sumbe and Lobito, which were rarely affected by the fighting. Had Angola's oil installations lain onshore and generated some benefits to locals, the war might not have lasted as long. However, other forms of conflicts, as in the case of Nigeria, might have been more likely (Watts, 2004).

The scenario is similar in the DRC. Oil is produced onshore in the western Bas Congo region and offshore in the narrow wedge of Congolese territorial waters tucked in between Congo-Brazzaville and Angola. Near the town of Moanda, an onshore site where the state oil company Cohydro partners with foreign firms is an enclave among enclaves. It is a heavily militarized zone that is difficult to get to from the capital, with special permission required of anyone wishing to enter the zone, including government officials. Full details of operations in the zone are never made public. Locals have been complaining of severe environmental destruction, oil spills and pollution around this zone (Gary and Karl, 2003). While the DRC has gained

[1] Cabinda is seen as an Angolan enclave. It is not geographically connected and shares no cultural, ethnic, or historical connections with Angola. Cabinda and Angola became the same country when Portugal colonised the region (Ghazvinian, 2007). This displays the colonial neglect of indigenous political and social sensitivities. Drawing borders based on their own interests lead to conflicts within the false territory undermining any potential development progress. More than 90 percent of oil production in Angola comes from Cabinda. This is the region where the fights between FAA, UNITA and MPLA for the control of oil had been ongoing. Throughout the conflicts, Angola witnessed various parties intervening on different sides (see Chapter 3).

notoriety for a civil war dominated by looting of mineral assets (such as crude oil, diamonds and coltan), crude oil has continued to be exported during the civil war. Chevron has produced oil in the Congo since 1959, enduring political coups, country name changes, the Mobutu Sese Seko's kleptocratic rule and the recent civil war.

Although a huge amount of oil has been produced, the economic impact on locals is limited. Since 1976, the DRC fields have produced more than 160 million barrels of oil. The present production by Chevron, Unocal and Teikoku Oil of Japan and Total averages 24,000 barrels per day (*ibid.*). The only forms of compensation to villagers are some small relief items such as rice and beans. While the industries are massive, oil workers import everything and hardly leave their accommodation compound. Since the overthrow of Mobutu, the presidencies of Laurent Kabila and Joseph Kabila, have overseen increasing oil activity.[1] With new reforms, the government hopes to encourage more oil investment. However, little of this will benefit locals. For a country rich in oil, the DRC still faces fuel supply problems because the only domestic oil refinery is unable to refine heavy Congolese crude and it still has to import oil from Nigeria (*ibid.*).

Apart from having exclusivity in oil operations, some foreign companies, especially Chinese, are blamed for unsafe operating conditions (Interview with MOSOP programme officer, 14 January, 2011). In late 2006, Gabon forced a Chinese energy company to stop drilling for oil due to environmentally unsafe practices (McLeary, 2007). Chinese firms are also being blamed for the low wages paid to local workers. They are also inclined to counterbalance oil trade deficits with sales of Chinese goods, including the sales of military equipment. This trend is already emerging in West Africa, potentially destabilizing the region further (Jaffe and Medlock, 2005).

As civil societies have increasingly documented the paradoxical marginalization of oil-rich regions, oil companies in many parts of Africa are now actively taking part in social responsibility projects such as building hospitals, schools and water supplies. While they claim to bring community development, much of these are insufficient and do not consider local needs, maintenance of projects or political sensitivities attached to the projects or their localities. For example, when oil companies build roads into undeveloped land, they attract developers and other rival ethnic groups into rural areas, which lead to conflicts, as in Nigeria (see Chapter 6). Acting like public sector such as that of their local governments replaces the direct accountability and linkages between their governments and their people. There are dangers of companies involving in distributing humanitarian aids also if the governments seize the new resources for its own political aims by providing favoured groups the resources while depriving others from them (Keen, 1998).

The same stories repeat nearly everywhere in African oil-producing countries including Nigeria (see Chapter 6), Chad and Sudan (Al Jazeera, 2010). This is particularly what locals call a double-standard practice. Western governments would

[1] In, 2000, ChevronTexaco announced that it would spend $75 million more to drill new wells and expand production in the DRC. In June, 2002, UK-based Heritage Oil signed an agreement with the government for the rights to exploratory drilling in the new area of 7.7 million acres in north-eastern Congo, contiguous with Block 3 in Uganda where Heritage sank an exploratory well later in September, 2002. The problem is that rebel movements opposed to the Kinshasa government currently control the territory, which includes the site of serious Hema-Lendu conflicts in 2003 (Gary and Karl, 2003). Oil installations in the area will thus fuel the conflicts as revenues become both incentives and support for continued fighting.

not allow any operating companies, including their own national companies, to carry out such practices in their domestic territory yet are prepared to ignore reprehensible activities by their companies in African countries (Interview with a senior diplomat in the Office of the President, Petroleum Resources Unit, Sierra Leone, senior official in the Petroleum Exploration and Production Department, Uganda, 4 November, 2010; Shell's former senior official, 31 December, 2010). As Western governments form strong alliances with authoritarian rulers of African oil-rich countries, these rulers often deliberately allow multinational oil companies to practice double-standards by ignoring when operating abroad the standards required at home (Interview with senior Shell executive, 12 January, 2011).

Environmental damage is rarely remedied, cleaned up or compensated when it occurs in Africa. This scenario is further complicated when the land for oil operations have been acquired from the locals without proper compensation. These same practices would be unlikely elsewhere. Instead, as soon as there is environmental damage caused by oil industries in Western countries, such as oil spills in the Gulf of Mexico (2010) and New Zealand (2011), compensation and remediation follow. Oil companies are primarily demanded to create jobs for locals, subject to their qualifications, rather than whose men they belong to (Interview with a legal adviser, 17January, 2011). They would be required to use local industries and services for their operations as much as possible. Tax evasion would not be tolerated and, where caught, punished. In this context where oil creates mutual wealth, building social projects from the oil companies becomes an irrelevant task (Omadino focus group, 5 January, 2011; Gokana focus group, 10 January, 2011). As the leaders of the African countries in question allow such double-standard practices to persist, foreign investors often support these repressive regimes and certain groups of associated locals in conflicts in return (Frynas, 1998; Manby, 1999; Haufler, 2001). This can influence the outbreak and prolongation of conflict (Duffield, 2000).

Asymmetries of wealth, power and knowledge between international oil companies and governments in Africa allow oil companies to drive hard bargains over oil profits while African countries lose out (Interview with the director of Nigerian Central Bank, 10 September, 2010). Most often they dwarf the countries where they operate. ExxonMobil's profits of $15 billion in 2001, for example, are more than ten times higher than the $1.4 billion GDP of Chad in the same year (Gary and Karl, 2003). This permits them to influence the decision-making of oil countries, design laws and manipulate legal structures in their favour (Interview with the director of Nigerian Central Bank, 10 September, 2010). Although African governments ultimately make decisions regarding oil extraction in their territory, their power to act is constrained by a few very powerful supermajor companies (*ibid.*).

For example, in Congo where large oil revenues should have provided wealth for a small population of 3 million, the government's weakness undermines good bargaining power. Although Total's and ENI/Agip's licences are now taxed under Production Sharing Contract (PSC) terms, their operations are still governed by the very favourable 1969 *Conventions d'Etablissements*, which among other advantages allows the companies exemption from customs duties (Gary and Karl, 2003: 35). Multinational oil companies in Africa thus often obtain greater shares of profits than in other parts of the world (*ibid.*). Other African oil-rich countries, especially the smaller and newer producers, have also experienced unequal terms of trade with the multinational oil companies. These countries include Gabon, Equatorial Guinea, Seychelles, Ghana and Sierra Leone.[1]

However, the Director of the African Economic Research Consortium, Professor Olu Ajakaiye (Interview, 16 September, 2010) contended that it is not the asymmetric power that allows foreign players to exploit Africa but that in fact foreign players deliberately attempts to create and enforce the global system of asymmetric power where Africa is kept underdeveloped. Ajakaiye further asserted that while the trade between China and the US is not equal due to asymmetric power, the Western world does not attempt to keep China underdeveloped. However, African experiences differ with a continuation of imperialism in a new form. Before independence, it was the total imperial control of African territory. Afterwards, it has been politically-mediated economic control targeting Africa's resources. It was raw materials and slaves during the colonial era and it is oil, strategic minerals and African markets now.

In a system similar to colonial control, Ajakaiye argued more profits from investments can be easily appropriated. The companies would not have to submit to any regulations, pay taxes or share revenues. Bribery and deals behind closed doors are easier, quicker and more beneficial. It is not in foreign interests for Africa to develop. An interview with the director of a Japanese Investment Bank in Nigeria confirmed this point when he revealed that foreign investors preferred the Nigerian military regimes as money paid to them would open doors for businesses, despite the whole population of Nigeria losing out (2 November, 2010).

By pursuing business as usual in 'troubled' environments, the companies reward African oil rich states for their over-dependence on petroleum, authoritarian power and even rent-seeking activities (Gary and Karl, 2003). While oil industries create massive wealth for the companies and energy security for their home states, the populations of African oil-rich countries become poorer, the areas of oil installations more violent, the governments remain oppressive and energy, as well as most basic necessary facilities, are still seriously lacking. This happens while Western industrial groups and governments are working to promote the image of friendly and stable investing environments in these countries. These practices are aimed at increased control over the oil in Africa and profits. In today's globalised world, resources still flow to enrich the centre states leaving the periphery states poor and oppressed just as during the colonial era. The mechanism of neo-colonialism is at work.

Conclusion

This chapter discussed foreign economic interventions in African oil-rich countries. Economic interventions, in comparison to political interventions (discussed in Chapter 4), are more varied with the players and approaches involved becoming less direct. In the modern 'liberal' world, they often come in the form of multilateral attempts to spread wealth and democratic freedom. While preaching privatization, in

[1] Interview with External Director of Shell Gabon; Interview with Ghana's Minister of Energy, 3 November, 2010; Interview with the Representative from Sierra Leone's Petroleum Resources Unit, 3 November, 2010; Interview with Deputy Chief Executive Officer, Seychelles Petroleum Company Limited and Interview with Equatorial Guinea's Minister of Petroleum, 5 November, 2010.

the area of oil we see the Western governments maintaining strong control and support for their companies' activities. Following the decline of European power after WW II and the independence of former colonies soon after, the US and later China have increasingly become the leading global powers seeking African oil. Lacking Europe's colonial influence, the US uses its economic strength through a network of institutions to manipulate global monetary order in ways that empower American dollar and energy aspirations. However, these approaches are now increasingly questioned by weaker nations.

The 'solutions' suggested by Washington-based institutions such as Structural Adjustment Programmes and aid are far from effective; contrarily making them poorer and the Western states richer. The approaches are also seen as draconian, self-interested and impractical and only serve to sustain neo-colonialism in Africa. Seeing the weakness of the Western approach, as a newcomer to the African oil game, China deliberately employs softer terms lubricated with large, unconditional, cash incentives. This has helped China win over many African elites, especially those seeking an alternative to old colonial ties. Notwithstanding different approaches, China is pursuing its own interests and agenda in Africa.

As British and French economic supremacy has passed to new players such as the US and China, they have found it most effective to become allies of the US and the US-based International Financial Institutions in implementing neo-liberal strategies, global monetary order and economic sanctions. British and French influence remains through patrimonial relationships with former African colonies. This includes a web of complicated business relationships that benefit the economic and political leaders of corrupt leaders on both sides. This chapter also discussed MNCs' business conduct in oil operations in Africa which has been implemented in ways that seriously undermine environmental standards, turn oil operations into enclaves and create social projects that are damaging rather than beneficial. Essentially, all foreign interventions (old and new, direct or indirect) are neo-colonial intended to keep Africa underdeveloped while superpowers continue to reap benefits from Africa's materials, in this case oil. The next chapter discusses oil-related foreign interventions in Nigeria in detail in order to assess in the last chapter whether these have brought the expected development to the country and Africa as a whole.

-Chapter 6-

Neo-Colonial Interventions in Nigeria's Oil Industries

Nigeria is Africa's largest oil producer (EIA, 2010). It has one of Africa's longest experiences with international oil exploitation. Instead of being a success story, Nigeria became a classic example of the resource curse where poverty, conflicts and bad governance are endemic, existing alongside massive oil wealth. With an estimate of 400 billion dollars of oil revenues having been made, Nigeria is performing worse than 40 years ago (Shaxson, 2007). More than 70 percent of Nigerians now live on less than a dollar a day - compared to 28 percent in 1980 (US CIA, 2011). There are no basic life necessities, frequent fuel shortages and unreliable electricity supplies in most parts of a country that provides oil to large parts of the world (Maidment, 2003).[1]

This research deals with the resource curse theory which explains why resource-rich countries fail to perform well. Until today, the causes of the resource curse are mostly explained by economic mismanagement and the failure of domestic politics related to the oil revenues. International dimensions have been overlooked. Besides, theorists predominantly use contemporary aspects when explaining the resource curse, ignoring the Marxist historical dialectical perspective. Nigeria and Africa, as a whole, have been exploited and marginalized to an extent that economic and political systems failed, making it nearly impossible to properly manage the challenges attached to large oil revenues. Even developed countries like Norway and the Netherlands found it initially difficult to manage oil wealth. Norway today is still suffering one of the highest levels of Dutch Disease in the world (Gylfason, 2006).

This thesis uses the neo-colonialism concept to hypothesise that continued exploitation by former colonial as well as new players contributes to Africa's underdevelopment, a factor that should be included in the resource curse discussion since it merges the neo-colonialism concept, which is predominantly political, with the resource curse theory, largely explained from an economic standpoint. This research focuses on interventions related to oil which I categorized as political and economic interventions. The study applies this model to Nigeria. The political interventions foreign players use include the balkanization of Nigeria, the use of state policies, political meddling and military involvement. Foreign economic interventions include financial involvement, displayed in the form of neoliberal policies and money corruption, and the ways business is conducted in practice. Before discussing these interventions, an overview of Nigeria is provided.

[1] Approximately 81 million people (total Nigerian population of 150 million) do not have access to electricity in Nigeria (EIA, 2010) while those that do cannot rely on it since it often fails (personal visits to Lagos, Delta, Rivers and Bayelsa State).

Nigeria: overview

This section provides a brief overview of Nigeria with a particular focus on the oil sector. We first discuss Nigeria’s oil industry from when it first started and the resource curse that followed. We then present the Niger Delta, an oil-rich region, which predominantly suffers the curse.

Oil industry

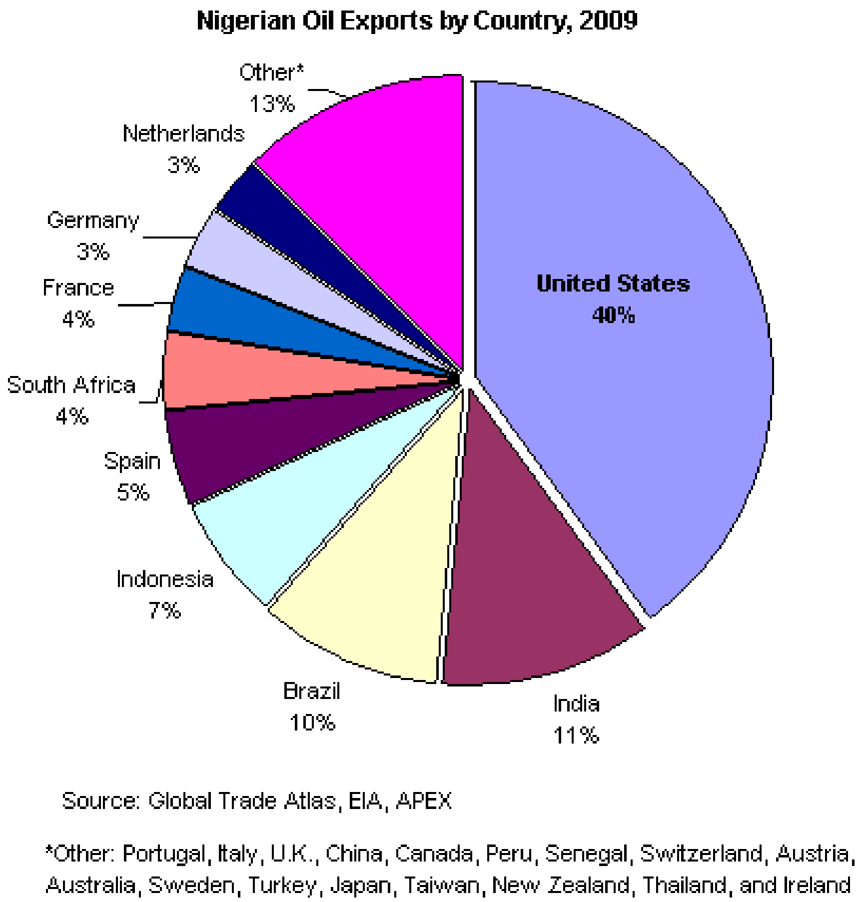
Oil in Nigeria was discovered in 1956 in Oloibiri. Other discoveries soon followed and exports began in 1958. Nigeria became a strategic player in the world of oil geopolitics in the wake of the Biafra civil war (1967-1970). The first oil-related legislation can be traced back to the Colonial Mineral Ordinance (in 1914) which granted licences for mineral control, including oil, exclusively to Britain. As a result, the Shell D’Arcy Company, jointly owned by Shell and by British Petroleum (BP), received exclusive exploration and production rights in the whole of Nigeria. This monopoly was maintained until Nigeria gained independence from Britain in the 1960s and Nigeria’s oil industry became more open to other players. Gulf Oil (now Chevron), Elf and Agip quickly began production in Nigeria.

Map 1: Nigeria

Source: US Central Intelligence Agency (1993)

The majority of reserves are found along the country's Niger River Delta and offshore (EIA, 2010). Average operational costs in Nigeria are around US$2.50 a barrel, higher than the Persian Gulf, but lower than the Gulf of Mexico and the North Sea. This oil is exported mainly to the US and Western Europe as shown in the following illustration.

Figure 1: Nigerian Oil Exports by Country, 2009 (*Ibid.*)



With reserves estimated at close to forty billion barrels, oil accounts for 80 percent of government revenues, 90 percent of foreign exchange earnings, 96 percent of export revenues and almost half of GDP according to the IMF (*ibid.*).

Most oil activities in Nigeria are carried out by European and US companies in joint ventures with the Nigerian state oil company, the Nigerian National Petroleum Corporation (NNPC), giving NNPC 55-60 percent ownership. Offshore fields are mostly operated under “production sharing contracts” (PSCs) in which the government is not an official partner (Manby, 1999). Foreign oil companies operating in Nigeria include Shell, ExxonMobil, Chevron, Total, Eni/Agip, Addax Petroleum (recently acquired by Sinopec of China), ConocoPhilips, Petrobras, StatoilHydro and other smaller companies (EIA, 2010). Shell has been working in Nigeria since 1936 and currently operates the most nameplate oil production, following by ExxonMobil, Chevron, Total and Eni respectively (*ibid.*).

Because of large oil interests, an increasing number of new players have entered Nigeria’s oil industries (Interview with the president of Leadership Centre for Peace, Integrity and Transformation (LCPIT), 2 January, 2011). This further complicates the relationship between oil companies, governments and the oil-producing communities and increases the exploitation of Nigeria (Interview with the director of Our Niger Delta, 13 January 2011). Watts considered Nigeria an ‘oil complex,’ a system in which there is a diverse mix of forces involved in shaping and influencing business, financial, political, economic and social structures of Nigeria's petro-state. These forces include foreign state governments, multinational companies, state companies, independent companies, civil societies, transnational agencies, development agencies, financial corporations, webs of criminality and military forces. The struggle for resource control which has dominated Nigeria in the last decade as the Niger Delta has become more problematic grows precisely from this mix of forces that constitute the oil complex (Watts, 2006: 12). This overwhelming struggle for oil is deeply engrained in Nigerian society. It is an everyday topic of discussion. Nearly all activities and problems are linked to oil. It takes most of the space in Nigerian newspapers and media coverage.

Nigeria's Oil curse

Nigeria is a classic example of the "resource curse" discussion. It is the richest African oil producer but ranks 142nd out of 169 nations on the UN's Human Development Index (UNDP, 2010). Eighty-five percent of oil revenues accrue to one percent of the population. Since the oil industry became significant, income inequality increased strikingly and *per capita* income has fallen from $800 in 1980 to $300 today. Nigeria has performed worse than sub-Saharan Africa as a whole and much worse than most developing countries (Gary and Karl, 2003). For a typical Nigerian, basic social services such as education and medical treatment are unaffordable (Interview with the Anglican priest, 1 January, 2011; principal of Shell/NNPC joint-venture school; doctor of Chevron/ NNPC joint-venture hospital, 5 January, 2011; members of Bodo Council of Chefs and Elders; and Chiefs of Goi Community, 10 January, 2011). There are regular prolonged strikes by school and hospital personnel resulting in overall poor education and healthcare systems (Personal visit in the Niger Delta). The lack of schooling and employment encourages youths to become involved in criminal activities surrounding the oil installations (Interview with Warri citizens and church leader, 5 January, 2011).

Oil mismanagement and rent-seeking thrive in Nigeria. Monies flow into the state largely through the Nigerian National Oil Company (NNPC) where much is stolen or squandered. No fiscal rules are in place to create sustainability. As soon as the oil sector emerged in the late 1960s, Nigeria suffered the Dutch Disease, an economic malfunction which an overvalued exchange rate seriously harmed and crowded out the agricultural and manufacturing sectors. High vulnerability to the boom and bust cycles of an oil-dependent economy has made government spending and development schemes difficult to plan (Gary and Karl, 2003).

