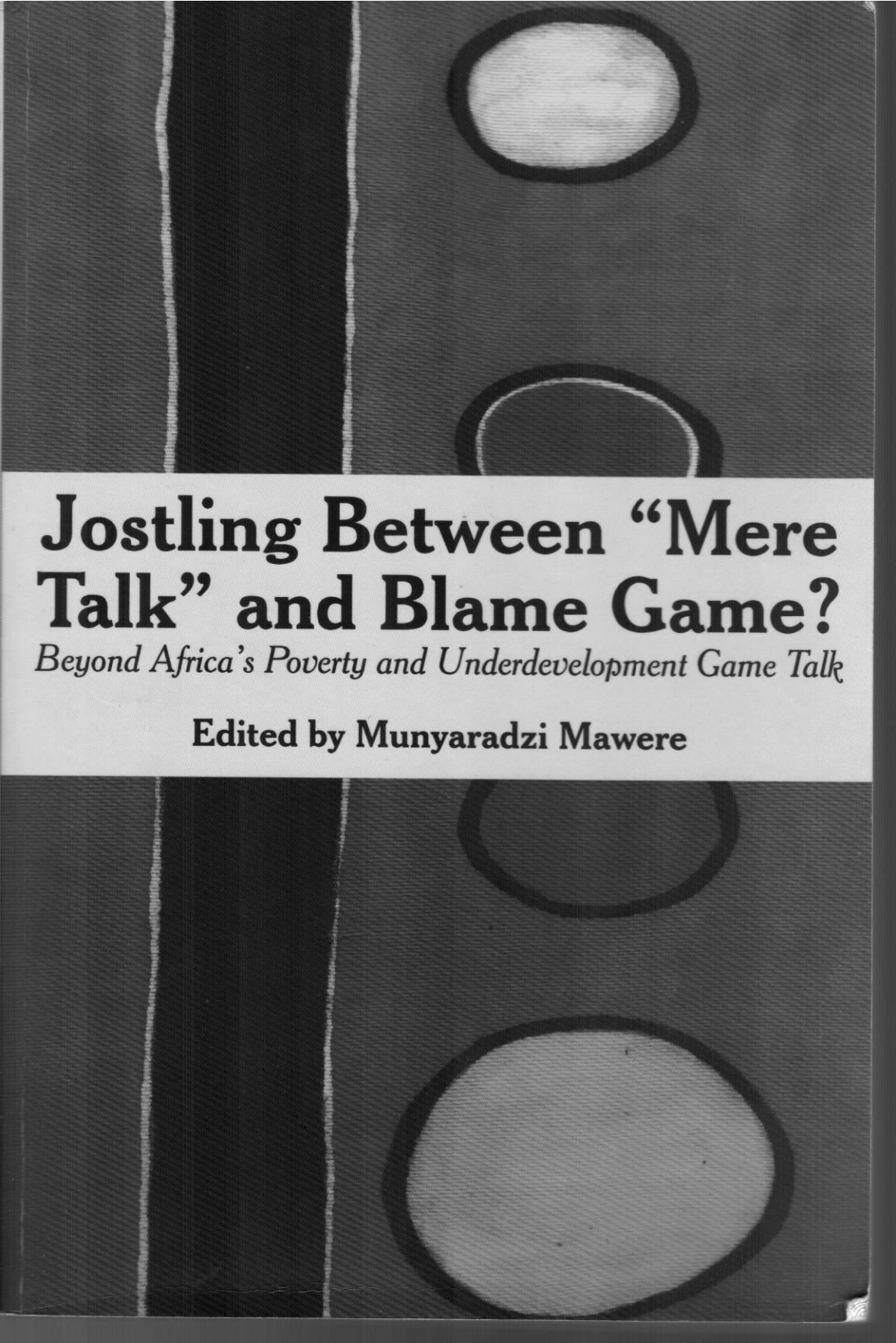


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Jostling Between “Mere Talk” and Blame Game?

Beyond Africa's Poverty and Underdevelopment Game Talk

Edited by Munyaradzi Mawere

DR. MRS. T. N. Odega

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The Impoverishment of Africa by the West's Multinational Corporations: A Case of Multinational Corporations in Nigeria's Delta Region

Odeigah Theresa Nfam & Munyaradzi Mawere

Introduction

In Nigeria's Delta Region and the whole of Africa continent, Multinational Corporations along with their mother countries – the emperors – have been allegedly labelled one of the causes of the continent's poverty and underdevelopment. In Nigeria, for example the inception of the East India Company and the Royal Niger Company in 1879, planted the first seed of poverty and underdevelopment in the Nigeria's Delta Region, heretofore referred to as the Delta Region. After the decolonisation of Nigeria in 1960, the British government and other European countries like French, Spain, Netherlands and Germany, among others, saw the large African market potential as one way of keeping a grip on Africa – through what has come to be known as neo-colonialism – while continuing the siphoning of the continent's resources through the use of Multinational Corporations (Caves, 1994).