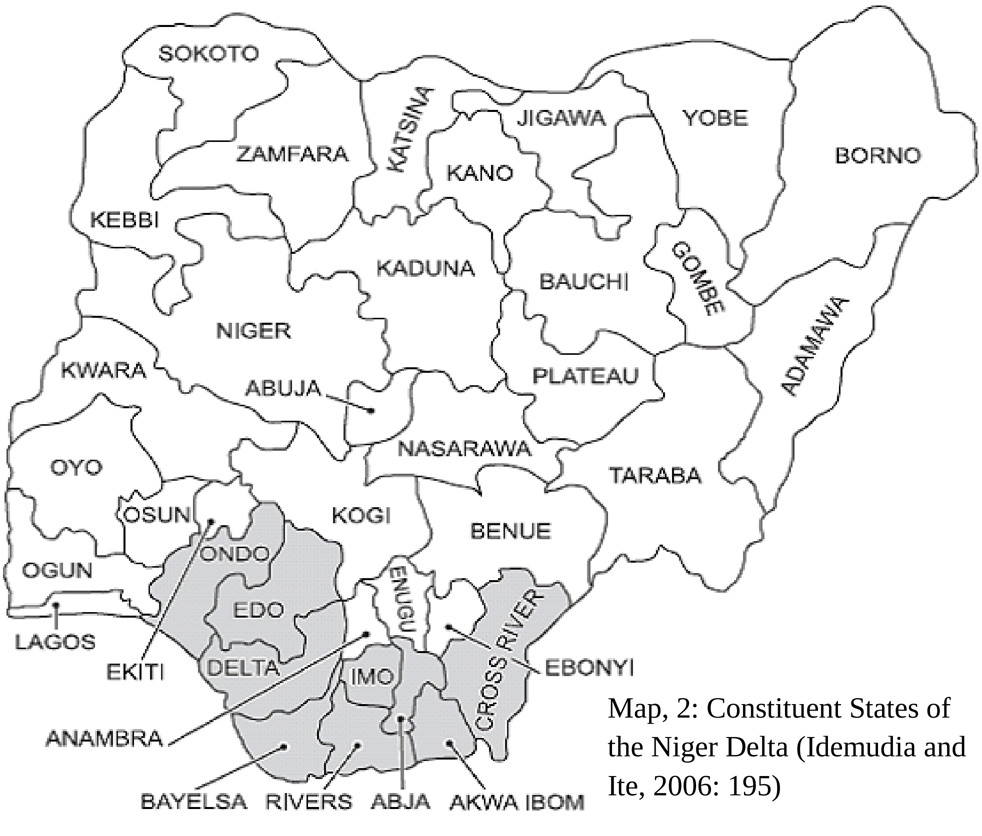
Nigeria is an extreme case of a *rentier* state where the entire country depends heavily on the oil revenues to function. The tax rate is incredibly low.[1] Generally, Nigerians do not feel as if they pay tax to the government. Unlike in Western countries, high tax levels hold the government responsible by citizens demanding benefits from the high price they pay. In Nigeria, petrol also is heavily subsidized. During a visit (January, 2011), oil was priced at 65 naira per litre (approximately 35 British pence). Furthermore, Nigeria imports nearly all products. Low tax income, heavy subsidization of public services and commodities and dependence on imported goods

[1] Individual income tax is at 1 percent, the business tax is at 5 percent and VAT is rated at 5 percent. However, the income tax is automatically deducted from an individual salary and VAT is already included in the commodity net price (Interview with the Anglican priest, Warri, 1 January, 2011).

cause chronic trade deficits and heavy indebtedness. Oil revenues fund nearly all functions in Nigeria. In this context, national infrastructure and developmental projects cannot be sustained. Governmental services are low. Average Nigerians spend most of their income on basic facilities like water and electricity in order to keep their household or businesses functioning (Personal conversation the Anglican priest, 1 January, 2011).

Niger Delta

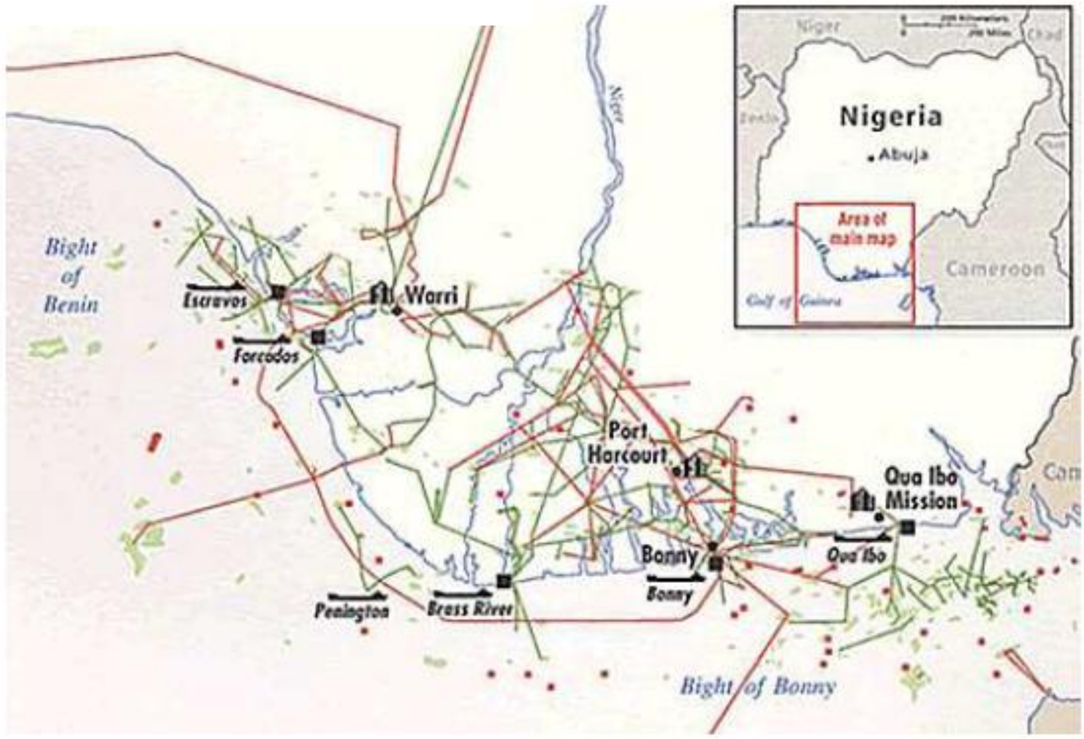
This oil curse is significantly deepened in the Niger Delta, home to most Nigerian oil assets. It supplies about 90 percent of crude oil and gas resources. Since 1975, the Niger Delta has accounted for over 75 percent of Nigerian export earnings. The region is made up of nine states in the Southeast: Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. See Map 2 below for the location of these states.



Map, 2: Constituent States of the Niger Delta (Idemudia and Ite, 2006: 195)

The Niger Delta has a population of 31 million from forty ethnic groups speaking over 250 dialects (Congressional Research Service, 2008). More than 1,500 communities out of a total of 5,000-6,000 host oil operations. More than 300 oil fields, 5,284 wells, 7,000km of pipelines, ten export terminals, 275 flow stations, ten gas plants, four refineries and some massive liquefied natural gas (LNG) projects are located in the Niger Delta (Ghazvinian, 2007; Honorary Kingsley Kemebradigha Kuku's speech, 9 July, 2011). See Map 3 below for Niger Delta oil infrastructure. Massive oil infrastructures are found dominantly atop deeply impoverished and marginalized areas.

Map 3: Niger Delta Oil Infrastructure



Source: U.S. Government

Factors such as political and economic mismanagements are explained as part of the problem. However, these alone cannot explain the resource curse in Nigeria. There is a wide range of foreign activities carried out in order to control or appropriate Nigeria's oil which contribute to the resource curse and further complicate the problem. Nonetheless, linkages between foreign interventions and Nigeria's resource curse have never been explored. This chapter aims to remedy this lack of literature and demonstrate that foreign interventions create damaging outcomes for Nigeria.

Due to Nigeria's strategic regional importance, its large amount of oil and the threats to the stability of this oil flow (disruption, terrorism, militias and political instability), foreign players have increased their use of political and economic mechanisms to protect their oil interests. Table 1 below summarizes oil-related foreign political and economic interventions in Nigeria before discussing these in detail in the next section.

Table 1: Oil-related Foreign Political and Economic Interventions in Nigeria

Foreign political involvement	**Foreign Economic Interventions**

Balkanization of Nigeria
• Former Colonial Players:
    ○ British colonialists shaped Nigerian territory without concern for ethnic sensitivities and adopted the divide-and-rule strategy for full control and maximum resource extraction.
• New Players:
    ○ Companies picked up the colonial 'divide-and-rule' strategy to ensure their oil profits.
The Use of State Policies
• Former Colonial Powers:
    ○ Both Britain and France used diplomacy in obstructing the passage of Petroleum Industry Bills.
• New Players:
    ○ US employs foreign policy to enhance its energy interests and uses the War on Terror to disrupt ATCA court cases.
    ○ China uses oil diplomacy with a particular focus on bilateral meetings and agreements.
Political meddling
• Former Colonial Players:
    ○ Britain and France supported military governments by granting visas to military officials in violation of EU measures against Nigeria. Several meetings between senior state officials were held.
• New Players:
	Financial Involvement
	Neoliberal Policies (Free market and privatization):
	• Former Colonial Players: Through IFIs such as the IMF and the World Bank, US, Britain and France imposed Structural Adjustment Policies as conditions of aid. China uses oil-for-aid programmes, which are highly conditional. Under neoliberal policies, resource-producing countries face quota restrictions and finished products entering Western markets are highly taxed to protect Western manufactured products. Raw materials from developing countries are low-priced while Western manufactured goods are expensive.
	Money Corruption:
	• Former Colonial Players and New Players: Western banks based in New York and London sustain illegal money transactions, handle the loot of Nigerian military dictators and allow stolen money deposits in overseas accounts. While China is known for massive money corruption with African elites, this is not done through Western banks but through 'personal gifts'. Oil companies also use bribes and tax evasion.
	
	Business Conduct
	• New Players – Companies:
	    ○ Circumventing Environment Standards: Oil Spills and Gas Flares
	        ▪ Environmental pollution is caused by

◦ US also responded to corporate lobbying against sanctions on Nigerian oil. ◦ International Financial Institutions provide funding to oppressive regimes. ◦ Companies significantly influence and interfere with Nigerian politics, work closely with corrupt regimes and benefit from human rights violations committed by national military responsible for protecting oil operations. **Military Involvement** • Former Colonial Players: ◦ Britain and France armed different warring sides in the Biafra War. Their provision of arms to Nigeria remains significant. • New Players: ◦ US military aid is claimed to prevent attacks against oil facilities as well as serving as part of the War on Terror, especially during the Bush administrations. Military initiatives in Nigeria include EUCOM (2003), Trans-Sahara Counter Terrorism Initiatives (2005), The Gulf of Guinea Guard (2005) and AFRICOM (2007). US arms sales to Nigeria have rapidly increased. ◦ Chinese involvement in Nigeria is increasing, especially where the Western players fail to deliver, but Nigeria is still not China's main focus. ◦ Multinational companies provide arms for state forces and security personnel. They also hire private security, fund military training and activities, pay wages and allowances, provide military equipment	equipment failures and poor operating standards. ▪ Companies rarely clean-up the environmental damage caused by oil operations properly. ▪ Companies' environmental practices in the Niger Delta are considerably at variance with their practices in the developed world (Environmental Racism). Global Memorandum of Understanding negotiated for lower level of operating standards. ◦ Acquisition of Land: Companies are only required to pay rents to the federal governments for the acquisition of oil-bearing land. Negligible, if any, compensation to the local populations. ◦ Enclave Company Operations: ▪ Oil industries are capital-intensive. ▪ Little local employment and that only to dominant tribes and leaders. Strategic positions are preserved for foreign employees. Contracts are preferentially given to expat companies. ▪ Oil employees live and work within their compounds where most products are imported leaving no contribution or connection to the society and economy of Nigeria. ◦ Philanthropic projects: ▪ Projects are incomplete, poorly carried out and unsuitable despite high budget spending. Constructed projects lack basic facilities,

and facilities and often seek government protection for their premises and employees. Brutal JTF and militias are hired for security.	maintenance and security. ▪ Scholarships are selective and low-value. ▪ Projects do not suit the needs of communities but rather aim for sizeable expensive projects from which money can be siphoned-off. ▪ Roads built are access roads. They directly link oil installations to the port, often crisscross sensitive ecological areas and do not make any contribution to local connections. ▪ Many promises are given but few are fulfilled.

We now discuss foreign political interventions in Nigeria as displayed in the table above in detail before moving on to discuss foreign economic interventions in Nigeria in the latter part of this chapter.

Foreign Political Interventions

Political interventions foreign powers use in advancing their oil interests in Nigeria include balkanization, the use of state policies, political meddling and military involvement. This thesis focuses on the main players in African oil industries: Britain and France (former colonial players), the US, China and transnational agencies (the new players). Under each category of political and economic interventions, we discuss foreign players who tend to engage in such practices. Where a party is not involved, they are omitted. Due to the high level of secrecy of interventions at the national level, discussions of their role can be limited while more company involvements on the ground can be captured, verified and discussed at length.

This section starts by discussing the balkanization of Nigeria designed for resource control as part of the entirety of analysing the scramble for African oil. The balkanization of Africa, although largely associated with colonialism, is still on-going to a significant extent and this validates a discussion of neo-colonialism.

Balkanization of Nigeria

Although Nigeria has only experienced foreign involvement in oil industries since the 1960s, this scramble for Nigeria's oil is not just a current phenomenon but part of continuing imperial attempts to gain resources, land and raw materials. Throughout its history, Nigeria has fallen under partial or full control of foreign players. Bismarck's 1884-85 Berlin Conference partitioned Africa into parts for several competing European colonialists. This balkanization of Africa legitimized full colonial control of Africa. Arbitrary national borders were drawn utterly based on European interests. Nigeria was the prize in this plan (Dike, 1965). Although Nigeria received independence in 1960, the balkanization of Nigeria continues, contributing in the shaping of Nigeria's structure and its position in the world. This section discusses balkanization of Nigeria as a form of political interventions by former colonial masters and new players seeking resource control.

Balkanization of Nigeria by Former Colonial Players

The area which is Nigeria today became a subject of European resource control from as early as the 16th century and later became a prize for competing colonialists and part of the balkanization of Africa. During the 16th-18th centuries, the Delta became the leading slave mart in West Africa. In the 19th century, due to the flourishing palm oil trade in the Niger Delta, Britain was actively involved in Nigeria in order to guard its interests against France and Germany. When the Landers in 1830 discovered that the Delta was the mouth of the River Niger, which could be used to penetrate the hinterland, this became a strategic region imperialists sought to control.[1] This river, like the Congo River, became one of the highways of imperialism in West Africa (Baker, 1996).

In order to gain a footing on the banks of the Niger for trade directly linked to the sea (*ibid.*), the Royal Niger Company Chartered and Limited under Lord Lugard, had to repel several invasions from France and Germany (Dike, 1965). It was these battles between European powers over the ownership of the territories along the Niger River and the Congo River that led Bismarck, the German Chancellor, to convene the Berlin Conference in 1884 (Osunlana, 2008). In effect, the Niger territories became a British protectorate in 1885 (Dike, 1965). This allowed the Royal Navy to protect the Delta's 'security,' in effect ensuring that no other European country could do business there (Ghazvinian, 2007). The trade dominance of the Royal Niger Company was seen an important instrument of which British won its claims over this region.

The balkanization during the Berlin Conference created false national borders. Nigeria would not have been one country if Britain had not wanted the largest country in Africa, especially in a region dominated by French influence, West Africa (Clarke, 2008; Interview with Dr Nnadozie, 31 December, 2010). Nigeria's population has over 1,000 indigenous groups, diverse in languages, cultures, societies, religions and ways of life, some often in rivalry with others. The Muslim North's ties to the Arab peninsula and the Delta Kingdoms in the south shared little in common (Interview with director of United for Change, 30 December, 2010).

The balkanization for maximum resource control was not only territorial, but also social and ethnic. Britain adopted a 'divide-and-rule' strategy among Nigerian ethnic differences. This favoured the dominant groups so that they would control the minority groups and keep them in order (Interview with Dr Nnadozie, 31 December, 2010). Thus, British colonial administrations placed dominant Northern tribes in authority and supplied them with money, means and weapons to systemize the oppression. The majority ethnic groups, first Fulani (in the North) and second Yoruba (in the Southwest, including the protectorate capital Lagos); thus, dominate the control of oil revenues from the Niger Delta where the minority groups such as Ijaws, Igbo, Urhoro, Itsekiri and Ogoni live (Interview with Chairman of Central Development Council for Ibaramatu Community, 2 January, 2011). Since Britain created the Nigerian state, the Deltans have been ruled and marginalized by both regional and federal governments (Manby, 1999). For instance, The Ogonis, who were never conquered by any of their neighbours, were forced under the rule of other tribes only by the British colonialists. The divide-and-rule strategy aggravated the use of violence and hatred between different tribes and created conflicts that had never existed before in Nigerian society. The call for self-determination through an Ogoni Bill of Rights (in 1990) was therefore a call for a return to the *status quo ante* colonialism. Within the context of a balkanized state, some elites were forced to collaborate with the British in order to gain political and economic advantages against their rival tribe as they would accept British occupation rather than the rule of

[1] The British explorers, Richard Lemon Lander and his brother John, were on an expedition to West Africa and Nigeria with the intention of founding a trading settlement.

their hated rival (Osunlana, 2008). A state as balkanized as Nigeria experiences prolonged conflicts.

The 'divide-and-rule' strategy was proved effective for Britain as they had to deal with only a handful of people in a country as large as Nigeria while focusing on extracting raw materials from the land (Dike, 1965; Interview with Environmental Rights Action (ERA) Activist; founder of the Niger Delta Development Initiative Committee; Ebema farmer, 10 January, 2011). Violence was seen as the norm to acquire power during British rule. The result of European balkanization of Nigerian territory and society was that deep-rooted conflicts were never resolved. When colonial Britain left, it left the country with unskilled people accustomed to violence and with different ethnic factions sitting on top of huge oil assets in the Niger Delta region. This spawned one of the bloodiest civil wars in African history, the Biafra War (1967-1970).[1] A newly independent and fractured country with weak political institutions will find it difficult to exercise economic control and to properly manage the oil wealth for the equal benefits of its people.

Amidst the factions in Nigeria, the colonial business thrived. Corporate oil and foreign players continued their meddling in Nigeria throughout the Biafra Civil War (1967-1970), the Cold War and the present scramble for oil. Foreign exploitation continues. The oil companies, in particular, are seen to sustain the balkanised colonial pattern of Nigeria.

Balkanazation of Nigeria by New Players

Since the British divide-and-rule strategy was successful in controlling resources, oil companies adopted this strategy. Like the British colonialists had done, companies favour some communities over others. They would award traditional rulers, youth leaders and dominant tribes with money, benefits and contracts for their favours to oil companies (Interview with ERA activist, 10 January, 2011). To implement the divide-and-rule 'Oil companies would pay money to certain dominant communities to keep others in check' (Interview with Banwo and Ighodalo legal adviser, 17 January, 2011). For example, before oil was drilled in Owaasa Community, Shell arrived and gave bribes to the traditional leaders to ensure that they would settle any potential disputes. That led to the death of ten villagers believed to disagree with the oil agreement (Interview with Owaasa local, 13 January, 2011). Agip was also accused in the same practice in Mbede community. That a small group of elites

[1] Most oil extracted in Nigeria comes from the Niger Delta where Ijaw and Igbo tribe dominate. The federal spending of oil revenues favoured the North because of the domination of Northern political elites in Nigeria's government. The Niger Delta East which had been bearing the brunt of oil operations remained underdeveloped. Such partial spending created resentment among the Eastern tribes. In 1966, two idealistic young radicals (Isaac Boro and Nottingham Dick) founded the Niger Delta Volunteer Service and declared the Delta an independent Ijaw republic. They pronounced all oil contracts null and ordered oil companies to negotiate directly with the new republic. The NDVS managed to capture Yenagoa, the capital of Bayelsa State. Responding to the event, the Nigerian army quickly moved in, using equipment from Shell in quashing the new Ijaw republic. In 1967, the Igbo followed suit by declaring an independent Republic of Biafra in the southeast of Nigeria (Shaxson, 2007). The army general Yakubu Gowon, seeing this as an Igbo power grab, launched a countercoup. This became the Biafra War, the bloodiest three years in Nigeria's history with an estimated two million deaths (Ghazvinian, 2007).

benefit from the oil operations whilst the majority bear its brunt, creates division and conflicts within the communities (Interview with Ebema farmer, 9 January, 2011).

When there are disputes or damage caused by the oil operations, companies often seek contacts with communities not directly involved in hope of finding a low-cost settlement with those who are not directly affected. After the Trans-Niger Pipeline's oil spill in January 2011, for example, instead of negotiating the problem with the landlord, Shell went to another community. Companies would also provide arms for peoples in the communities who support their presence, often creating communal clashes (Interview with ERA activist, 10 January, 2011). The communities which used to be fishermen and farmers now breed hatred within by this strategy (*ibid.*). This resembles the pattern of the arbitrary balkanization and the ensuing conflicts in colonial times.

The 'divide-and-rule' tactic used by oil companies also played out in the 1997 violent communal conflicts, the Warri Crisis. Since before independence there have been tensions between the dominant Itsekiri tribe and the less prominent Urhobo and Ijaw surrounding the arrangements for the government of the region around Warri (Interview with missionary in the Delta creeks; and the Warri local man, 5 January 2011). These conflicts partly are attributed to deliberate British attempts to play one ethnic group off against another during the colonial period. Shell and Chevron continued this by unfairly favouring the Itsekiri community when handing out contracts and benefits; particularly through their leader, the Olu of Warri (Manby, 1999). For rural populations with no experience of such large amounts of benefits, the possibilities of receiving these benefits lead to violence (Interview with Former Trade Union Leader, 9 January, 2011).

The balkanization of Nigeria contributed to Nigerian tribalism. Division and resentment towards other tribes are entrenched into the fibre of every Nigerian (*ibid.*; Interview with Banwo and Ighodalo legal adviser, 17 January, 2011). Today, Nigerians still prioritize their tribe and individualism above their nationality, largely contributing to rampant corruption, the 'quick money' mind-set, the flight of capital and the brain drain, the factors which prevent Nigeria from breaking the resource curse. The Nigerian law is still in favour of Northerners entering into political positions, which discourages the development of a system where skills are rewarded (Interview with Dr Nnadozie, 31 December, 2011). In Nnadozie's words, a result of this is that 'mediocrity reigns in Nigeria when the men who don't have the skills are in charge of people who do'. Thus, the oil boom in the state of political, economic and social immaturity largely contributes to instability (Interview with Chairman of Governance Technical Team of Bayelsa State, 30 December, 2010).

This section shows that the colonial balkanization of Nigeria has been sustained in today's capitalism in order to maintain the flow of resources. This system of resource control undermines the strong foundation which Nigeria needs in order to properly manage the newfound oil wealth. It re-enforces this thesis' neo-colonial hypothesis which assumes that continued interventions by both old and new players still produce negative impacts which perpetuate the marginalization of Africa and, in this case, Nigeria.

Having discussed how continued balkanization of Nigeria's territory and societies undermined Nigeria's political, social and economic progress; this chapter now moves on to discuss other oil-related political interventions including the use of state policies, political meddling and military involvement.

The Use of State Policies

Unlike the balkanization of Nigeria, new foreign players such as the US and China are also actively involved in using state policies to gain more control of Nigeria's oil. Because state policies are directed from states, the discussion of companies in this type of intervention is irrelevant.

The Use of State Policies by Former Colonial Players

Due to previous colonial ties, diplomacy has been one of the main methods where former colonial players have a relative advantage which they use to strengthen their oil interests. For example, in 2008 during the passage of Nigeria Petroleum Industry Bills (PIB), designed to increase local ownership in the lands hosting oil operations, French and British officials were seen hotly engaging with top Nigerian government officials in order to obstruct the legislation. A senior Elf employee gave a witness statement to that period, 'French politicians took Nigerian senators to France. On their several visits to Nigeria, they made a lot of statements commenting how the PIB impeded the industry' (Interview with Elf Senior Staff, 14 January, 2011). He further asserted that companies also heavily resisted the passing of the PIB by lobbying the government, engaging in the national assembly and using propaganda in order to impose their own view of how the bill should be. Bribes were handed to several departments. Elf and Shell were heavily active in lobbying their home governments while putting pressure on the government of Nigeria (*ibid.*; interview with security consultant to the Nigerian Government, 17 January, 2011). For example, Shell announced the withdrawal of 20 Billion naira worth of investment if the Petroleum Industry Bill was passed (Interview with Banwo and Ighodalo legal adviser, 17 January, 2011). The Bill eventually failed to pass leading to an outcry. To locals, this incident again highlighted the significant pressure foreign players impose on Nigeria's politics and economy (Interview with Ebema teacher and an activist, 9 January, 2011). The diplomatic encounter with dominant foreign players which resulted in the non-passage of the PIB allowed foreign players to continue exercising total control of Nigeria's oil export business. According to Senator Lee Maeba, the former Chairman of the Joint Committee of the National Assembly on the PIB, foreign total control of Nigeria's main industry, the oil sector, is threatening the sovereignty and security of Nigeria and accounts for the collapse of Nigeria's economy (Alike, 2011).

The Use of State Policies by New Players

The US has also used various state policies in enhancing its oil interests globally. For Sub-Saharan Africa, the Africa Oil Policy Initiative Group (AOPIG) report to the US Congress highlighted the urgency of reshaping a new US national security policy, further suggesting that such an initiative would be based on the West African petroleum producing states such as Nigeria, Angola, Equatorial Guinea, Gabon and Congo Brazzaville (Goldwyn and Morrison, 2005). According to the report, Nigeria, as America's largest African trading partner, would serve as the key actor and regional economic stabilizer despite its problems with governance and transparency.

To gain influence in this region, the US must upgrade its relations with Nigeria whilst managing the attendant risks. According to this report, Nigeria is wracked by internal conflict and often unable to manage crime and violence within its borders which could lead to the breeding of terrorism and the disruption of US energy supplies (AOPIG, 2005: 4). The War on Terror is the new state policy frequently used in part to enhance US oil interests. The state intervention in the court proceedings arising from the Alien Tort Claims Acts (ATCA) in the guise of the War on Terror is an example. These Acts allow foreign victims of human rights abuses to sue US corporations or companies listed on the US stock market in US Federal Courts for human rights abuses committed overseas.

Interfering in ATCA cases has been rare since the law started operating in 1979 but, beginning in July 2002, the Bush administration sought to curtail the ability of foreign nationals to seek justice in US courts. The government was frequently hostile to such lawsuits and has repeatedly made submissions to courts suggesting that such cases should be dismissed claiming that they interfere with US policies and compromise US interests, including the War on Terror (Human Rights Watch, 2002).

The US government interventions in the Nigerian ATCA cases include Boweto v Chevron Corp (2008) and the Ogoni v Shell (2009). Bowoto v. Chevron is a lawsuit charging ChevronTexaco Corporation with gross violations of human rights including extrajudicial killings, crimes against humanity and degrading the environment in the Niger Delta. In May 1998, unarmed residents of the Niger Delta protested at Chevron's offshore Parabe Platform, demanding that the corporation contribute more resources to the impoverished oil region. The protestors were shot and some killed by Nigerian soldiers and Chevron security personnel who were transported to the platform on Chevron-leased helicopters. Ogoni v. Shell is a lawsuit charging Shell with complicity in human rights abuses against the Ogoni people in Nigeria including crimes against humanity, wrongful killing and causing environmental damage (Center for Constitutional Rights, 2011; Interview with the founder of Ogoni Solidarity Forum, 6 January, 2011).

The US governments' attempts to prevent the ATCA's use in these cases based on the War on Terror policy has been seen as a smokescreen that serves US energy security and other political and economic goals. Instead of preventing the calamity of mankind as claimed, several arguments submitted by the government in objection to the ATCA cases were adversative to human rights protection. This policy was pursued more diligently during the Bush administrations in the period when the oil-producing Middle East region became unstable. Promoting oil interests and pursuing energy security were central themes of the Bush administrations. See Earth Rights International (2010) for details.

Apart from the US, China is also becoming a new player actively engaging in the region. Up until 2005, Chinese oil companies had demonstrated very little interest in the Nigerian oil industry. However, due to Nigeria's large reserves and China's rapidly rising energy need and its geopolitical strategy, this changed. Since 2005, increased energy co-operation between the two countries was reportedly a major topic between Presidents Hu and Obasanjo during high-level meetings (Hall, 2005). President Hu reportedly announced his desire to establish a "strategic partnership" with Nigeria, which he termed "a top priority for China's foreign relations," (China's Ministry of Foreign Affairs, 2006, as quoted in Klare, 2008: 169). In 2009 and 2010, China started making large energy investments there (Andrews-Speed and Dannreuther, 2011).

However, China’s involvement in Nigerian oil today has a low profile compared to their Western competitors. Nigeria was a British colony and has increasingly been an important oil supplier to the US. Generally, China prefers to operate in oil-rich countries whose markets are less penetrated by the West because this is where China finds its competitive advantage (*ibid.*). As previously discussed, these include countries under Western sanctions such as Sudan and Libya and in countries resenting Western influence, like Angola. The oil-for-infrastructure formula that has been so successful in Angola is a proven failure in Nigeria. As Nigeria is not the main focus for China’s area of influence, the discussion of Chinese oil-related interventions in Nigeria remains brief. In most state policies, China often opts for the so-called ‘oil diplomacy’ which prioritizes bilateral meetings and agreements.

Political Meddling

Another approach foreign players use for enhancing their oil interests is through meddling in Nigerian politics. These are activities such as regime change, interference in internal affairs and financial and logistical support to corrupt regimes. Foreign players are found interfering in different levels of Nigerian politics - local governments, state governments and the federal government (Interview with deputy director of Social Action, 6 January, 2011). Elections are often manipulated. During the election process, oil companies, for instance, are found giving money to governors and promising candidates who work in their favour so that the authority will have vested interests in the oil companies (Interview with the former President of Nigerian Trade Union; 9 January, 2011). In effect, the Nigerian leadership does not derive power from its people and thus it is not answerable to them.

Nigerian oil politics resembles the Axis of Oil, to misquote the Bush administration. Most Nigerian petroleum ministers are, and have been, oil executives, including the current Petroleum Minister who was a former Shell employee (Interview with MOSOP programme officer, 14 January, 2011; Interview with Banwo and Ighodalo legal adviser, 17 January, 2011). Major oil companies thus gain significant support from officials in strategic positions. In the process, foreign oil players have penetrated into the politics of Nigeria (Interview with deputy director of Social Action, 06 January, 2011).

Despite Western claims of democratic support, its oil industries flourish under oppressive leaderships (Interview with director of Our Niger Delta, 2 January, 2012). The presence of Western oil industries upholds the legitimacy of these oppressive regimes which are further strengthened by the oil money flowing in from them (Interview with MOSOP programme officer, 14 January, 2011; Interview with the president LCPIT, 2 January, 2011). In Nigeria, bad leadership and violence have persisted but these have not stopped foreign players from developing ties with oppressive Nigerian governments. Before Obasanjo, a former military ruler, won the election in 1999, Nigeria had experienced an uninterrupted military dictatorship for nearly three decades. However, the Obasanjo government and the succeeding governments have remained authoritarian and highly corrupt. Throughout Nigerian authoritarian regimes, oil industries have been immune significantly due to foreign political engagements (Manby, 1999). As these activities interrupt and influence the existing political system of the host country by strengthening or weakening it, I classify this type of political intervention as political meddling. As neo-colonialism is used in analysing continued foreign intervention in Africa, I will first examine the political meddling carried out by former colonial players, followed by that of the new players. Although Chinese diplomatic relations with Nigeria also contribute to the sustenance of its oppressive regimes and consequently influence the existing Nigerian political system, China's role in political meddling is relatively insignificant. As discussed in Chapter 4, China strongly advocates a non-interference policy. Hence, no discussion of China in this context is appropriate.

Political Meddling by Former Colonial Players

Former colonial players often employ special diplomatic ties with African governments, even under oppressive regimes. For example, Britain, claiming special diplomatic relations with Nigeria, ruled out the European Parliament call for an oil embargo on Nigeria during the Abacha government's brutal military rule (Manby, 1999). Moreover, the UK's Department for Trade and Industry continued to sponsor trade missions to Nigeria during Abacha's regime against the wishes of the Foreign and Commonwealth Office. In the same period, France and Germany repeatedly granted visas for visits by Nigerian officials, in violation of EU measures against Nigeria. In the case of France, the former petroleum minister of Nigeria, Dan Etete, visited on several occasions, presumably to discuss the French role in the oil industry in response to Elf and Total's intensive lobbying for increased business with Nigeria. In return, they were rewarded with contracts from the Nigerian government (*ibid.*). In September 1998, both British Prime Minister Tony Blair and French President Jacques Chirac met with General Abubakar, another military leader succeeding President Abacha, in order to promote trade relations (*ibid.*). These Western political engagements focusing on commercial interests rather than democratic progress helped uphold oppressive regimes. The consequence is that the country's social, political and economic performance is undermined.

Political Meddling by New Players

Among foreign states, the US is accused of a leading role in political meddling in Nigeria. A senior official in the US state department revealed that the US would not let Nigeria out of control until there were alternative energy resources. The Nigerian presidential figures substantially require Washington's backing since Washington frequently releases statements or employs a range of policies in promoting or undermining the presidential position. For example, with US support, the government of Buhari in 1985 was overthrown by Babangida (Interview with Rotary World Peace Fellow, 2 January, 2011). Many NGOs operating in Nigeria, which work largely on the issue of governance improvement, also cannot negatively question the US engagement in Nigerian politics since they receive funding from the US (Interview with the deputy director of Social Action, 6 January, 2011). Like former colonial players, the US energy giants Mobil and Chevron, were also active in lobbying the US government to fight off threats of oil sanctions against Nigeria through the Corporate Council on Africa (Manby, 1999).[1]

Apart from state players, transnational agencies, such as international organizations and companies, also play a part in political meddling in Nigeria and, as a by-product, supporting corrupt regimes. Throughout Nigerian oppressive political history, the World Bank has been involved in a dialogue with Nigerian authorities on a range of petroleum sector topics (Interview with former Trade Union leader, 9 January, 2011). Although the World Bank fully understands the damaging impacts of funding the oil sector in corrupt countries as well as how dependence on oil is harmful to economies, financial support for oppressive regimes is easily available. Despite the World Bank's rhetoric supporting the UN millennium goal to eradicate poverty, the World Bank still supports non-transparent contracts and payments which mostly benefit political and business elites while robbing their countries of the massive revenues on which they predominantly depend (Gary and Karl, 2003). Thus, international agencies, such as the World Bank, influence the existing political system of Nigeria. Oppressive regimes and corruption persist.

As for the oil companies, the fact that Nigeria's oil industry operates on joint ventures between oil companies and the government means that oil companies' profits are in the government's interests. Therefore, both parties seek close relations and oil companies have an important role in influencing and interfering with Nigerian politics (Interview with the deputy director of Social Action, 6 January, 2011). The government is seen to side with oil companies instead of standing by the Nigerian people. Concordantly, oil companies prefer to lobby from the top than to associate with affected communities. The result is that local communities often feel left out and marginalized while resource exploitation in their region permeates. Because the government holds vested interests in continuing oil businesses, the deputy director of Social Action explained that the Nigerian system is not allowed to freely operate to an extent which even the rule of law cannot be implemented. For example, the government often intervenes in court cases which the communities bring against oil companies. Consequently, cases are dropped and violence against the communities follows (Interview with director of ERA Bayelsa State, 13 January, 2011). While the affected communities often face challenges in filing a suit due to a lack of knowledge and evidence of damage (such as for the quantity of oil spills and their effects), the companies and the government deny them access to any relevant reports or assessments (Personal visit and Interview with Goi Community and Ikarama Community, January, 2011). The oil companies will obstruct, circumvent and plainly violate regulations or rulings not to their benefit (Interview with the deputy director of Social Action, 6 January, 2011).

On the ground, foreign oil companies have worked closely with corrupt regimes and benefited from human rights violations committed by the national military responsible for protecting oil operations (Leech, 2006; Interview with ERA project assistant, 6 January, 2011). The multinationals responded that as individual companies they cannot pressure government without the risk of losing out to other

[1] The Corporate Council on Africa (CCA) is a trade association, established in 1993. CCA works closely with governments, multilateral groups and business to raise Africa's investment profile. It is often considered to be a lobbyist organization whose work focuses on strengthening and facilitating the commercial relationship of the United States in Africa.

companies on competitive concession rights. They claim that, even if all Western companies acted according to the human rights foundation, the abuses could persist as the Chinese would gain concessions (Interview with Maersk Oil Angola general manager, 4 January, 2011; speech by GlobalPacific president, 1 November, 2010). Furthermore, a director of a Japanese investment bank revealed in an interview, after having operated in Nigeria for several years, that businesses preferred military rule because under the civilian government foreign companies face more rules, regulations and restrictions (5 November, 2010).

There are various suspicions why Nigeria's Extractive Industry Transparency Initiative (NEITI) does not have data on how much oil is produced in Nigeria and why the Department of Petroleum Resources does not have adequate industrial equipment. These include corruption and lack of capability on the government's side and the grand imperial scheme in keeping Nigeria underdeveloped on the foreign players' side (Interview with MOSOP programme officer, 14 January, 2011). These claims have some unquantifiable truths and errors to them. It is certain however that the lack of reliable data and sufficient industrial equipment is unacceptable as it allows the oil companies to get away with non-transparency and to dominate oil-related activities with maximum profits (Interview with Ebema teacher and activist, 9 January, 2011). Equally, the complexity of collaboration between foreign oil players and Nigerian elites upholds Nigeria's bad governance and contributes to corruption (Interview with Nigerian Central Bank's top official, 15 September, 2010). Hence, Nigeria's existing political system is compromised. The Nigerian government becomes either helpless or uninterested in exerting pressure because most revenues derive from oil (Interview with deputy director of Social Action, 6 January, 2011).

Military Involvement

Another political approach used by foreign players to promote their oil interests is through military involvement. This can come through arms supplies, military aid and training, military initiatives and military deployment. We first examine British and French military involvement in the Biafra War following by the more contemporary US, China and the multinational companies' roles in military involvement in Nigeria.

Military Involvement by Former Colonial Players

Nigeria's Biafra War (1967-1970) is clear evidence of British and French involvement in Nigeria's conflicts by their military support for the different warring sides with weapons in promotion of their oil interests. By 1966, the Niger Delta's oil already made up a third of Nigeria's exports (Frynas, 2000). Due to previous British colonial rule in Nigeria, British oil companies received preferential treatment, making them the dominant actor in Nigerian oil industries. Because of the huge oil interests, Britain decided to back the Nigerian government in this conflict (Ghazvinian, 2007). However, the conflict also presented an opportunity for France to break Britain's tight grip on Nigeria's oil production. Given that France would receive oil shares in return if the opposition won, President Charles de Gaulle decided to intervene by supporting the Igbo rebels with weaponry (Interview with the Chairman of Central Development Council for a Niger Delta community, 2 January, 2011; Ghazvinian, 2007). Arms were flowing into Nigeria creating a complex web of criminality and ‘mafia business’, according to a Nigerian top official (Interview with the director of the Nigerian Central Bank, 15 September, 2010). With military support, the conflict turned into a bloodbath civil war, the Biafra War, which lasted over three years causing countless casualties and crippling the country for many succeeding years. The Biafra War highlights the damaging impact of oil-related foreign military intervention in resource-rich countries.

This trend has been continuous. France and Britain are still today committed to military support to the Nigerian government and the oil companies (Vanguard Newspaper of 7th July, 2009, cited in Courson, 2009). British weapons, for instance, have been supplied to both the Nigerian government and militia groups. For example, since 1991 Britain sold eighty Vickers battle tanks, CS gas and rubber bullets and issued over thirty export licenses for non-lethal military equipment to Nigeria’s military junta, much of which violated European Political Cooperation agreements to suspend military cooperation with Nigeria (Economist 8 July, 1995: 60, quoted in Taylor and Williams, 2004: 47).

Military Involvement by New Players

After discussing former colonial players’ involvement in supplying arms to Nigeria, I will now discuss military involvement carried out by new players of which the US has so far been the most prominent.

Because Nigeria is an important oil supplier to the US, military aid continued to reach Nigeria, especially during the Bush administrations, despite rampant human rights abuses by the Nigerian armed forces (Human Rights Watch, 2002). The purpose of military aid is to prevent attacks against oil facilities both in the Niger Delta region and offshore as well as to support the War on Terror. Referring to the possibility of the US military being deployed to help protect oil operations in Nigeria, US Air Force General Charles Wald, deputy commander of the US military’s European Command for Europe and Africa, declared: ‘Wherever there’s evil, we want to get there and fight it … Where you have wealth, if you don’t protect it, you are vulnerable to terrorists and illegal arms dealers and so you are not safe” (Da Costa, 2004, quoted in Leech, 2006: 116). Underlining this, the Nigerian Central Bank Director said ‘The US military assistance to Nigeria is provided only to protect the US interests. Its interest in Nigeria is clear: the oil’ (Personal Interview, 15 September, 2010).

In September 2002, the US government designated Nigeria a strategic partner in Africa in the National Security Strategy Statement. Since 2003, the US Navy has intensified its presence in the Gulf of Guinea. That year the US government gave the Nigerian military two gunboats to contain the militants in the delta (Interview with Mark Taylor of the State Department in Courson, 2009: 20). The United States European Command (EUCOM) was built to provide comprehensive security for the Gulf of Guinea. EUCOM’s operations consist of a maritime surveillance system, a regional maritime, training, logistical support and equipment for the protection of energy infrastructure and as a means of curbing criminality (AOPIG, 2005). In 2005, this evolved into the Trans-Sahara Counter-terrorism Initiative, including seven other countries. The AOPIG (2005) report highlighted the importance of the US military involvement in the Gulf of Guinea borders disputes (of which Nigeria is a part), giving that the 'US security objectives can be impaired if countries cannot agree on whose waters are being patrolled and who has the right to permit passage'. In the same year, EUCOM began the development of a coastal security programme entitled the Gulf of Guinea Guard (Goldwyn and Morrison, 2005) which sought to address the region's unpoliced 2000 nautical-mile coastline. EUCOM was expanded into AFRICOM (the United States Africa Command) in 2007 in order to protect US national interests in Africa. US arms sales to Nigeria have increased dramatically since 2006 (Courson, 2009). The US militarization in the south to protect the oil fields and in the north to control Islamic fundamentalism further fuels Nigerian political violence (Watts, 2006).

Nigeria is not China's main focus.[1] However, its involvement is increasing. Particularly where the US fails to deliver, China steps in to fill the gap. For instance, in 2006 when the crisis around the oil fields of the Niger Delta intensified, Nigeria asked Washington for additional supplies of 200 patrol boats. Washington's failure to supply due to the US Congress blocking the request prompted Nigeria to turn to China for assistance. From 2006, China has provided an undisclosed number of MIG-21 fighters, J-7 fighters, maritime vessels, K-8 trainers and the FC-1 fighters, Shenyang fighter jets and missiles to the Nigerian military, along with a Chinese commitment to train Nigerian technicians in satellite operations. At the same time Nigeria awarded oil contracts to China (Alden, 2007: 26). Such purchases reflect declarations made by Nigerian military officials that they will increasingly turn to China for weapons to quell unrest within the Niger Delta (Dempsey, 2011). Stephen Morrison, the Africa director at the Washington-based Center for Strategic and International Studies, countered "[the] Chinese are very competitive players and we have to come to terms with that. They are going to places that really do matter" (The *Financial Times* March 1, 2006). Nigeria provides, in this sense, a microcosm of the new scramble for Africa under military neoliberalism and the War on Terror. Some critics see Nigeria as the next Iraq (Howden and Sengupta's interview with Gordon Brown, 2008).

Companies, another new player, also provided arms for state forces and security personnel under a cloak of high-level secrecy (Manby, 1999). According to international laws, security personnel should not be armed and they should only exercise within the property. Nonetheless, the reality in Nigeria is different (Personal visits to Lagos, Bayelsa, Rivers and Delta state). In 1996, Shell admitted that it had imported side arms on behalf of the Nigerian police force, for use by the Supernumerary Police who guard Shell's facilities (*ibid.*). Additionally, the company stated that it sought to support more upgraded weapons in response to the deteriorating security situation in Nigeria. Based on transaction records, to which Shell admitted, Shell has also been supplying guns to the military and a huge number of these were used against civilians during the Ogoni Crisis in 1990-1998 (Interview with coordinator of Centre for Environment, Human Rights and Development, 7

[1] Although the Chinese military involvement in Nigeria is small in comparison to other players, it is important to highlight that its military involvement in the continent has been large. China has been providing military aid to Africa since the 1960s. Due to China's recent rapidly increasing need for resources, it often trades arms for oil and mineral resources in Africa in order to enhance its interests. Africa has become a key market for Chinese arms sales which in recent years have outstripped those supplied by the US. African oil-rich countries to which China mainly supplies arms include Libya, Sudan and Angola. Recently China was found to have provided arms for the Libyan government in the fight against civilian revolution (BBC News, 5 September, 2011).

January, 2011; MOSOP programme officer, 14 January, 2011).[1] Occasionally, these arms directly or indirectly get through to local populations.

Companies also hire private security, fund military training and activities, pay wages and allowances, provide equipment and facilities for the military and often seek government assistance in protecting their premises and employees. In the Niger Delta, security deals with the military authorities maybe a prerequisite for investment in the area. This encouraged the employment of private security contractors such as MPRI, Betac, AirScan and others (Clarke, 2008: 553). There have been numerous cases where these forces overreacted leading to civilian deaths. This, in turn, has fomented animosity across the Niger Delta toward foreign oil companies (Hueper, 2005).

Several violent crackdowns on peaceful protestors have been documented, including during the Ogoni Crisis and in Umuechem in 1990 (Manby, 1999; Interview with director of Our Niger Delta, 2 January, 2011).[2] From 1999 until 2011, approximately 15 more villages have been completely wiped out. Odi, a community of 5000 people, was razed by the military. In 2010, Ibaramatu was attacked followed in January 2011 by Aiyakurumu (Interview with ERA director, 13 January, 2011). Chevron also provided facilities for the military such as the Pan-African Helicopter to transport military personnel and to bomb Apia and Ekia (Interview with director of Our Niger Delta, 2 January, 2011). There are also incidents of indiscriminate beating, killing, arrests, rapes, looting and destruction of villages (Interview with the Elders, teacher and NGO director, 9 January, 2011). There are cases in which witnesses have reported that company staff have directly threatened, or have been present when security force officers have threatened, communities if there is disruption to oil

[1] The Ogoni Crisis refers to the Nigerian government's systematic crackdown in Ogoniland from 1990 to 1998. Since Ken Saro-Wiwa, the leader of the Movement for the Survival of Ogoni People (MOSOP), started rounds of massive peaceful protests in 1990 against the harmful oil operations in the indigenous communities in the Niger Delta, MOSOP and Ogonis have been targeted (Saro-Wiwa, 2004). The oil companies and the government have sent troops to crush local protest movements. Shell's officials have admitted to Human Rights Watch that they requested assistance from the Nigerian military authorities in the face of increasing local protests (Human Rights Watch, 1995). A special unit the Rivers State Internal Security Task Force was set to target Ogonis (Saro-Wiwa, 2004). Several abusive incidents were carried out during the Ogoni crisis (1990-1998) including the brutal Wasting Operations, a genocide plan against the Ogoni people. See Saro-Wiwa (2004: 23-28) for detailed witnesses of such accounts. Ogoni villages were repeatedly raided and extrajudicial killings, indiscriminate shooting, arbitrary detention, beating, rapes, looting and torture followed. According to former military personnel, military raids were designed to appear like communal clashes so that the outbreaks of violence in Ogoniland will be blamed as ethnic strife (*ibid*). Shell was found to provide military salaries, funding and equipment for these missions (*ibid*).

In 1995, Ken Saro-Wiwa and eight other leaders of MOSOP were hung. Shell was accused of having collaborated in the execution. Human Rights Watch also declared Shell's involvement in the Ogoni crisis to be complicit with human rights abuses (Human Rights Watch, 1995). Since 2006, the violence against Ogonis decreased significantly. In 2009, Shell finally agreed to pay £9.6 million in settlement for the killing of Saro-Wiwa and other MOSOP leaders (Pilkington, 2009). However, no justice has been secured for the loss of many other lives and the crimes committed in Ogoniland and other oil-producing areas of Nigeria. Independent monitoring of the situation in Ogoniland, as in other parts of Nigeria, is severely restricted by the government (Human Rights Watch, 1995).

[2] According to Amnesty International, during the severe Umuechem crackdowns, 495 houses were damaged or set on fire and 80 people killed (Manby 1999).

production (*ibid.*; interview with ERA activist, 13 January, 2011). Companies' ready cash is always available, provoking officials to illegal, covert and overt actions (Saro-Wiwa, 2004). Oil companies are complicit at all stages (Interview with president of LCPIT, 3 January, 2011).

The Joint Task Force (JTF) is one of the heavy security forces employed. The force is combined with the military, naval and air forces created to 'quell' both legitimate and illegitimate protests against the oil companies (Interview with Warri local man; 2 January, 2011; ERA activist, 10 January, 2011; Our Niger Delta director, 13 January, 2011). The JTF personnel employed by Chevron revealed during the Human Rights Training Initiative by LCPIT that they were under clear orders to 'crush' protestors in order to protect oil facilities (Interview with LCPIT president, 3 January 2011). Anything that obstructs the flow of oil has to be taken out. This accounts for the number of bloody conflicts in the region. The deployment of security forces has also facilitated political domination as those in power make use of them to eliminate opposition (Interviews with Our Niger Delta director, 13 January, 2011). This includes the companies arming and assisting the political parties and local militants in the run-up to the 1999, 2003 and 2007 elections to deliver votes and intimidate voters (Clarke, 2008).

Consequently, the JTF has destroyed many communities. A security proposal by the Police dated 21 April 1994 showed that the local and federal governments have been receiving such large sums of money from the oil companies to hire the JTF that there was competition between the various arms of the security forces (Saro-Wiwa, 2004). Frequently, the JTF is found to deliberately stir up problems in order to justify security spending. For instance, former Ogoni members of the Shell police admitted that they were involved in deliberately creating conflicts between different groups of people and in intimidating protesters during the height of the MOSOP protests in 1993 and 1994 (Manby, 1999).

Oil companies are also involved with the militias who are paid in some oil-producing communities so that the operations can be carried out and often deployed on contract to provide security at oil facilities (Interview with MOSOP programme officer, 14 January, 2011). Areas that used to be peaceful fishing and farming communities are now heavily militarised, traumatised and overpowered, particularly those surrounding oil installations (Interview with Ogoni villagers; Members of Bodo Council of Chiefs and Elders, 10 January, 2011; Interview with ERA Bayelsa director, 13 January, 2011). The press is banned from the oil-producing communities. According to Bisina, this is collaboration between oil companies and the local government while foreign governments turn a blind eye to protect their diplomatic and oil interests (Interview, 3 January, 2011).

In addition to the role of individual foreign players, there is also a web of players involved in military support for Nigeria. Nigeria does not produce arms domestically so all arms for military and security personnel and the militias are provided by foreign players, many of which are illegally traded for smuggled crude oil (Interview with Social Action deputy director, 6 January, 2011; Coordinator of Centre for Environment, Human Rights and Development, 7 January 2011).[1] Because Nigerian

[1] Naagbanton, an activist on the issue of arms proliferation in Nigeria, gave examples of arms used in Nigeria and their origin as follows: AK 47, mostly used by Nigerian militants (Interview with former

waters are patrolled by military gunboats, private security companies and the US-backed navy initiatives such as AFRICOM, the consensus is that a regular occurrence on such a grand scale of illegal oil bunkering and arms trading is carried out by a web of international organised crime that colludes with government elites, security services, oil companies and foreign governments (Interview with former Nigeria Civil Defence leader, 9 January, 2011; ERA programme assistant, 9 January, 2011; AOPIG, 2002; Manby, 1999).[1] Foreign governments are said to be aware of the oil-for-arms trade in Nigeria because the numbers, types and destinations of arms produced by foreign arms manufacturers and traders are closely monitored and regulated by their home governments (Interview with deputy director of Social Action, 6 January, 2011). The availability of arms to both government and insurgent groups has democratized access to the means of violence (Watts, 2006).

A large amount of weapons used during the Warri Crisis (2003), for example, came in exchange of the well-organized bunkered oil. During the crisis, fights broke out between the Itchekiri and Ijaws in Warri, mostly involving ethnic rivalries and oil interests. The arms used are said to have either Russian or other unidentifiable origins and sources (Interview with a missionary active in Ijaw and Itsekiri communities during the crisis, 1 January, 2011; Coordinator of Centre for Environment, Human Rights and Development, 7 January 2011).

This section discussed continued political interventions by foreign players in order to enhance their oil interests and used neo-colonialism to explain continuing political interventions in Nigeria by different players, old and new alike. We now turn to examine economic interventions by foreign players to enhance their oil interests.

Foreign Economic Intervention

Foreign economic interventions in Nigeria include financial involvement revealed in the form of neoliberal policies and money corruption; and the ways business is conducted on the ground. As in the discussion of political approaches above, we will discuss foreign players active in such practices. Players not actively involved will be omitted from the discussion.

Nigerian Civil Defence Leader, 9 January, 2011), is said to be Russian and Chinese made. K2 has Korean origin while G3 is German and FA is Belgian made (Naagbanton, 6 January, 2011).

[1] 'Bunkering' is a term used to describe the process of siphoning crude oil from pipes and filling it into a ship to be sold overseas or in black markets. "Illegal oil bunkering" is a euphemism for theft and accounts for approximately 10 percent of Nigeria's oil production. Those who head illegal oil bunkering have armed youth militias to defend the operations. This has contributed to violent conflicts in the Niger Delta (Human Rights Watch, 2003: 2).

Financial Involvement

Neoliberal Policies

Neoliberal policies exercised through transnational agencies such as the World Bank and the IMF, the so-called Washington consensus, are deemed to serve only to enhance global capitalist markets for Western interests (Easterly, 2006). The policies are top-down in the way which the pro-Western institutions impose uniform policies on all recipient countries whilst disregarding case-specific conditions and necessities. The global economic recession during the 1970s-1980s led to an economic crisis in Nigeria and, consequently, the post-war oil-boom (1970s) that created massive government expenditure and consumption came to an end. The government was forced to adopt an IMF/World Bank reform package - the Structural Adjustment Programme (SAP) - in 1986, despite public rejection. The consequence of SAP 'shock therapy' was the deeper impoverishment of Nigeria, which was further compounded by military oppression, while the exploitation of oil in the Niger Delta was intensified (Courson, 2009). More bilateral and multilateral aid from Britain, France, the US and China has been flowing to African oil-rich countries than to other impoverished states. For example, Africa's top oil suppliers, Nigeria and Angola, are receiving the largest portion of US aid while one of China's main economic interventions in African oil-rich countries is the oil-for-aid programme. This aid is highly conditional; further damaging weak economies and fuelling corruption (Klare, Volman *et al.*, 2006; Easterly, 2006).

Capitalist market-based policies have proved to make the rich states richer and the poor poorer. Resources flow from the periphery states to the core while the periphery states serve as dumping markets for manufactured goods from the core sold at inflated prices. The World Trade System is one which enforces and monitors this mechanism (Interview with former Trade Union leader, 9 January, 2011). In this system, Nigeria, like other raw materials producing countries, faces quota restrictions and high taxes on finished products to enter the Western markets while raw materials, such as oil, can easily be exported. This discourages exports of manufactured goods while deepening the country's dependence on a few staple products, which, in the case of oil, is not a productive sector. Hence, economic diversification is made more difficult. Many believe that keeping Nigeria underdeveloped is in the interests of foreign players as 150 million Nigerians make a large dumping market (Interview with Warri local man, 2 January, 2011; MOSOP programme officer, 14 January, 2011). Without main infrastructure such as water and electricity and effective transport, Nigeria cannot host any significant industries. Government officials are accused of receiving bribes from foreign manufacturers to maintain the underdeveloped *status quo* so that significant developmental projects cannot be implemented (Interviews with Our Niger Delta director; Social Action deputy director; MOSOP programme officer; church leader; Warri local man, Niger Delta States, January, 2011).

Money Corruption

Another foreign financial involvement comes through the support of money corruption including illegal money transactions and bribes. Illegal money transactions are carried out with the collaboration of states and international financial institutions. As noted previously, these institutions are based in Western countries, especially in London and New York. We will thus discuss this kind of intervention as that carried out by the Western bloc, rather than by separate players, before discussing bribery, which is mainly carried out by companies. The fact that China is not involved in the illegal money transactions through the Western-based banking system and that Chinese payments made to Nigerian officials are rarely recorded, the discussion of Chinese involvement in money corruption is omitted.

Billions of oil dollars have been stolen by political and corporate collaboration of which over $80 billion ended up in private accounts abroad during the period 1973-90 (Clarke, 2008; Interview with Chairman of Governance Technical Team, Bayelsa, 30 December, 2010). Several attempts by Nigerian governments to stop illegal capital flight have been shunned by Western players whose banks store large amounts of illegal monies worldwide (Interview with Sonar Limited Vice Chairman, 4 November, 2010; Elf employee, 14 January, 2011). Over 100 banks, predominantly Western-based, have been involved in handling the loot of the former Nigerian dictator Sani Abasha and other Nigerian political officials. The banks include Citigroup, HSBC, Barclays, NatWest, BNP Paribas, Credit Suisse, Standard Chartered and Deutsche Morgan Grenfell (Global Witness, 2010).

Apart from Western state players, companies are also guilty of corruption in Nigeria according to Hayman, an African oil analyst of the NGO Global Witness. They obscure oil revenue figures, creating a predatory environment leading to social and political problems. As African oil revenues go up, opportunities for corruption increase (Thompson, 2007).

Oil companies often reward leaders with bribes, gifts and contracts in exchange for oil blocks, favourable treatment, protection or permission to breach environmental standards (Interview with Shell's Former Senior Official, 31 December, 2010; Ebema farmers; ERA activist, 9 January 2011). Halliburton, the US oil services company, admitted under investigation by the Nigerian Economic and Financial Crime Commission that its officials had given bribes of approximately US$ 2.4 million to Nigerian tax officials in return for favourable tax treatment worth more than $14 million. Halliburton has also been charged with making illegal payments of around $180 million to the former President Sani Abasha's offshore accounts in return for contracts to build a natural gas plant in Nigeria (Bakre, 2006; Interview with Our Niger Delta director, 2 January, 2011).

A senior security consultant representing a British security company in Nigeria revealed that there has been massive bribery from companies regularly paid to Nigerian officials (Interview, 16 January, 2011). The Nigerian Ministry of Finance and the oil companies are closely linked. The NNPC account has still never been properly audited (Interview with the Director of Niger Delta Development Commission, 9 January, 2011). There is a serious level of corruption on both sides: Nigeria and foreign players alike. However, during an interview, Total denied any involvement with bribery and corruption (Interview with Total Senior Executive, 18 January, 2011).

Companies have also been found to bribe staff in the department and organizations dealing with environment in order to ensure that environmental reports are positive. In case of oil spills, the report would ensure that the oil spills are caused by third-party interruption, not equipment failures so that companies will not be responsible for compensation payments (Interview with Warri local man, 2 January, 2011; Coordinator for the Centre for Environment, Human Rights and Development, 07 January, 2011; Goi Community, 10 January, 2011; ERA activists, 13 January, 2011).

Additionally, companies use a number of ways to evade paying taxes such as by inventing large expenses and wasteful spending (Interview with Vice Chairman of Sonar Limited, 4 November, 2010; Chairman of Central Development Council for Ibaramatu Community, 2 January, 2011). In 2006, Shell, for example, was found guilty of unpaid tax and was forced to settle a tax liability of 17.8 million owed to the Federal Inland Revenue of Nigeria (Bakre, 2006). See Nwanko (1999) for details on funds taken, dodgy oil deals, kick-backs in state contracts and corrupted governmental and corporate people in this financial oil-theft.

Business conduct

Foreign economic intervention depends on individual companies and can come through practical businesses procedures rather than from policy-making. Companies aim to maximise profits by all possible means (Interview with director of Sojitz Global Trading Nigeria, 14 January, 2011). In Nigeria, the ways foreign oil companies operate are considered to be ‘mindless’ of the environment, society and the existing law (Interview with Coordinator for the Centre for Environment, Human Rights and Development, 7 January, 2011). Even when Nigerians resist the use of such business conduct, he said, Nigerians do not have adequate power to overthrow the system since Nigeria is a clientilist state which depends on the oil money. Any person that obstructs oil from flowing has either to be co-opted or eliminated (Interview with Social Action deputy director, 6 January, 2011). The case of Ken Saro-Wiwa whose opposition to wrongful exploitation by oil companies in the Niger Delta ended with his execution is a classic example. Even when companies claim to contribute to developmental projects and job creation, these are not sustainable and are provided in ways which further fuel the conflicts. Furthermore, the way companies seek to cut operational costs by circumventing environmental standards (Interview with Former Senior Officer of Shell, 31 December, 2010); acquisition of land; and the enclave operations do not represent the social responsibility and economic benefits claimed by companies (Personal visits to several oil-producing communities in Bayelsa, Rivers and Delata states, January, 2011). This section explores the ways oil companies conduct their operations in Nigeria.

Circumventing Environmental Standards

During the process of oil prospecting and production, the Niger Delta environment on which over 30 million subsistence farmers and fishermen heavily rely has been heavily polluted. The most prominent problems are oil spillage and gas flaring. A large proportion of oil spills are caused by blowouts and equipment failures. The hazardous waste coming from oil spills has never been properly cleaned up.

Companies also flare off most of the gas associated with oil operations. Such practices represent a profound failure to meet environmental standards.

The Niger Delta is the third largest wetland in the world containing a number of delicate ecological zones of saline mangroves, sandy coastal ridge barriers, lowland rainforests and fresh water swamps (James, 2003). It provides a nursery for fishery species in the Gulf of Guinea (Brown, 2006). Thousands of miles of oil pipelines that criss-cross the Delta wetlands frequently release gas flares and oil spills that destroy habitats on a large-scale (Ghazvinian, 2007, Personal visits to the Niger Delta creeks, January, 2011). Oil spills cause destruction of the Niger Delta mangrove forests, the third largest on earth. The land that used to be prized by the imperial palm trade and fishing grounds for Niger Deltans is now unusable for 25-30 years in some areas (Osunlana, 2008; Interview with ERA activist, 10 January, 2011). In October 2006, a report compiled by WWF UK, the World Conservation Union and representatives from the federal ministry of Abuja and the Nigeria Conservation Foundation, announced that up to 1.5 million tons of oil has been spilled in the delta over the past fifty years.[1] The delta is now one of the five most polluted spots in the world. Without the availability of firewood, water for livestock and employment from the oil companies, all ways of living for locals are destroyed (Interview with Warri church leader, 1 January, 2011; Focus group Omadino Community, 5 January, 2011; interview with the president of Touch-Life International, 8 January, 2011; former Trade Union leader; Ereme farmers and teachers, 9 January, 2011; focus group in Gokana village, focus group in Bodo city; Akwa Ibom local man; editor for Women Issues Newspaper; Ogoni local man, 10 January 2011; Owaasa local man, 12 January, 2011; focus group Ikarama community, 13 January, 2011). Occasionally, a burst petroleum pipeline causes a fire outbreak, as in 1998, when over 1,200 lives were lost in Jesse, Delta State. Similar fires have also taken place in other rural communities in Delta, Lagos and Imo States (Interview with ERA Bayelsa director, 13 January, 2011).

The petroleum industry is the largest source of pollution and hazardous industrial waste in Nigeria (Marajo, 1997). According to a report by the Rivers State and the Ministry of Environment and Natural Resources, there were a total of 227 cases of oil spills between 1999 and 2000. Shell topped the list with 127 cases, followed by Agip Oil with 81 cases. Chevron had three cases, while ELF, Schlumberger Sedco Forex, Saipem and Wilbros had one case each, with 10 not untraceable to any particular oil companies (see Onwuemeodo, 2000). Since 2006, approximately 2,400 oil spills have been recorded according to the Nigerian National Oil Spill Detection and Response Agency (NOSDRA).

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[1] Oil spills create widespread and permanent damage to humans, environments, society and the ways of living in the affected communities. Mobil's Idaho platform spill in Akwa Ibom in 1998, for example, spread to the adjoining States of Rivers, Cross River, Edo, Delta and Ondo. The spill also spread to Lagos by ocean currents and into the waters of neighbouring countries: Ghana, Benin and Togo. Oil spills also cause permanent environmental damage. In 1999, a group of nine US environmental activities, academics and journalists, under the auspices of Environmental Rights Action/Friends of the Earth (Nigeria), visited to the Bomu-2 site in Ogoni, which experienced an oil well blowout in 1970. They reported: 'A 6-foot thick crust of carbonized oil material covers the soil, turning the area into a wasteland where only a few plants have been able to survive. Since villagers cannot afford bottled water and often have access to no other water source, they have no option but drink water that is visibly polluted and slicked with oil'.

According to Alhaji Dalhatu Bayero, the former Group Managing Director of the NNPC and Human Rights Watch (Manby, 1999), blowouts and equipment failures are responsible for 40 percent of oil spills, corrosion for 11 perccent, maintenance/operator error 18 percent with the rest being caused by natural causes and third party incidents. Statistics from the Department of Petroleum Resources showed that 4 percent of all spills in Nigeria were caused by sabotage (*ibid.*). However, this is still hotly disputed by the communities concerned (personal visits to several oil-producing communities in the Niger Delta, January 2011). Because the Department of Petroleum Resources is close to oil companies, it could not be confirmed that this level of sabotage as a cause of oil spills was reliable (Manby, 1999; Interview with Social Action deputy director, 6 January, 2011). While companies mostly deny operational failures as the cause of spills, they accepted some of these faults. There are incidents, such as some of the major spills in Goi community in 2008, when Shell, after a series of environmental assessments and court allegations, admitted liability. However, no compensation and remediation has yet been forthcoming. For most other cases, oil companies claim oil spills are primarily caused by sabotage (Niboro, 1997).

For Shell alone, more than 1,000 court cases have been taken for pollution in the last 30 years. Almost all were rejected (Vidal, 2011). The same stories are told in communities visited including Ikarama, Omadino, Goi, Ebema and Ereme. Companies often cite sabotage as the cause of oil spillage without going to sites for further investigation (Interview with Ebema teacher and farmer, 9 January, 2011; Interview with ERA activist, 13 January, 2011). Community leaders are said to receive bribes from oil companies to say the spills are caused by sabotage. ERA activists and a number of villagers gave witness accounts of being locked up until they agreed to make a statement that the spill was caused by sabotage. This is because in cases of sabotage, Nigerian state policy exempts the oil companies from paying compensation to the victims. Even when the courts rule against the company, the company could appeal indefinitely. With legal delays draining communities of cash, the cases would eventually be settled with little compensation (Former Shell Lawyer revelation to the director of ERA Bayelsa, 13 January, 2011; Interview with spokesperson for International Projects, Friends of the Earth Netherlands, 6 January, 2011; legal assistant for the court case Ogoni farmers VS Shell, 6 January, 2011). There are many reports of cases where locals are detained and beaten for requesting compensation (see ERA; Manby, 1999).

A long-awaited and comprehensive UN study recently published (UNEP, 2011) revealed massive environmental damage caused by oil production in Ogoniland in the last 50 years. The UN report showed that oil companies and the Nigerian government had failed to meet their own standards. The process of investigation, reporting, clean-up and compensation is usually seriously weighted in favour of the companies and against the victims (Interview with Ebema farmers, 9 January, 2011; ERA Bayelsa director, 13 January, 2011).

Clean-up contractors are often not professional as contracts are given to the community leaders and government officials who favour the oil companies' position (Interview with Ebema teacher and activist; ERA Bayelsa director; Our Niger Delta director; and Social Action deputy director, January, 2011). There are also a number of cases where companies' agents are sent in to set fire to oil-spill sites in order to avoid paying compensation (Interview with ERA Bayelsa director; focus group Ikarama Community, 13 January, 2011). This “clean-up” method not only breaches international best practice (Manby, 1999), but is also very dangerous to the communities and damaging to the environment. The sites are often in close proximity to villages (Interview with ERA activist, community youth and landlord, a visit to oil spill sites in Ikarama community, 13 January, 2011). Some oil spills in waterways are dredged by buckets and emptied onto the nearby ground (Personal visit to Ebema community, 9 January, 2011).

Another prominent poor practice of oil companies in Nigeria is gas flaring. Over 85 percent of gas is flared off in Nigeria, compared to a fractional volume of 0.6 percent and 4.3 percent of gas flared in the US and UK respectively (Rowell, 1996; Manby, 1999). Releasing gas in the atmosphere is the cheapest way to operate an oil operation (Interview with Banwo and Ighodalo legal adviser, 17 January, 2011). Companies have battled with the press and bribed politicians and NGOs in order to circumvent the laws. Many flares have run 24 hours a day and some have been active for 40 years, with more than 2.5 billion US dollars’ worth of gas lost annually (Ebema focus group, 9 January, 2011). Approximately half the gas is flared by Shell (Manby, 1999). In some cases, such as in Ebosha and Ereme, gas flares are very close to communities (personal site visits). In any event, the flares are hardly ever made safe by putting up secure fencing (Interview with Ereme farmers, 9 January, 2011). In many Niger Delta communities, gas flaring sites are numerous. Agip and Total have more than 15 gas flaring sites in one small Ebosha community (Interview with ERA programme assistant, 9 January, 2011). In and around Port Harcourt, there are more than 100 gas flare sites (personal visit, 9 January, 2011). With the companies’ claim of premises, the nearby farmers lose the only access road to their farms (Interview with Ebema farmers, 9 January, 2011).

Companies at all times refute the damaging impacts from gas flares claiming that it is only the loss of a valuable resource (Koning, cited in Osunlana, 2008). Total’s Head of Business, for example, insisted that the gases released are ‘healthy flares’ despite scientific research indicating otherwise (Interview with Total’s Head of Business, 18 January, 2011). Gas flaring causes acid rain, respiratory problems and related health complications in both humans and animals (Osunlana, 2008; Ebema focus group, 9 January, 2011). Gas flaring has been shown to severely damage crop fertility. Corrosion of roofs in communities hosting gas flares, such as in Iko and Ebema (*ibid.*), were shown to be faster than in other areas. It is estimated that 40 percent of the Delta will be uninhabitable within 30 years if no significant progress is underway (Manby, 1999).

Other impacts of poor oil operating practices include flooding, coastal erosion, degradation of coastal resources and biodiversity and socio-economic problems. Despite decades of oil production, neither the oil companies nor the Nigerian government have funded an independent scientific research into the damage caused by oil industries (*ibid.*; interview with ERA programme assistant, 9 January, 2011). Furthermore, any protests against industrial malpractice are sure to be quelled (Interview with Our Niger Delta director; 2 January, 2011; and Ebema focus group, 9 January, 2011).

The oil companies' practices in Nigeria have been condemned as a form of "environmental racism" in that the companies' environment practice in the Niger Delta is so much at variance with their practices in the developed world (Saro-Wiwa, 2004; Clarke, 2008; interview with Coordinator for the Centre for Environment, Human Rights and Development, 7 January, 2011). While spills in the US and New Zealand are responded to in minutes; it takes companies weeks or more, if ever, to respond to pollution in the Niger Delta, which happens every day (Interview with legal practitioner, 17 January, 2011), and each year amounting to more than that in the Gulf of Mexico incident (Vidal, 2011). Shell, for instance, has been fined 1.5 billion US dollars by the Nigerian court for a much larger scale of spills in the past years in Bayelsa. However, Shell has refused to pay. By dictating the outcomes of court cases, oil companies in Courson's words 'behave like the government' itself (2 January, 2011). One of the ways oil companies circumvent this is by bribing Nigerian officials. Even when companies now carry out the environmental impact assessments, the level of compliance is considerably below the international standard (Interview with Chairman of Central Development Council for Ibaramatu Community, 2 January, 2011; LCPIT president, 3 January, 2011).

Where oil companies provide social amenities, the quality is below the standard for their own personnel or what they would provide elsewhere in the world (Ofuoku, 1999; Interview with Chairman of Central Development Council for Ibaramatu Community, 2 January, 2011). The MOSOP programme officer asserted, 'Take for instance, in my village there are oil facilities and flow stations inside which there is light 24 hours; but my village is in darkness. That is what we call environmental/social racism' (Port Harcourt, 14 January, 2011).

Whereas companies abide by the Global Memorandum of Understandings or the environmental standards in every other country, including developing ones like Malaysia and Brazil, they are battling with the Nigerian government for lower standards (Interview with former Senior Officer of Shell, 31 December, 2010). Referring to the double-standard practices, Group Managing Director CAJ Herkströter replied at Shell's annual meeting held in the Netherlands in 1996, that higher environmental standards could harm local economies. He said, 'Should we apply the higher-cost western standards, thus making the operation uncompetitive and depriving the local work force of jobs and the chance of development?'(quoted in Manby, 1999: 153). Examples of environmental damage caused by oil companies cited here are by no means exhaustive. See Hutchful (1985); Manby (1999); Okonta and Douglas (2001); Ero (1998); Mba-Afolabi (1998); Soyinka (2004) for details of damage caused by companies' non-compliance with international best practices.

Having discussed the circumventing of international environmental standards of companies' oil operations in Nigeria, we now turn to discuss the companies' other business conduct including the acquisition of land, enclave oil operations and philanthropic projects which only help enhance foreign commercial interests while harming Nigeria's economic and social system.

Acquisition of Land

Companies have been accused of illegally occupying the lands of powerless ethnic groups (Clarke, 2008). According to the Land Use Act, oil belongs to the government which automatically transfers any oil-bearing lands to the government without compensation to traditional landowners for the land loss or for livelihoods destroyed (Interview with Our Niger Delta director, 13 January, 2011). In acquiring land for oil operations, companies are only required to pay rent to the federal government (Interview with ERA Bayelsa director, 13 January, 2011). When the landowners seek compensation for their loss, the companies often employ the state apparatus such as by putting the villagers on trial or deploying the military to maintain 'security' for oil operations (Interview with former Trade Union Leader, 9 January, 2011). When the companies agree to provide compensation, it is most likely to be insignificant (Interview with Chairman of Central Development Council for Ibaramatu Community, 2 Janaury, 2011; Omadino focus group, 6 January, 2011). For example, an Agip operation-hosting area, Ebema community, received five cows and ten bags of rice from Agip in September 2010 for the whole community to share as relief items. Apart from this, villagers pointed out they had received no other benefits since the oil companies started drilling in their community, which was the cause of grievance and frustration (Focus group Gokana Village; Bodo City, 10 January, 2011; focus group Ikarama Community, 13 January, 2011). Youths who cannot go to schools and have no jobs are turning to guns, according to an Ebema villager (Interview, 9 January, 2011).

Enclave Oil Operations

Oil industries are considered to be an enclave within the whole economy. Only a small number of elites receive benefits of which most are stored offshore or used for profligate spending (Interview director of Nigeria's Department of Petroleum Resources, 1 November, 2010). It is not a labour-intensive industry and creates few related service industries which are so specialized that they depend heavily on high-technology machines and a few experts, neither of which companies claim Nigeria can provide (Interview with Legal Adviser for Banwo and Ighodalo, 17 January, 2011). To make matters worse, in Nigeria any employment would only be for the dominant tribes and their leaders (Ebema Focus group, 9 January, 2011; interview with director of ERA Bayelsa, 13 January, 2011; the speech by Honorary Kuku, 14 July, 2011). Often, traditional leaders and dominant tribes have close links to military administrations (Interview with ERA activist, 10 January, 2011). Contracts and benefits awarded to them usually involve massive corruption which in turn benefits those in the oil companies in charge of the choice of parties receiving benefits (Manby, 1999).

The UNDP (2006: 36) report on Human Development in the Niger Delta asserted that local people often cannot access the benefits from the oil industry, including employment. This puts the poverty rate in Southern Nigeria, covering the Niger Delta region, at 74.8 percent. Even if the Nigerian Law of Local Content required 40 percent of foreign companies' employees to be local in 2007, rising to 70 percent in 2010, the law is not followed. When the requirement is met, strategic positions are preserved for foreign employees leaving the locals with menial jobs regardless of their qualifications (Interview with former Shell senior officer, 31 December, 2010; former Trade Union Leader, 9 January, 2011; international legal officer, 17 January, 2011).

Companies often claim that the reason they do not employ local people is because the locals are not qualified, which many contest (*ibid.*). Since Shell started producing oil from Ogoniland in 1998, no woman, however qualified, has been employed not even as a 'tea girl' or 'cleaner', according to MOSOP programme officer Kibara. Even security personnel, a job which does not require specific qualifications, is not available to local people. Furthermore, contracts are preferably given to expat companies (Interview with the Chairman of Central Development Council for Ibaramatu Community, 2 January, 2011; Interview with Our Niger Delta director, 2 January, 2011). In the Niger Delta, a society which has become a mono-economic society depending on oil finds that its only opportunity to make a living has been ripped away (Interview with MOSOP programme officer, 14 January, 2011). The great majority of people from the minority ethnic groups of the Niger Delta have become deeply impoverished while the potential benefits from oil industries go to other dominant tribes outside or to foreigners who created widespread corruption and are a recipe for conflict within Nigeria.

Furthermore, the ways in which oil installations are operated make no contribution or connections to the society and economy of Nigeria. Multinational companies' modern facilities and compounds, for example, are found situated right in the middle of primitive villages in the Niger Delta, with razor wire and armed guards preventing access by locals (Interview with the business development manager, the Onstream Group, 18 January, 2011; site visits to Warri Chevron and Shell compound, 5 January, 2011; Lagos Chevron compound, 16 January, 2011). Inside the oil compound, everything is spotless with unobstructed running of electricity, water and all necessary facilities and services. All items, including simple household items, are imported in ship loads (Interview Chevron oil staff and housewives, 16 January, 2011). Expat oil employees rarely leave their compound (Lagos focus group, 15 January, 2011). When they do, it is only to go from one oil installation to another (Interview with Warri local man, 2 January, 2011). The roads would be blocked off while they are transported by bulletproof black-screened Hummer cars. The robust lifestyle of oil company personnel, in contrast to the abject living conditions of the communities, is what induces hostility and strong feelings of deprivation and injustice among the locals (Personal visits to Shell compounds in Omadino and the Mobil compound in Abia).

The world inside the gated oil compounds has little contact with the world outside. The roads built around oil installations are only access roads while those linking the surrounding communities are dirt tracks (Interview with Our Niger Delta director, 13 January, 2011). Expat employees receive significantly larger salaries than Nigerians, even with the same qualifications (Interview with Legal Adviser for Banwo and Ighodalo, 17 January, 2011). Oil employees who negotiate with the communities are frequently described as dismissive and hostile. With the lack of employment for, and contributions to, the locality, the oil industry is an economic and social enclave.

Philanthropic Projects

Oil companies claim to create development projects such as schools, healthcare centres and other infrastructure in rural parts of the country that might not otherwise have them. However, many of these projects are incomplete, poorly carried out and unsustainable, despite claims of high spending.

The former headmaster of the Shell/NNPC school in Omadino community testified that the school was operating in the first few years but because there was no maintenance of basic supplies such as the generator and bore holes, the school could no longer function. Moreover, the project did not take into account the security issues in Nigeria. The school and adjacent facilities, which were unfenced, invited looting (Interview with the former headmaster; Interview with the current headmaster of the school; Interview with a Warri local, 5 January, 2011). The Chevron/NNPC hospital built in Omadino community also lacks basic facilities such as electricity, water, a surgery, medicines, a laboratory and funds; as a result, maintaining its operation is challenging (Doctor at Omadino Community Hospital, 5 January, 2011). The situation is similar to Agip's short-lived borehole project in Ebema. The main cause of the poor projects is explained to be that contracts are given to unqualified contractors such as local leaders or the cheapest bidders (Interview with Ebema farmer, 9 January, 2011).

Companies also often highlight scholarships they provide to locals as a philanthropic contribution. Community members pointed out, however, that scholarships are usually selective; that is, they are allocated to ruling elites in favour of the oil employees in charge of awarding them. Very few scholarships go to the oil-producing communities in the Niger Delta (Interview with members of Bodo Council of Chiefs and Elders, 10 January, 2011). Moreover, the amount of money for each scholarship is so low that tuition fees, educational materials and living costs become unsustainable (Interview with MOSOP programme officer, 14 January, 2011).

Furthermore, many of these projects do not suit the needs of the communities where they are sited. Large projects, such as the building of a jetty, are preferred because they allow a sizeable amount of money to be siphoned off (Interview with Chairman of Central Development Council for Ibaramatu Community, 2 January 2011). Locals claim they have not been included in the process (Omadino focus group, 5 January, 2011). Consequently, their real needs are not met and they do not feel the sense of ownership for the projects (Interview with Ebema teacher and farmer, 9 January, 2011).

Companies also claim to build roads in rural areas of the Niger Delta. However, the roads are seen as access roads directly linking oil installations to the port, often crisscrossing sensitive ecological areas and not contributing to local connections (Interview with Akpobari, 6 January, 2011; site visits in Port Harcourt; in Ereme; Shell LNG plant in Gbarain, January, 2011). In this way, the director of Our Niger Delta commented, 'The oil companies are still acting like the colonialists when they first came to Africa. They built roads to the source of raw materials and only linked them to the seaport for evacuation (Interview with Our Niger Delta director, 13 January, 2011).

On the ground, there is little evidence of projects, benefits and basic facilities despite massive oil operations that have been taking place, pointing instead to the reality of poverty, marginalization, pollution and conflicts derived from oil industries (Interview with Social Action deputy director; Ogoni local man; MOSOP programme officer; Omadino focus group; Ebema focus group, Bodo city focus group; Ikarama focus group; Gokana focus group; a Warri local man, January 2011). Personal site visits to Niger Delta communities confirmed malpractices by oil operations and the serious damage these create.[1] These include areas completely covered by oil spills

[1] The Niger Delta communities visited included Ebema, Omadino, Ereme, Gbarain, Bayelsa, Ikarama, Goi, Bodo, Port Harcourt, and Warri.

that have never been cleaned or compensated, areas that have recently been set ablaze, mangrove forests completely destroyed, lands rendered infertile, huge volumes of gas flaring and gas leaks in the middle of communities, communities in extreme poverty without basic facilities such as electricity, clean water, schools or hospitals while the heavy military presence is overpowering and traumatizing the communities. Many incidents are said to have lasted for over 20 years. Livelihoods have been completely destroyed. There is no employment and little hope.

Locals recalled that before the oil industries arrived the region was wealthy and peaceful with a rich natural environment (Gokana focus group; Omadino focus group; an interview with the president of LCPIT; MOSOP programme officer; Chairman of Central Development Council for Ibaramatu Community; director of ERA Bayelsa and director of Our Niger Delta, January 2011). An Owaasa local man described, ‘In my place (Owaasa Community), there is not a standard hospital, university or school but we have the oil’ (Interview with Owaasa local man, 13 January, 2011). Companies also make many promises when they first arrive in the communities, but few are fulfilled. Agip, for example, promised to complete road projects in Ebema in 2010, but in 2011 the project is yet to begin (Interview with Ebema farmer, 9 January, 2011)’.

Because Western governments benefit from oil, they speak out little despite acknowledging their companies’ abuses of Nigeria’s environment, politics and society. In effect, Western governments encourage poor practices rather than those based on value, equity and justice that are required in their home countries (Interview with Programme Director of Environment Issue Management for Shell, 30 December 2010; legal assistant for the court case Ogoni farmers VS Shell, 6 January, 2011). The Western players often point out that non-Western players, precisely the Chinese, pay little attention to environmental and social concerns. Unlike in Angola and Sudan, the Chinese involvement in Nigeria is still comparatively new and marginal. Any assessment of the impact of their involvement remains provisional. However, there are already some signs that some particular Chinese approaches could undermine Nigerian performance. An increasing number of corrupt Nigerian officials have already been looking for unaccountable and non-questioning partners, exactly what the Chinese businesses offer (Interview with Chairman of Central Development Council for Ibaramatu Community, 2 January 2011). MOSOP programme officer asserted, ‘Those in power would like to cooperate with the Chinese to cover their mess. That’s the truth’ (Interview with MOSOP programme officer, 14 January, 2011). There is no mechanism or pressure to put transactions between Nigerian and Chinese partners on record. For the Chinese, there are no politics. Bribes are treated only as gifts and a normal business matter (Interview with president of LPCIT, 3 January, 2011; Social Action deputy director; 6 January, 2011).

Furthermore, for the Western players, there are some independent mechanisms within civil society that monitor their practices in Nigeria. However, the checks-and-balances system does not exist in China making external pressure difficult to apply. The president of LPCIT pointed to the Chinese frequent acting against the majority in the UN Security Council as a cause of concern (*ibid.*). With oil companies being national companies, they become increasingly secretive. The Chinese lack of accountability and standards is what gives Chinese entry a competitive advantage in corrupt states like Nigeria. Many worry that, for fear of losing out to the Chinese, other players may compromise on international best practice (Lagos focus group, 15 January, 2011).

In comparison to other countries, it is easier for Chinese companies to enter the Nigerian economy because the Chinese government provides extensive political and financial support for its companies. Chinese oil companies are directly linked with politics. With the Chinese authorities' leverage in policy-making, Chinese business projects can be rapidly enacted. Chinese projects also cost less and promise to deliver in a short timeframe. This approach suits Nigerian preferences: 'quick fix, quick money' (*ibid*).

The way Chinese investments provide cash incentives and can bid to levels unprofitable to other players implies that China may be more interested in promoting power relations and making gateways for other Chinese businesses to follow rather than in pure business, as it claims (Interview with Our Niger Delta Director, 2 January 2011). To some, this resembles the expansionist previous colonization of Africa (Interview with Director of JGC Corporation, 5 November, 2010; Senior Counsel for Samsung Heavy Industries, 19 January, 2011; Our Niger Delta director, 2 January, 2011).

Furthermore, Chinese production is perceived to be of low quality and operated under lower standards (Interview with Chairman of Central Development Council for Ibaramatu Community, 2 January, 2011). There are already some unfinished projects (Interview with a legal officer, 17 January, 2011). Chinese companies generally employ a larger proportion of Chinese expats. Where there is local employment, welfare packages and safety standards are poor (Interview with MOSOP programme officer, 14 January, 2011). The Chinese business approach in the long-term discourages companies with good practices which are interested in investing in Nigeria because they are unwilling or unable to use Chinese methods and when these are different they find it difficult to make profits. Some companies have already closed their subsidiaries in Nigeria for this reason (Lagos focus group, 15 January, 2011).

There is a common fear that the Chinese entry would compromise Western standards and encourage deeper corruption whilst sustaining oppressive government of Nigeria (Interview with Programme Director of Environment Issue Management for Shell, 30 December 2010; Director for Nigeria's Department of Petroleum Resources). However, it cannot be neglected that all players equally use approaches that best suit their political and economic interests (Lagos focus group, 15 January, 2011). All engagements are self-interested (Interview with Social Action deputy director, 6 January, 2011). Whether Chinese approaches are negative or create worse outcomes than the Western players requires a longer period of Chinese involvement for an accurate assessment.

The asymmetries of power in international relations help in facilitating dominant players to control Nigeria's resources, which their systematic exploitation of Nigerian oil helps to enforce and deepen (Interview with the director for African Economic Research Consortium, 16 September, 2010). A top official of the Nigerian Central Bank revealed, 'There is an asymmetric power between foreign players and Nigerian players with it tilting towards foreign powers. They have the advantages because they hold the resources, technology and team of experts we can never have in obtaining the information' (Interview with the Director of Nigerian Central Bank, 15 September, 2010). There is also no succession or transfers of technology and skills. Technology know-how is monopolized by foreign players. What deems to be strategic positions are reserved for expatriate players even in terrains such as the Niger Delta where Deltan experts would be more qualified (Interview with Shell's Former Senior Officer, 31 December, 2010).

Oil companies also take advantage of Nigeria's lack of expertise and technology by offering contracts on unequal terms (Interview with top Official of Nigeria's Central Bank, 15 September, 2011). According to a parliamentary member of Delta State, oil companies benefit more and they employ approaches which hinder Nigeria from achieving its oil potential (Interview with the Delta State's Member of Parliament, 3 November, 2010). Many company contracts still in operation were signed over 50 years ago when Nigeria had little knowledge of the process (Interview with Social Action deputy director, 6 January, 2011; Our Niger Delta Director; 13 January, 2011). The recently enforced (in April 2010) local content requirement aims to allow Nigeria to maximize local profits but foreign players have been obstructive claiming Nigerians lack capability, making it unachievable in reality (Interview with Legal Practitioner for Aelex, 1 November, 2010). Despite what are considered to be unequal contract terms, Nigeria still achieves significantly better terms than many other African oil-rich countries due to Nigeria's mature experiences with the oil industry (Interview with Senior Officer of Nigeria's Department of Petroleum Resources, 1 November, 2010; Executive Director of the Natural Petroleum Agency, Sao Tome and Principe, 4 November 2010). This leaves the question of how much other African oil-rich countries may be losing due to power and knowledge asymmetries when negotiating their contracts (Interview with Honorary Consul of the Kingdom of the Netherlands, External Director of Shell Gabon, 2 November, 2010; Senior Officer for Sierra Leone's Office of the President, 3 November, 2010).

In addition, foreign players deliberately conceal the openness and transparency of business processes such as contract bidding. Other players including non-major companies, civil societies, the press and the public are not allowed in the process and Nigerian partners are not well-equipped. Eventually, Nigeria faces disadvantages in doing business with foreign players and challenges in keeping them accountable (Interview with the Director of Nigerian Central Bank). By this, Shell's former senior officer said, imperialism still reigns in Nigeria. Today, with crude oil as the dominant commodity, the relationship between the Niger Delta oil communities, the multinational oil corporations, foreign states and the Nigerian government remains largely unchanged.

Conclusion

The scramble for Nigeria's oil today is not a new phenomenon but a part of continuing, imperialist, resource control. Corporate oil and foreign players continue to meddle in Nigeria throughout the colonial era, the Cold War, the Biafra War and the present oil scramble. However, the exploitation of the people, resource ownership disputes, conflicts, mindless destruction of environments and villages still characterize the relationship between Nigeria and foreign players. The contemporary oil trade forms a new version of the traditional triangulation of a historical scramble. Investment comes in, oil goes out and the Delta is left deeply marginalized. It is an old crisis in a new form and only a close examination of the continuing scramble of Nigeria with a complicated web of interested players and practices can explain the international dimensions leading to Nigeria's failure.

Neo-colonialism explains continued exploitation by former colonial players as well as new players. This chapter explains how foreign players have employed political and economic mechanisms to enhance their oil interests. The political mechanisms employed include the balkanization of Nigeria, the use of state policies, political meddling and military involvement. The economic mechanisms include financial involvement displayed as neoliberal policies and money corruption; and the ways business is conducted on the ground. In the concluding chapter, the outcomes of these interventions are assessed revealing the link between neo-colonial interventions and Nigeria's resource curse, which will facilitate theory development. Consequently, it merges neo-colonialism, which is predominantly a political concept, with the resource curse theory, largely explained by economic factors. I will then analyse how these relate to other African oil-rich countries.

-Chapter 7-

Conclusion: Development of Resource Curse Discussion

After having discussed foreign oil-related interventions in Africa in Chapters 4 and 5 and particularly in Nigeria in Chapter 6, this chapter now assesses the outcome of such practices in order to see how they lead to the resource curse. Based on the resource curse theory discussed in Chapter 2, resource curse displays in the malfunctions in any of the following three structures: politics, the economy and society. When natural resources contribute to poor governance, economic collapse and the onset and duration of conflicts in resource-rich countries instead of creating the expected wealth, the countries are considered to suffer the resource curse. By linking continued foreign oil-related interventions in Africa to African underperformance, this study relates neo-colonialism to the resource curse theory.

This chapter is composed of two sections. The first assesses the outcomes of continued foreign interventions in African oil-rich countries with a specific focus on Nigeria and analyses how these performances are linked to the resource curse. Section two thus reveals that foreign scramble explained by neo-colonialism is a probabilistic causal mechanism of the resource curse and must be included in the resource curse theory. These two sections thus serve as a part of theory development by linking neo-colonialism to the resource curse theory. I finish this chapter by concluding the research finding and establishes the linkages that explain why African oil-rich countries fail to perform well despite the large revenues associated with oil industries.

Outcomes of Foreign Scramble for Africa: A Resource Curse

This section assesses the impacts of the neo-colonial scramble for Africa's oil. This concept has not been included as an indicator determining resource curse. The complex oil-related foreign interventions, as previously discussed, do not exist *in vacuo* but are an indispensable part of the continuing, centuries-old, scramble for African resources. The processes impact heavily on Africa's present and future status.

These scrambles for Africa can be explained by neo-colonialism, a concept which, as described in Chapter three, discusses the continuing system of colonial exploitation and dependency even after a colony achieves independence (Asante, 1989). It refers to the involvement of more powerful countries in the affairs of less powerful ones. Even without direct military control, they tend to maintain a '*de facto'* control over less powerful nations through indirect domination by political, economic, social, military and technical means. In other words, neo-colonialism represents the survival of the colonial system. Overall, neo-colonialism assumes the continued control of former colonial powers as well as that of the new players and comes through political and economic interventions. Neo-colonial foreign interventions were first carried out by European powers competing for hegemony in Africa including Britain, France, Portugal, Italy and other less-influential European states (Anise, 1989). Later new global powers such as the US, the USSR and China joined Europe. The new wave of foreign intervention in Africa reflects the growing battle for world power. Africa provides global strategic resources the importance of which is increasing due to global scarcity and competition to secure areas for hegemonic control (*ibid.*).

The neo-colonialist concept expects that the colonial powers' history of exploitation contributes to poor performance in Africa but it makes no relationships to the resource curse phenomenon. In this section, we use the neo-colonialist concept to discuss how foreign interventions under-develop Africa. To tackle Africa's resource curse problem, one has to look beyond the present period, the oil industries or the domestic dimension and investigate the players involved, the approaches they use and how the history of this involvement affects and hinders Africa's escape from the resource curse, a hitherto unaddressed relationship.

The resource curse, as discussed in Chapter 2, affects three areas: bad governance, economic decline and the onset and duration of conflicts. As soon as any of these symptoms are present, then the resource curse occurs. To fit into the framework of the resource curse theory, this study categorizes the malfunctions of states as a result of continued foreign interventions into these three areas. Under each section, the study discusses how Marxist theory can link the neo-colonial foreign scramble for Africa's resources to the resource curse symptoms. Thus, it displays why neo-colonialism must be included in the resource curse discussion. We first look at how foreign scrambles contribute to poor governance in African oil-rich countries before moving on to examine how they lead to economic decline and conflicts.

Foreign Scrambles Contribute to Poor Governance

Africa has been the subject of foreign scrambles for resources, raw materials, human resources, lands and oil from before the colonial era until today. The colonial era legitimized these scrambles, which have constrained Africa's potential for turning its resources into blessings. The development of human resources and good governance, which are considered as crucial means to break the resource curse, have been the primary factors seriously undermined by the continued scrambles for Africa.

During the colonial era, education and administrative authority were only made available to the elites, the group which favoured the presence of the colonialists (Hodder-Williams, 1984). The education provided was not for training and skill development based on local needs but rather to implement the exploitative colonial system. Education concentrated on administration and taxation systems, in which new graduates would serve colonial governors and the colonial market system where African structures became subordinated (Interview with Ibegwu, 9 January, 2011). Thus, the deeper integration of colonial commercial companies into Africa's hinterland allowed greater exploitation of African people and resources.

The colonial education system created different classes: the ruling elites and labourers in societies where networks of clans and social support had been engrained.

The exclusion of women from colonial education and administration destroyed the fabric of most African societies where women had played crucial roles. According to Ibegwu, even before the arrival of oil companies, colonialism had imposed alienating capitalism and the system of exploitation onto the primitive African societies (*ibid.*). As colonialism ended, the colonial aristocrats and governing officials withdrew, ripping out Africa's institutional capacity. The sudden colonial departure left Africa with power-hungry and poorly-educated people who struggled to fill the power vacuum and to control the economic stakes. The consequence was long-term poor governance, political instability and civil wars at worst.

For instance, when the Portuguese left Angola in 1975, they left abruptly and took 340,000 settlers with them. Because the indigenous peoples had not been allowed higher education, the country was instantly lacking in the technocrats and skilled personnel necessary to develop the newly-independent country. Since civil war broke out immediately after the Portuguese departed, Angola never had a peaceful phase when it could fully develop its own technocrats (Heuper, 2005). By 1998 only three percent of government employees had a university education. A decade-long war left the county's infrastructure in tatters and the national bureaucracy barely able to function. There was erroneous accountancy, widespread corruption and a lack of legal, fiscal or bureaucratic mechanisms to properly manage the national oil wealth. The lack of human resources foundation caused by colonialism thus undermined political and economic development in Africa. Therefore, the end of colonialism did not bring the expected freedom and prosperity.[1]

Even though Angola appears to making progress with economic and political sustainability today (Chabal, 2007), Angola's governance demonstrates the backward bureaucracy inherited from Portuguese rule. There authoritarianism spreads throughout society by neo-patrimonial elites whilst presidentialism continues to dominate a single-party system (Clarke, 2008). Angola, during the colonial period, resembled Fascist Portugal. It was characterized by repression and lack of press freedom and opposition to the government. Prior to independence, rival liberation movements such as the Popular Movement for the Liberation of Angola (MPLA), the National Front for the Liberation of Angola (FNLA) and the National Union for the Total Independence of Angola (UNITA) had been fighting for years. Thus, the precipitate Portuguese departure led to civil war. Post-independence Angola had no model of multiparty politics or parliamentary democracy to follow. MPLA's centralization is a direct inheritance from the Portuguese. When the MPLA took power in 1975, a highly centralized top-down presidential system took root. The failed coup attempt in 1977 made the regime turn to increased violence. MPLA was so repressive and centralized that no involvement by civil organizations or the Catholic Church was allowed in any negotiations including the Alvor Accords or at Bicesse, Lusaka or Luena. The only people having a voice in Angola were those with guns. In Cabinda, the colonial legacy is more vivid than elsewhere. Lacking opportunity for political discourse, young activists were recruited into movements espousing hatred and violence (Ghazvinian, 2007). Colonialism made Angola too

[1] Colonialism is a part of scramble for Africa of which the modern search of African oil is a part of. When oil-related foreign interventions are analysed, ongoing scramble cannot be overlooked as today's scramble repeats the past's circle and it creates conditions where new oil industries are shaped within.

weak to manage the oil, and was then further weakened by interventions by the US, USSR and new oil players until today.

This pattern is similar to most colonized African states. Independence was not the culmination of carefully developed processes. The abrupt decolonisation in Africa resembled the sudden Roman withdrawal which led to prolonged civil wars and economic deterioration throughout Britain (Collier, 2007). African governance has endured colonial authoritarianism with Africans excluded from the electoral system during colonial rule after which democratic models were imposed by the West in their former colonies. From the beginning, colonial rule expropriated political power regardless of the needs of the indigenous population. The governing apparatuses were designed mainly to control the population and resource exploitation backed by police forces and colonial troops. African leaders, continuously exposed to authoritarian control, became familiar with government justified by force (Gordon, 2001). One autocracy is typically replaced with another. The present poor governance is deeply carved into the past. The political system of post-colonial African states is still designed to ensure presidential, ministerial and party continuity, a pattern which seems likely to endure (Clarke, 2008).

In Nigeria, elites have been following and strengthening the system that the British left behind rather than changing it. Nigerian governments remain authoritarian and reliant on heavy military force while foreign elites and companies support politicians who are conducive to their ways of exploitation. Oil industries have bankrolled a series of corrupt and authoritarian governments (Klare, Volman *et al.*, 2006). The close ties that foreign oil companies have developed with Nigerian governments and brutal military are a significant contributor to increased human rights abuses and poverty (Leech, 2006).

A considerable number of African oil-rich governments, including Nigeria, hire mercenaries to bolster domestic security. Often, they are hired by private companies themselves or in collaboration with the government, like Nigeria's Joint Task Force. Hiring mercenaries amounts to a substantial decrease in political sovereignty (Reno, 1998; Francis, 1999). More than anything, the privatization of security to protect oil installations makes it applicable to describe many African states as 'failed' (Clapham and Philip, 1985; Lock, 1998; Chabal and Daloz, 1999; Hyden, 1999). Peter Lock goes as far as to argue that in situations where there are a number of policed 'islands of security' within a formally sovereign state, 'there is hardly a role for the state, as autonomous security zones are a result of fragmentation' (Lock, 1998: 1418). Security zones already exist in the Niger Delta, Sudan, the Democratic Republic of Congo and Angola.

In these African countries, foreign players share in shaping political, economic and military infrastructures. Under these circumstances, foreign players no longer act like external players but rather as a governing body of that country. This enforces a *rentier* state where the government is unaccountable for their actions while ultimately depending on oil industries and foreign players to uphold the functioning of the state. By this, the continued foreign oil exploitation of Africa contributes to the resource curse where government fails to function (Interview with Courson, 2 January, 2010).

From the days of European naval adventurism to incomplete decolonisation and to today's scramble, all kinds of intervention have taken place based on self-interest and contributing to the economic, political and social demise of Africa (Anise, 1989). As a result, Africa's powerlessness allows the same pattern of colonial resource exploitation to continue. Foreign companies arrive in Africa, extract the oil and repatriate profits to their homelands leaving Africa impoverished and oppressed. According to Ajakaiye, foreign players have vested interests in keeping Africa in the current stage to ensure maximum profit expropriation (Interview with Ajakaiye, 16 September, 2010). Today, even oil-producing communities do not have basic life necessities such as water or electricity and local populations remain without a say in what happens in politics. Authoritarianism seems unchallengeable. In these circumstances, the local populations remain enslaved (Interview with Sonny, 10 January, 2011). According to Ajakaiye, initiatives such as Publish What You Pay, EITI or Resource Charter will be not be solutions for Africa while the exploitation patterns go on to maintain this subordination with more foreign players than before competing for Africa's resources (Interview Ajakaiye, 16 September, 2010; Interview with Comrade Ibegwura, 9 January, 2011).

The above shows how continuing foreign scrambles for Africa's resources undermine Africa's governance, one of the resource curse symptoms. Next, the explanatory power of Marxist theory is applied to the relationship between neo-colonial foreign scrambles and Africa's poor governance.

<u>Relevance of Marxism</u>: The Marxist perspective on political economy is highly useful with its emphasis on historical dialectical materialism which explains continued exploitation of dominant nations over weaker nations within the global economic system.

By giving primacy to materialism, Marxist approaches highlight the importance of economic conditions in shaping international relations. Economic conditions explain the European expansion to Africa during the mercantile phase. In the Nigerian context, it explains why the British Colonial Administration attempted to exercise power over the Niger Delta territories even before it assumed direct control in 1899 (Osunlana, 2008). According to Hoogvelt, direct political control of the overseas territories "was often a convenient method for organizing the production systems and laying the infrastructure in the ancillary economies [at] that time" (Hoogvelt, 1997: 18).

The rise of foreign political control and new colonial capitalist economy led to the transformation of the Niger Delta's traditional social structures. Marxism explains that this exploitation of resources is central and creates class relations and struggles within societies (Aina, 1986). This is precisely what happened in Nigeria and in most colonized territories of Africa. Marxism emphasis on how materials and economic conditions influence politics also explains why traditional chiefs obstructed social change and instead continued to "seek their personal advantages by accommodations with imperial government and would thereby prepare their eventual downfall" (Davidson, 1961: 261). This is because the traditional chiefs benefitted from their partnership with colonial traders and officials.

This approach provides a framework in which the pattern of control similar to, if more complex than, colonialism continues in the Niger Delta where crude oil supersedes palm oil production during the colonial era. As in colonial times, the Nigerian ruling class defends oil capital. Because Nigerian governments depend on foreign oil industries, they defend foreign oil industries by repressing all social and political opposition to foreign oil corporations. By reinforcing political control over resources, the state protects global accumulation and the interests of the transnational corporations, while still projecting itself as the protector of national interest and security in order to maintain its legitimacy (Osunlana, 2008). Both the Nigerian state and the oil companies see communal resistance as obstructions to wealth accumulation and therefore in need of complete suppression (*ibid.*).

The Nigerian ruling elite also use the political power to generate economic power from crude oil which in turn helps strengthen their political position (Obi, 1997). It is in the utmost interests of Nigerian rulers to resist transformations of the economic system of exploitation put in place by the colonial powers. This enduring system therefore contributes to intensifying Nigeria's oppressive governance. The Marxist perspective of historical dialectical materialism provides a basis for understanding how the present foreign scramble for Africa's oil, as part of the historical scramble for Africa, undermines African political structures and thus can be linked to a symptom of the resource curse.

This section discussed the foreign scramble's contribution to the resource curse by leading to and creating bad governance, the relations for which Marxism can offer a basis for understanding. However, the resource curse discussion has so far ignored the foreign dimension in the resource curse. By addressing the linkage between these two variables, this study has filled the gap in the existing resource curse theory. The next section moves on to discuss how foreign scrambles relate to Africa's economic failure, another symptom determining the resource curse experience.

Foreign Scrambles Contribute to Economic Collapse

In addition to creating authoritarian rule in Africa, colonial administrations left behind weak, badly integrated and distorted economies which made Africa dependent on more advanced states. African sovereignty over decision-making becomes contingent on foreign markets and expertise. African countries trade mostly with superpowers such as the US, Europe and China and receive financial assistance from them while trade among African states is marginal, less than three percent of the total (Gordon, 2001).

Depending on single markets as in colonial times, Africa still produces single commodities while the rest of the world is starting to diversify their exports (Sindzingre, 2011). Many countries produce and export the same products such as cocoa, ground nuts, minerals and oil as a result of Western imperial design. The colonial powers only focused on few types of plantation and resource extraction for the Western market and were not interested in developing other sectors. Africa suffered export diversification when the colonial powers left as there was no system of industries and manufacturing and the global market was too fierce to enter. Simple African export products faced high competition and lower prices. This left Africa's economies vulnerable and more dependent on powerful states. The production of export commodities also caused population movement while affected transport infrastructures which primarily served to evacuate commodities from the hinterland to the coast for export to Europe. These transport routes, however, did not connect and integrate countries. This pattern still persists today and has limited countries' ability to develop economically, establish political stability or implement regional integration (Delancey, 2001).

In the context of weak economic and political systems, oil, instead of creating wealth, has led to the poverty of African oil-rich countries. For Nigeria, statistical evidence has shown that poverty in the Niger Delta region is much higher than the national average. In Oloibori, where Nigerian oil was first drilled in 1958, youth unemployment is now running at 50 percent (Ghazvinian, 2007). In the oil rich states, Bayelsa and Delta, there is one doctor for every 150,000 inhabitants. In the rural communities, the ratio goes up to one doctor for 250,000 inhabitants (Interview with Dr Koyin, 5 January, 2011). The only beneficiaries of oil wealth are the multi-national oil companies and their shareholders.

As Nigeria's ruling class conforms to the ways oil industries are operated, as discussed in Chapter 6, agricultural lands, drinking water and fisheries on which subsistence economies depend are destroyed. Oil companies have also deprived local peoples of ownership and control of their lands (Personal site visits, January, 2011; Leech, 2006; Clarke, 2008). In effect, these people's livelihoods are completely destroyed, which continues the vicious circle of poverty. In this context, local populations cannot afford education, if any schools exist, and thus employment becomes impossible. As money is only gathered around the oil installations, more youths become engaged in prostitution and criminality as the only source of income (Interview with Alagoa, 13 January, 2011; Interview with Elf employee, 14 January, 2011). As well as political and economic decline, the country is also bearing the brunt of the costs of oil operations (Brown, 2006). Due to such political, economic and social problems, skilled people seek to migrate elsewhere in search of better lives.

The demise of Nigerian structures makes Nigeria a hostile environment for business investments other than oil. Due to support the oil companies receive from Nigerian officials, immunity gained from enclave oil operations and the large profit margins in the mature of oil investment, oil industries flourish even when all sectors fail. Control of resources through continuous foreign interventions in Nigeria play a part in this. As oil is mostly the only source of foreign investment, this entrenches Nigeria's dependence on a single primary product just as in colonial times, making it more difficult to diversify national exports as a way of breaking the resource curse. The capital-intensive oil industries crowd out other tradable sectors that otherwise would employ mass populations. Agricultural-based economy and small-medium sized manufacturing which helped East Asian economies to thrive cannot survive in this environment. Hence, oil industries hinder viable industrial and technological development. These factors enforce the vicious circle of poverty and economic decline (Interview with Fukushima, 15 January, 2011). It will thus take longer for Nigeria to catch up with the development of other countries.

Relevance of Marxism**:** The poverty and economic decline of African resource-rich countries can be understood by the neo-Marxist dependency theory which primarily argues that resources are extracted from the periphery of poor underdeveloped states and flow towards the rich states at the centre in order to sustain their economic wealth. Foreign control and interventions of African countries come aiming to extract resources. Girvan (1976) notes that because major world powers own the capital and exercise power over classes and the institutions of weaker nations for the appropriation of resources; exploitation, pollution and underdevelopment in these weak nations are created. This also includes the expropriation of peasants' rights, lands, waters and means of livelihood to maximise corporate profits.

In the global capitalist system, African autonomy is undermined at the expense of the oil companies and imperial economic design. Economic instruments employed by superpowers, such as neo-liberal policies, petrodollar monetary order and economic sanctions (see Chapter 5) are imperatives well beyond the control of peripheral African states. African states are thus compelled to rely increasingly on multinational companies in the open markets espoused by these neo-colonial economic mechanisms. For this reason, African states become the defenders of multinational oil companies. Although free market economists suggest that full integration into the world market is beneficial, the imposed integration of Africa into the 'world system' has proved to benefit only the rich states while creating deeper impoverishment in Africa. Marxist perspectives explain that Africa's inherent weakness in the global capitalist system leads to Africa's poor economic performance.

This section discussed the foreign scrambles' contributions to the resource curse by leading to economic decline, the relationship which economic-centric Marxism can offer a basis for understanding. The next section moves on to discuss how foreign scrambles relate to Africa's conflicts, another symptom of the resource curse.

Foreign Scrambles Contribute to Conflicts

Conflicts in Africa have occurred with direct and indirect interventions from foreign countries (Anise, 1989). Such conditions left Africa little room to properly manage its oil wealth when the first significant production took start in the late 1960s. Growing inequalities between social classes occurred in African societies as a result of colonial rule. The British model of "indirect" rule through so-called tribal rulers, as discussed in Chapter 4, increased competition between ethnic groups. Africa's traditional culture and values were further corrupted by the imposition of colonial cultural superiority (Achebe, 1996). The locals were caught between a clash of long-lasting African customs with the colonialists' powers vested in the authority of colonial states (Clarke, 2008: 44). The 'balkanization' broke Africa into units convenient for governance and resource extraction. Independence gained from these false colonial boundaries had led to social instability and civil wars (Nkrumah, 1968). Most African countries including Nigeria, Angola, Libya and Sudan comprise people from many tribes, languages, cultures, religions and economic patterns. Through colonial indirect rule, societies were divided. The traditional chiefs and dominant ethnic groups were buttressed to extort their people for the colonial benefit of resource extraction (Interview with Ibegwu, 9 January, 2011).

In some parts like the Niger Delta, areas are divided as several groups make claims on oil wealth. In Sudan, long-established conflicts are yet to be fully settled. Recent oil development has brought new conflicts on top of those from the past, creating greater complexity (Clarke, 2008). Even while Africa continues to fail by global standards, corporate oil found ways to prosper, relying on various economic and political forces. In unstable states, brutal military governments such as in Nigeria, Angola and Libya dominate over long periods.

Oil companies have picked up the colonial 'divide-and-rule' strategy. In Nigeria, oil companies exploit ethnic factions and deliberately distribute oil benefits to dominant groups or parties in favour of their operations while depriving the rest of society. This aggravated divisions and created them within communities and families where divisions had never before existed and played a part in destroying Nigerian traditional social relationships such as the respect for elders and women (Interview with the Niger Delta Development Initiative Committee, 9 January, 2011). The damage to Nigerian culture is immeasurable and beyond recompense (Interview with Alagoa, 13 January, 2011).

Africa was set out on shaky ground when substantial resource industries arose. Contrarily, in countries like Norway and The Netherlands, oil was found after democracy had been fully developed and hence these states have successfully reaped benefits from oil resources. Africa's oil discovery in the midst of the damage left by colonial powers and continued by new forms of foreign interventions thus produced rent-seeking, poor governance, economic mismanagement and severe social instability. These are explained as the symptoms of the resource curse. Securing Africa's resources and oil has been long-established but life in Africa hardly resembles wealth or development. Continued foreign scrambles for Africa are considerably to blame. Over history, Africa's place has been shaped by a wide range of competing players including Arabs, Ottomans, Portuguese, Spanish, French, British, US, Chinese, Soviet and Africans themselves (Clarke, 2008). These interventions resulted in a number of fragile dependent states or statelets and 'controlling' zones of interest. These patterns define the landscape in which oil industries operate, setting out the still fragile future of African oil (*ibid.*).

Conflicts in African oil-rich countries are also caused through the culmination of unaddressed grievances such as land dispossession, pollution, marginalization and political repression. Local populations are not treated as stakeholders but rather as an access to resources (Interview with Bisina, 3 January, 2011). In Nigeria, oil industries' insensitive business conduct, which is displayed in the disregard for local environments and social institutions, has resulted in the destruction of environments, livelihoods and social networks, which underpin the conflicts in the Niger Delta. As the environmental pollution destroyed their way of life when fishing and farming became impossible and the oil industries created no employment for the manpower deprived of their lands while small elite groups or dominant tribes are rewarded and the local communities see living standards plunge and where no basic life facilities exist, frustrations mount. Youths in the oil areas have become instruments in the hands of politicians, rival elites, oil companies and criminals who manipulate them to achieve their selfish ends (Osunlana, 2008; Interview with Ebema teacher, 9 January, 2011).

Grievances have led to a series of activities deployed against the companies ranging from peaceful demonstrations and blockades of oil facilities, to criminal activities such as occupations of flow stations and platforms, sabotage of pipelines, oil bunkering, attacks on oil installations and kidnapping of oil employees. These incidents provoked President Obasanjo to dispatch a large military force during his rule (1999-2007) to the oil-producing creeks. Since the hanging of Ken Saro-Wiwa in 1995 and the concurrent militarization of the Ogoni oilfields took the international stage and although Obasanjo's government became civilian rule in 1999 after continuous military dictatorships, the level of oppression, violence and marginalization do not seem to have improved (Osunlana, 2008). Brutal security forces still operate and conditions across the oilfields get worse. Instead of protecting oil-producing communities, the government has provided security forces to the oil companies which were often used for crushing local communities at the companies' requests. Therefore, the oil companies are largely responsible for conflicts across the region (International Crisis Group, 2006; Manby, 1999).

While it may be said that the region has a history of internal violent outbursts dating back to the 1950s, this was attributed largely by the colonial strategy of balkanizing Nigeria's territory and societies. Moreover, the presence of oil companies in the region exacerbates communal tensions (Human Rights Watch, 2002). A prime case is the Ogoniland situation leading to the 1995 execution of Ken Saro-Wiwa. The prolonged Warri Crisis is also essentially connected to the control of oil. With the new millennium, conflicts became more violent and aggressive, in effect a state of undeclared war (Clarke, 2008). The death toll is estimated at a minimum of a thousand people every year making it an area of 'high-intensity conflict', similar to Chechnya and Colombia.

Anything related to oil becomes a very sensitive issue fuelled by suspicion and hostility (Interview with Senior Representative of Omadino Community, 5 January, 2011; personal experience of local agitation in Bayelsa State). This produces a culture of violence in oil-producing communities displayed in the rise in threats, crime and the proliferation of small arms as the only way to attain compensation for some of the damages. Thus, the delta is now one of the most dangerous places on earth (Osunlana, 2008; Interview with Naagbanton, 7 January, 2011). According to Naagbanton, arms, such as AK-47s, come through porous borders from Chinese, South African, Italian, German and Belgian sources. Every community now has a silent army. It is expected that if the problems of proliferation are not addressed, armed warlords will be operating in the region turning it into a dangerous conflict zone where the gangs rule at the expense of development and security for all (*ibid.*).

Since late 2005, resistance against the state and multinational oil corporations operating in the Niger Delta region has taken a more violent and sophisticated turn with the emergence of the Movement for the Emancipation of the Niger Delta (MEND) and of armed struggles (Courson, 2009). MEND has sought direct international attention diverting it away from the Nigerian state which MEND perceives as being a dishonest broker due to the government's vested interests in its role as the partner of oil multinationals exploiting the oil in the Niger Delta. This reflects a state of cultural, social and political breakdown and tension between dispossessed peasant communities and the hegemonic, trans-global, capitalist forces (Obi and Okwechime, 2004). In the same year, the US National Intelligence Council announced the 'outright collapse of Nigeria' and that this was one of the highest 'downside risks' threatening stability throughout sub-Saharan Africa (Ghazvinian, 2007: 20).

The use of violence however contributes to the vicious circle of insurgency where all sides feel threatened and thus need to tighten up security systems (Interview with Soludo, 15 September, 2010; Interview with Daniel, 10 January, 2011). In addition to the militarized approach employed by the government and the oil companies themselves in protecting oil installations, foreign governments have also provided military support (Courson, 2009). Foreign military involvement often fuels internal political conflicts over the allocation of oil revenues. This is particularly true when the regime in power monopolises such revenues, restricts other population groups' access to oil benefits and uses these oil revenues in programmes to oppress others. Such actions cause political unrest. The marginalized groups often resort to arms as it is the only way to obtain a larger share of oil benefits. In response, African regimes rely on heavy forces. Recently, these have been mostly assisted by the US and China (Klare, Volman *et al.,* 2006). The result is often that rural isolated villages were found caught between the security forces hired by international oil industries, militias determined to disrupt oil operations and the military employed by the state (Ghazvinian, 2007). Numerous instances of environmental and human damage have been identified in African oil-rich countries by Human Rights Watch among others, a factor underpinning the likelihood of continued conflict there (Clarke, 2008: 94).

<u>The Relevance of Marxism:</u> The Marxist political economy approach helps to explain how it is impossible for African states to relieve some grievances in the oil-producing areas. In the system of global capitalism, the role and position of African states in the international political economy of oil and global relations of production are marginalized. African states lack the capital, technology and managerial skills required to establish a developmental path.

Marxism's emphasis on dialectical materialism also helps explain the emergence of local social struggles against the capitalist political system starting in colonial times until today (Osunlana, 2008). With this approach, the crises in African societies are viewed as the direct consequences of capitalist modes of production and accumulation. In this system, Marxists explain that people and their environment are subordinated to the forces of global capitalism (*ibid.*). Oil companies and their home governments have sought to control oil from as early as the 1910s when WW I entrenched oil in politics and the dominance of the world economy. The World Bank, the IMF, GATT and the World Trade Organization were used as economic arms to extend the power of globalization so that open markets for resource access would be created. These organizations serve as cartels for global imperial powers to penetrate rural areas assisted by post-colonial elites who represent them. African oil-rich countries were merely reduced to clientele states.

In traditional African societies, local populations had birthrights to their land. With the arrival of colonialism and the oil industries, the new capitalist market economy system was introduced where indigenes lost their birthrights to land to the state and oil companies. Indigenes automatically became only natives who dwell in the land but have no rights over it. Since their lands have been deprived, local populations become labourers, when formerly they were landowners (Interview with Ibegwura, 9

January, 2011). They receive low remuneration in return for their labour. Education becomes unaffordable. The new capitalist forces also introduced the kind of lifestyles which locals cannot afford. Marxism explains that this creates social classes and people in the lower classes become industrial slaves as a by-product. While oil industries flourish, the lives of local people have been downgraded. This renders people hopeless. In this context, Marxists suggest social struggles will occur.

According to the Marxist explanation of the capitalist mode of production, globalization processes would continue to increase the rate of extraction whereby environmental degradation and the authoritarian character of Nigerian politics would be worsened. This would provoke struggles over shrinking resources and the level of local oppression. These struggles are closely related to inter-ethnic or inter-communal conflicts (Obi and Okwechime, 2004: 358). The Niger Delta communities have been transformed through global capitalism in the colonial era into ethnic minorities and since then alienated from the oil produced from their lands by the companies and the Nigerian state. The minority ethnic groups thus have generally perceived the companies and the state as alien predatory forces. Consequently, they are compelled to retreat into their small ethnic cocoons from where their identity and power can be relatively strengthened and some gains could be secured. In order to win their share of limited resources, these ethnic groups resort to wage wars against the state, the companies and other groups. This would also lead to ethnic politics whereby election processes are reduced to a competition to win resources for their own clans. This system would worsen democratic progress and further fuel conflicts (McFaul, Magen *et al.*, 2007). The on-going crises in the Niger Delta region precisely illustrate the Marxist dialectical materialism perspective.

The Marxist approach thus throws useful light in understanding the on-going struggles over control of resources and the unequal distribution of power and wealth and how these variables will continue to re-enforce each other in the prevailing mode of production. In contrast to the other theoretical perspectives which completely overlook the issues of equity and social relations, the Marxist approach sees these as central to the understanding of the deepening crises in weaker states created by the exploitation of human beings and resources. By and large, scholars of conflict have often overlooked the role of neo-colonial corporate resource scrambles in generating violent conflicts in developing countries. The Marxist perspective explains the dialectics of the crises which were largely defined by how weak African states were incorporated into the world capitalist system through which their resources have been exploited for the global market leaving them oppressed and marginalized. Therefore, this provides a framework to objectively explain the resource curse displayed in the failure of economic, political and social stability in African oil-rich countries.

This thesis argues that Marxist Dependency Theory is the primary theory explaining why external states intervene and how this leads to negative outcomes. By interpretation, economic-centric Marxists would assume that oil-related foreign intervention in Africa is determined by the force of international capitalist markets. To survive in this system, they must revolutionize their means of production through searching for new markets, raw materials, cheap labour and higher profits. However, for most superpowers, the internal frontier reached the point of closure. There have been problems of domestic overproduction and labour conflicts. Hence, the drive to seek out new territories for economic development have become more manifest

(LaFeber, 1963). For oil, Africa becomes a subject for bourgeois nations which seek to achieve the revolution of production.

Marxist Dependency Theory also explains that resources flow from a "periphery" of poor and underdeveloped states to a "core" of wealthy states, enriching the latter at the expense of the former (Prebisch, 1959). This process has made the political economies of the African countries subject to the needs of foreign powers, which contributes to continued underdevelopment, stagnation and instability in Africa (Asante, 1989). Because the peripheries become weaker and more dependent on richer state, dependency theory also explains foreign influence on the internal affairs of the peripheral powers, here the African states. According to Rodney (1972) and Amin (1976), these are the ways through which neo-colonialism persists. By explaining the process in which rich nations have continuously exploited the world market and thereby deprived weaker nations, Marxist variants contribute to the neo-colonialism concept and the resource curse discussion. The complexity of neo-colonial structures relate to Africa's underdevelopment. The essence of Marxism in explaining how materialism constructs forces in international relations and different classes in societies offers an integrated explanation that transcends all disciplines of social sciences, including politics, economics and anthropology (Momoh and Adejumobi, 1995).

This section links foreign scrambles for Africa to Africa's underdevelopment which is displayed in three fundamental areas: governance, the economy and stability. Any of these symptoms is defined as the resource curse phenomenon. No studies so far have attempted to relate foreign scrambles to the resource curse discussion hence superseding the ideas on why resource-rich countries fail. The resource curse is agreed as a crucially fundamental matter for Africa, one of the most resource-rich, yet poorly-performing, continents.

Foreign Interventions and the Resource Curse: a Probabilistic Causal Mechanism

The previous section shows that oil-related foreign interventions have an impact on damaging African economies, authoritarian political establishments, environmental degradation, poverty and conflicts. These negative impacts could be categorized as resource curse symptoms which display in the failures of resource-rich states to perform as described above. This section explains how the relationship between foreign interventions and the resource curse is categorized as a probabilistic causal mechanism.

As discussed in the operationalisation section of Chapter 1, there are access restrictions to empirical data for this subject. While this factor obstructs developing a deterministic causal mechanism, establishing a probabilistic causal mechanism is possible and essential. This study draws data by conducting a large number of interviews covering multidimensional stakeholders involved in African oil industries. Interview methods have proved useful for developing the context of how foreign interventions relate to the resource curse. Interviews also give an insight into this relationship; that is, how the interventions take place and how they contribute to the country’s performance. However, the result from interviews is not indicative and a necessary/sufficient causal relationship cannot be based on this method alone (King, Keohane *et al.*, 1994).

For a necessary causal mechanism to apply, x always causes y. That is foreign interventions always and alone can lead to the resource curse. For the sufficient cause inference, the presence of x (foreign interventions) implies the presence of y (resource curse). However, another cause z (bad governance) may alternatively cause y. Thus, the presence of y does not imply the presence of x; that is, the resource curse may occur without the presence of foreign interventions. However, the study’s historical record shows that there is no case of oil-rich countries which suffer the curse without the presence of foreign interventions. The lack of public data including statistics and records due to the secrecy of such matters fundamentally obstructs the deterministic causal inference. Oil politics often involve sensitive issues including national security and corruption among top officials. Moreover, foreign players, such as China and the US, have only recently been active in the field of African oil; therefore, a proper assessment is unavailable. Where it is available, data produced by different organizations is inconsistent. There is also a lack of capacity by African players to produce accurate data. Moreover, given that statistical data were available, this type of data cannot specify whether the presence of foreign interventions and the resource curse are causal relationships or correlations because it cannot explain how intervention produces the curse.

While a necessary/sufficient causal mechanism would not be sufficiently drawn out in order to avoid internal validity, there is high value and merit in seeking intervening incidents and probable impacts from a series of oil-related foreign interventions collected whereby a probabilistic causal mechanism can be established. This study attempts to eliminate possible errors attached to interviews by using a triangulation of methods to answer how oil-directed foreign interventions relate to the resource curse in African oil-rich countries. These methods are the use of statistical resources, document analysis, archival analysis, participant observation, analysis of historical secondary materials and interviewing from different contrary sources.

Instead of saying, “If x, then y,” this study indicates, “the presence of x increases the likelihood or frequency of y” (Lieberson, 1991). The criteria for interpreting the findings by which the study is judged successful is the likelihood of the resource curse occurrence--displayed in poverty, conflicts and bad governance. The probabilistic approach serves the exploratory purpose from which future enquiries will benefit. This study, therefore, asserts that the resource curse discussion must include foreign interventions in its deductions.

While grievance and greed may contribute to these countries’ underperformance (Courson, 2009), this study has shown that historical factors, external forces and local political dynamics are entangled with these factors in the political economy of oil. Theories surrounding the resource curse, however, have seriously overlooked historical factors, external actors and the relationships of these factors and the local political dynamics of African oil-rich countries. There are also social, ecological and environmental perspectives which have not been addressed in the resource curse discussion. The market force where oil is traded, the political frame of energy security and the international capitalist system in which nation states and weak resource-rich African states operate have also been left out.

This study shows that the African resource curse is not only due to internal economic and political malfunctions, but is also part and parcel of the international system where weak African oil-rich countries are competitively intervened in and relatively controlled so that resources are fully extracted for the winning players. Even after the political independence of African states in the 1960s, they have not had an opportunity to decide at their own pace the forms of governance and economic structure suitable to their conditions. Instead, policies have been imposed upon them and political and economic interventions continue. These are carried out by foreign players both through previous colonial ties, primarily France and Britain, and through new players such as the US, Washington-led international institutions, the multinational companies and the newly-arrived China. Continued foreign practices are considered to be neo-colonial. Regardless of whether these attempts are deliberately designed for control and rule, the relationship between foreign powers and African states and the practices used by the former for resource expropriation in the latter remain unchanged. By characteristics of foreign practices, rather than intention, neo-colonialism prevails. Whereas nationalistic founding fathers of many African states had to work under neo-colonial exploitation, a succession of African elites benefit from this system and thus resist change (Interview with Comrade Ibegwu, 9 January, 2011).

Not only do a number of African politicians neglect the neo-colonial practices of foreign players, but academic scholars also rarely acknowledge the existence and processes of neo-colonial foreign interventions in the oil industries and how these relate to Africa's underperformance. This study fills the gap by establishing a linkage between these two new factors. The study argues that oil-related foreign interventions contribute to the resource curse in this region. However, the research does not claim that the resource curse is caused by foreign interventions only. Rather, foreign interventions play a part in contributing to the resource curse which in many cases is entangled with the undividable complex forces of economy, politics and societies.

In today's globalized world, where international economic and political aspects are dynamically changing, foreign scrambles of Africa remain unchanged and will continue as long as Africa supplies resources for the world as crucial as oil. Continued foreign interventions leave Africa consistently dependent on foreign players; contribute to Africa's lack of unity and power in the competitive international sphere. These conditions allow foreign powers to dictate what roles they can play in African geopolitics. To address the problem of Africa's oil curse, it is crucial to look back to the historical exploitation of Africa's resources. This helps us understand the conditions in which Africa was left when the oil industries began and why Africa has an additional burden to other oil-rich countries to break free from the curse. Academics have tried to test and explain the 'resource curse' phenomenon and suggest solutions through which the country can best utilize its resources for development. However, this important causal link where foreign scrambles contribute to the resource curse has been missing in the existing literature. Until this is filled, the way to overcome the resource curse will not be effective.

It is crucial to note that beyond the oil there are various similar interventions for other aims in Africa which undermine Africa's political, social and economic system, increase the complexity of problems and continue to obstruct any systematic oil development. Like most things in a society, oil industries do not exist *in vacuo* but intertwined in domestic and international factors. The positive use of oil wealth requires most of these factors to play their contributory parts especially in the continent where management capacities are weak. As this thesis seeks to provide a regional overview and some explanations of incidents, except for Nigeria, could only be snapshots, it is hoped that additional research will encouraged by this study.

To sum up, this study revolves around a fundamental research hypothesis, '**Foreign interventions may contribute or increase the likelihood of the resource curse**,' which is based mainly on the resource curse theory and concept of neo-colonialism. Apart from factors addressed by the existing literature on the resource curse, namely, economic malfunctions, government policies, social foundations, resource types, country size and initial conditions (detailed in Chapter 2), this research hypothesizes that foreign interventions display a strong linkage to the resource curse. If the neo-liberal claims that foreign interventions and resource exploitation were necessary and beneficial for African economic and political development were correct, African countries would have experienced prosperity. African countries have had the greatest dosages of these ranging from the slave trade, colonialism and neo-colonialism. Instead, foreign-imposed phenomena have proved to be disastrous. Multiple foreign players, by globally reproducing and expanding capital through the control of oil, are linked to Africa's resource curse.

The theoretical approach which primarily informs the analysis in this study is that of Neo-Marxist dependency theory, which displays an analytical superiority over competing perspectives. With this approach, we are able to situate Africa within the global context of superpower domination. The current crises in Africa cannot be adequately understood without reference to continuing foreign control, from European colonial powers in the past and new players now, according to the shifts of global power. Marxist dialectical materialism allows us to look back over the history of the relations between Africa and foreign powers both materially and in regard to how these relations, time and again, affect and shape Africa's structure. By discussing the 'world order' in terms of production structure that leads to exploitation, oppression, enslavement and the struggles of the lower social classes in weaker states, Marxist perspectives are the most relevant in helping us understand foreign interventions and Africa's underperformance.

Although realism explains the reasons behind foreign interventions, especially for securing critical raw materials, the reasons why foreign players intervene are not the focus of this thesis. The only perspective this study draws on from realist main assumption is that the drive to maximize power and profits would imply that foreign interventions in African oil-rich countries will be maintained and will intensify as global situations surrounding oil become more hostile.

However, none of the existing theories explains specific policies and practices of foreign interventions with relation to the African oil industries. The foreign powers involved in the interventions for Africa's oil, the mechanism through which they are carried out and the outcomes of these actions are neither addressed nor evaluated in these theories. Although the abovementioned Marxist strands indicate that neo-colonialism will contribute to poor performance in Africa, it does not relate to the resource curse discussion which mainly assumes that resource-rich countries are doomed to fail. This is the gap which this study has filled by linking these theories to real-world practices. By applying the concept of neo-colonialism, this study compiles the empirical evidence of a foreign scramble for Africa's oil and produces analyses displaying how these foreign interventions are carried out, who the main players are and what impacts continued foreign interventions have had in Africa. The study examines how these impacts are related to the resource curse discussion. These analyses appear novel and their result is one of the main contribution areas of this study.

This thesis's main objective is to draw linkages between the actions and impacts of oil-related foreign interventions and how they contribute to or increase the likelihood of the resource curse occurring. The finding of this thesis; that is, the scramble for Africa's oil plays a part in Africa's underperformance, is linked to the resource curse discussion in the form of a probabilistic causal mechanism. In effect, the resource curse theory is refined by stating that a foreign intervention variable must be included and further integrated into its discussion and policy considerations. Hence, this study has developed hypotheses and propositions for further inquiry as it hoped to do. It is hoped that this finding will influence debates concerning Africa's oil boom at a moment of heightened attention.

The thesis also uncovers the players and strategies involved in the global political economy of oil. By revealing oil-related foreign interventions in Africa, the thesis enhances the body of knowledge on neo-colonialism which argues that continued foreign interventions undermine the performance of countries being intervened. Furthermore, by linking neo-colonialism and the resource curse, this thesis makes inter-connections between political and economic theoretical disciplines customarily treated in isolation from each other. The studies of neo-colonialism are approached mainly through political science, geography and history while the resource curse is mainly implemented by economics scholars. The author's exploration of the resource curse phenomenon using a foreign dimension is necessarily incomplete. Yet, by drawing attention to both the theoretical schools in social science and to the empirical evidence of the increasing oil-related foreign interventions, the author hopes that further work will be inspired to develop at both the theoretical and the empirical levels.

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Appendix: List of Interviewees

Date- Place	**Name**	**Type**
25 August 2010 Annual Conference on 'Promoting Democratic Management of Africa's Oil Wealth: Lessons from Angola, São Tomé Príncipe, and Nigeria', International Institute of Foreign Affairs, London	Archbishop of Angola	Personal Conversation
	Head of Africa Programme, Revenue Watch Institute	
	Head of Africa Programme, International Institute of Foreign Affairs	
26 August 2010 Place- same as above	Deputy Head and Regional Director for Eastern and Southern Africa and the Middle East, EITI	Speech
27 August 2010 Place- as above	Director and Assistants, Rally for Nigeria	Interview
14 September 2010 Natural Resource Charter Annual Workshop, Oxford University	Director of Oxford Centre for Resource Rich Economies (Oxcarre)	Speech
	Co-director of OxCarre	Personal Conversation
	Journalist, Polis Institute (Brazil)	
	Policy Advisor, U.S. Commission on Security and Cooperation in Europe	
15 September 2010 Place- as above	Research Associate, IMF	Personal Conversation
	Advocacy and Communications Officer, Publish What You Pay	
	Director of Research and Development Department, World Bank Institute, and Head of Centre for the Studies of African Economies, Oxford University	
	Consultant, Explorim Inc. (Canada)	
	Director of Nigerian Central Bank	Interview

	Policy Advisor, Ministry of Energy& Mineral Resources, Republic of Indonesia	Interview
	President of Network Movement for Justice and Development, Sierra Leone	
16 September 2010 Natural Resource Charter Annual Workshop, Oxford University	Director of Norway's Oil for Development Programme, NORAD	Speech
	Director of African Economic Research Consortium (Kenya) and Lecturer in Oxford University	Interview
	Former Deputy Governor of the Bank of Ghana, Former Vice Presidential Candidate for the New Patriotic Party (NNP), Professor at the Centre for the Studies of African Economies, Oxford University	
	Training and Capacity Development Programme Officer, Revenue Watch Institute	Personal Conversation
16 September 2010 Annual Conference, Oxford Centre for the Analysis of the Resource Rich Economies	Deputy Director General, Ministry of Environment Norway	Personal Conversation
	Research Fellow at the OxCarre, Former Research Associate at the Department of Statistics Norway and in the World Bank's Development Economics Department	
19 October 2010 Event 'Africa After the Cold War', International Institute of Foreign Affairs	Executive Director, Centre for Conflict Resolution, Cape Town	Interview
1 November 2010 Africa's Oil Week Conference, Cape Town, South Africa	Director of Globalpacific& Partners	Speech
	Legal Practitioner, Aelex (Nigeria)	Interview
	Director, Department of Petroleum Resources, Nigeria	
	Partner in the Energy and Projects Group, Templars Barristers Solicitors (Nigeria)	Personal Conversation
	Head of Business Development, Century Energy Services Limited (Nigeria)	

	Sales Manager Africa, WesternGeco (Angola) Marine Sales Account Manager Africa, WesternGeco (Angola)	
2 November 2010 Place- as above	General Manager, Japan Oil, Gas and Metals National Corporation	Personal Conversation
	Senior Researcher, Japan Oil, Gas and Metals National Corporation	
	Elf's former Vice President for Africa and President of Atlantic Seahorse Senior Business Adviser, Strategy and Business Intelligence Division, TOTAL Vice President Exploration Africa, TOTAL	Focus Group
	Minister of Energy and Petroleum, Mauritania	Interview
	Executive Vice-President, SeaBird Exploration	
	Chief Economist, Ministry of Energy, Ghana	
	Senior Business Development Manager, Upstream International, Shell Netherlands	Personal Conversation
2 November 2010 Place- as above	Administrative Director, Mitsubishi Corporation, Gabon	Interview
	Honorary Consul of the Kingdom of the Netherlands, External Director of Shell Gabon	
3 November 2010 Place- as above	President of Total Africa	Speech
	Chairman, Subcommittee on Local Content and Member of House of Representatives for Delta State, Nigeria	Interview
	Geologist, Office of the President, Petroleum Resources Unit, Sierra Leone	

	Vice President of Sub-Sahara Africa ExxonMobil	
	Deputy Chief Executive Officer, Seychelles Petroleum Company Limited	
	President, FAR Limited, Oil and Gas Exploration Company Focused on Offshore West and East Africa	Personal Conversation
	Head of Business Development, Schlamberger, Oil Service Company, South Africa	
	Managing Director, Petrobras Brasileiro Nigeria Ltd.	
4 November 2010 Africa's Oil Week Conference, Cape Town	Head of Petroleum Exploration and Exploitation Department, Ministry of Mines and Energy, Republic of Niger	Interview
	Principal Geologist/ Development, Petroleum Exploration and Production Department, Uganda	
	Head of Office of Research and Promotion, Ministry of Petroleum, Guinea	
	Promotion Manager, Petrosen, Senegalese Department of Energy	
	Executive Director, Natural Petroleum Agency, Sao Tome and Principe	
	Business Development Coordinator, Energy Business Division, Mitsubishi Cooperation International (Europe) Plc	Personal Conversation
	General Manager, Maersk Oil Angola AS	
	Vice Chairman, Sonar Limited (Nigeria, South Africa and the United States)	
5 November 2010 Place- as above	Director, Chicxulub Geosciences	Personal Conversation
	Head of Geophysical Department, Sonangol	Interview

5 November 2010 Place- as above	Immanuel Mulunga, Petroleum Commissioner, Ministry of Mines, Namibia	
	Head of Petroleum Operations, Ministry of Mines and Energy, Ethiopia	
	Petroleum Commissioner, Ministry of Mines, Namibia	
	Director, JGC Corporation (UK) Limited	
	Director Operation, Ministry of Petroleum, Equatorial Guinea	Personal Conversation
	Logistic and Procurement Manager, SouthWest Energy, Energy for Africa, Ethiopia	
	Manager, Exploration and Production Business Development Division, Mitsubishi Corporation Exploration Co., Ltd.	
6 November 2010 Place- as above	Assistant General Manager, Sumitomo Mitsui Banking Corporation Europe Limited	Personal Conversation
	Exploration and Production Business Development Manager, Sumitomo Corporation	
	London Correspondent, Upstream The International Oil and Gas Newspaper	
	Business Development Manager, Ikon Science	
	Managing Director, Petrogas Worldwide (Gabon)	
	Sales and Marketing Executive, Cockett Marine Oil Limited	
7 November 2010 Place- as above	Administrative and Financial Director, Les Dépêches de Brazzaville	Personal Conversation
	Investment Analysts, Earth Resource Investment Group (ERIG), South Africa	

	Business Development Manager, Africa, Upstream The International Oil& Gas Newspaper	
	Director, Spotswood Petroleum (Angola)	
	Head of Oil& Gas London, Project Finance, Standard Bank	
	Managing Director, Petrobras	
30 December 2010 International Prayer Conference, Lagos	Pastor of God's Alive Ministry and Director of United for Change (NGO), Port Harcourt	Interview
	Chairman of Governance Technical Team, Bayelsa	
	Chief Executive Officer, Dotecon Nigeria Limited, Former Senior Officer (Head of Technical Section, Head of Audit, Head of Special Study, Head of HSE Operation, Programme Director of Environment Issue Management, State Licensing Manager), Shell	
31 December 2010 Lagos	Managing Director Praymerc Nigeria Ltd, Former Engineer for Shell	Interview
	Programme Director, Ministry of Agriculture	
	Director, Alive NGO	Personal Conversation
1 January 2011 Warri, Delta State	Anglican Priest of 'He is Alive' Chapel and NGO Director	Personal Conversation
	Church Leader of 'He is Alive' Chapel	Interview
2 January 2011 Place- as above	Warri local villager	Interview
	Chief Executive Director, Triune Ventures Limited, Chairman of Central Development Council for Ibaramatu Community	
2 January 2011 Port Harcourt and Bayelsa	Director of Our Niger Delta (NGO), Rotary World Peace Fellow at Berkeley University, Lecturer at Bayelsa University NGO Director Dennis	Interview

3 January 2011 Effurun, Delta State	President, Leadership Centre for Peace, Integrity and Transformation (LCPIT), NGO	Interview
4 January 2011 Warri, Delta State	Head Corporate Utilities, The Shell Petroleum Development Company of Nigeria Limited Shell engineer Chevron Personnel, Environment Department Missionary in the Delta creeks	Focus Group
5 January 2011 Omadino Community, Warri South Local Government Area, Delta State	Principal of Shell/ NNPC joint-venture school	Interview
	Retired Spokesman of Omadino Community, Member Council of Elders Missionary, 'He is Alive' Chapel Warri Local Villager Community youths (a number of 10)	Focus Group
	Hospital Doctor, Secretary of the Hospital Doctor, Shell/NNPC joint-venture Omadino Hospital	Focus Group
	Hospital Lab Practitioner	Interview
6 January 2011 Social Action, Port Harcourt	Research Associate and Activist	Interview
6 January 2011 Environmental Rights Action, Friends of the Earth, Port Harcourt	Project Assistant	Interview
6 January 2011 Social Action, Port Harcourt	Deputy Director, Social Action, founder of Ogoni Solidarity Forum Project Officer, Social Action	Focus Group
	Coordinator/ Spokesperson International Projects, Friends of the Earth Netherlands	Interview

6 January 2011 Benin City	Project Officer, Environmental Rights Action/ Friends of the Earth, Nigeria	Personal Conversation
7 January 2011 Port Harcourt	Executive-Director, Community-Environment Development Network	Interview
	Chief Executive Officer, Kenthglobal Consulting (Abuja)	
	Coordinator, Centre for Environment, Human Rights and Development, Legal Assistant for the Court Case Ogoni VS Shell	
8 January 2011 Port Harcourt	President of Touch-Life International, NGO	Personal Conversation
9 January 2011 Ebema, Rivers State	Farmer Community Elders, the founder of the Niger Delta Development Initiative Committee, Farmer and Teacher Akwa Ibom Local Activist, Enrivonmental Rights Action, NGO	Focus group
9 January 2011 Erema	Former Trade Union Leader, Former Nigerian Civil Defense Leader, State Secretary, Human Rights Activist	Interview
10 January 2011 Goi Community, Gokana, village, Ogoniland, Rivers State (affected by the oil spills of Shell's Bomu oil field)	Community Chiefs (a number of 2) Villagers (a number of 10)- plaintiffs of oil spills in the court case against Shell in Netherlands 2011 and in the US 2008	Interviews and focus group
10 January 2011 Bodo City, Gokana Local Government Administration, Rivers State	Members of Bodo Council of Chiefs and Elders His Royalness Honorary King, Paramount Ruler Chairman Council of Traditional Rulers (a number of 3) Vice Chairman Secretary	Interviews and focus group

	Assistance Secretary Speaker/ Legal Speaker II Treasurer Financial Secretary Community Chiefs (a number of 5)	
10 January 2011 Ogoniland	Akwa Ibom Local Man Activist, Environmental Rights Action NGO (ERA)	Focus group
10 January 2011 Port Harcourt	Editor for Women Issues Newspaper, Niger Delta	Interview
11 January 2011 Port Harcourt	Ogoni Villager and Former Combatant	
12 January 2011 Port Harcourt	Local Villager from Owaasa community, Eko, Enogo, Southeast of Nigeria	
13 January 2011 Bayelsa State	Director of Our Niger Delta, NGO	Interview
13 January 2011 ERA office, Yenegoa, Bayelsa State	Director of ERA, Bayelsa State Director of Our Niger Delta ERA activists (a number of 3)	Focus group
13 January 2011 Ikarama Community	Ikarama Youth Ikarama Youth Leader and Former Combatant Affected Landlords in Ikarama Community Director of Our Niger Delta	Focus group
14 January 2011 Port Harcourt	Programme Officer, MOSOP	Interview
	Manager in Environment Quality Assurance Section, Elf Nigeria	
15 January 2011 Lagos	Second Secretary, Political Affairs and Human Rights, Royal Netherlands Embassy	Interview
	Managing Director, Sojitz Global Trading Nigeria Ltd. Director, Sojitz Global Trading Nigeria Ltd Project Manager, Mitsubishi Shoji Kaisha	Focus group

	(Nigeria) Ltd Chief Executive Officer, Toyota Nigeria	
16 January 2011 Lagos	Manager, Nishizawa (Nigeria) Limited Manager, Nishizawa (Nigeria) Limited	Personal Conservation
17 January 2011 Lagos	Security Consultant for a British Security Company to the Nigerian Government Legal Adviser, Banwo and Ighodalo Legal Firm Specializing in Oil Operations	Interview
18 January 2011 Total, Lagos	General Manager, Business Development, TOTAL Exploration & Production Nigeria	Interview
18 January 2011 Lagos	Business Development Manager, The Onstream Group Netherlands, ASC Nigeria (Oil services company) Barrister, HERMON	Focus group
19 January 2011 Lagos	Senior Counsel, Legal Department, Samsung Heavy Industries Co., Ltd. Hotel Owner, Victoria Crowne Plaza	Personal Conversation
13 May 2011 London	Directorate-General for Humanitarian Aid, The European Union	Personal Conversation
13 June 2011 Event 'The Challenges of Post-War Reconstruction-The Liberian Experience', International Institute of Foreign Affairs, London	President of Sierra Leone	Speech
22 June 2011 Event 'Nigeria: Half a Century of Progress and Challenges', House of Parliament, London	Deputy Editor, THISDAY Newspapers Emir of Kazaure, Ministry of Justice Secretary-General of the Nigerian Supreme Council of Islamic Affairs (NSCIA) Former Secretary-General of the Commonwealth of 54 nations, Former Nigeria's Foreign Minister, Administration of the Nigerian President Labour Party MP for Newcastle Labour MP for Streatham, South London	Roundtable
27 June 2011 Event 'Nigeria's 2011	Presidential Candidate for the Congress for Progressive Change and Former Head	Personal Conversation

Elections: Reflections on the Process and Prospects for Nigeria', International Institute of Foreign Affairs	of State, Federal Republic of Nigeria	
14 July 2011 Event 'Amnesty in the Niger Delta: Sustaining Peace and Surmounting Challenges', International Institute of Foreign Affairs, London	Special Adviser to the President of Nigeria on Niger Delta Affairs and Chairman of the Amnesty Committee	Conference speech and Personal Conversation