The Delta Region has always been a place of great attraction for the Europeans fortune seekers because of the abundant raw materials that the region is endowed with. The Multinational Corporations have always had various platforms for reaching out to the African markets, especially in the production of oil and gas and in other sectors of the economy such as Nigeria Breweries, Sony, Toyota, Nestle, Peugeot Automobile and companies in construction engineering, as well as in communication and information technology (Gavin, 1973). Sadly, Multinational Corporations in the Delta Region have done more harm than good in the region. They have impoverished the Nigerians in the area and beyond on top of what they have reaped and siphoned out of the country to their mother

countries. For this reason, Multinational Corporations in the Delta Region have been viewed by many critical scholars as more of agents of neo-colonialism than they are real agents of development (newsrescus.com, 2015). Through their unfair and unethical *modus operandi*, the Multinational Corporations have dominated the Delta Region economically, socially, culturally and even politically by creating differential economic outcomes between their home and host communities (Onodugo, 2012).

The perfidious nature of the Multinational Corporations in the Delta Region has also resulted in part, in the destruction of the ecosystem of the area, thereby making agriculture impracticable. The Multinational Corporations have in fact not only caused economic poverty, but also environmental poverty. The uncountable extraction activities of the Multinationals Corporations have, for instance, led to oil spills which have damaged the ecosystem and caused pollution in the region.

In view of the obtaining reality highlighted above, this chapter critically examines and determines if the Multinational Corporations in Africa have contributed to the soaring level of poverty – both socio-economic and environmental. Basing on the findings obtained during research for this chapter, we conclude that the poverty level in the Delta Region and by extension Nigeria, is the consequence of the manipulative, rapacious, oppressive, selfish, domineering and exploitatively pernicious tendencies of the Multinational Corporations operating in the region.

The genesis of Multinational Corporations and the birth of the 'seed' of poverty in the Delta Region

The Berlin Conference of 1884-85 and subsequent British conquest of Nigeria in 1885 were largely motivated by the enormous raw materials found in the Delta Region by the capitalists, who at that time had trading companies in the region (Ebegbulem, 2013). Right from the days of the industrial revolution in Europe, the Europeans unscrupulously evacuated raw materials to their home countries at the expense of their host communities (Aworom, 2013). This was done to enable Europe meet the great need for the commercial

expansion at that time. The British Parliament realised that it would be difficult for any reasonable transaction to take place without adequate security for their trade and investments in the Delta Region (Bernardine, 2013). The modalities used in ensuring security for their investments reduced the possibilities of opposition and resistance from the indigenous people. This further subjugated the indigenous people both politically and economically since the terms of trade were unfavourable. The institution of the modalities was as a result of uncooperative attitude of the Nigeria's Delta Region people after realising the Multinational Corporations' exploitative machinations. The Nigeria's Delta men like Jaja of Opobo and Nana of Itsekiri were extensively aggressive towards these foreign Companies because of their exploitative tendency. It was during this period that eminent Britons established Joint Stock Companies to really exploit the Delta Region's resources (Eluka, Ndubuisi, Uzoamaka, Anekwe, 2016).

Some of the notable Multinational Companies at that time were the River Niger Navigation and Trading Company, Company of African Merchants, the African Merchants of Bristol, the Anglo-African Company, the West African Company, the Merchants of London, and Liverpool Trading Company, among others (Rodney, 1972). Most of these companies got their subsidies from their home countries, which aided their trading activities in controlling and undermining the coastal trade in the region against the existing indigenous trading and economic activities (Eluka *et-al*, 2016).

The inordinate imperial ambition (or the undue interest) in the region gave room to the British government's recommendation of more companies being established in the Delta Region. Alexander Miller Brothers and Company and some other smaller companies were further established by the British capitalists, with full determination to exploit the African resource in this region. Most of these companies had their posts in Calabar, Akassa, and along the banks of the Niger and Benue rivers. Eventually, George Taubman Goldie amalgamated some of the different British companies to form the United African Company, and later the Royal Niger Company (Ugochukwu, Jurgen, 2008). These companies had remarkable business success because they had substantial assistance from their home government. Till today, George Taubman Goldie is seen as the

founder of the Multinational Companies in Nigeria, because from inception he played a prominent role in the trading activities that took place in the Delta Region (Onimode, 1982). What has to be said loud and clear is that right from inception these mega conglomerates were exploitative as they dominated all economic activities in the region. The business monopoly that the British government created in favour of the Multinational Companies gave room for differential economic outcomes within the Nigerian society (Ozoigbo, Chukuezi, 2012). It also created fertile grounds for corruption and other such unscrupulous business activities in Nigeria.

In the quest for cheaply priced raw materials, the Royal Dutch Shell-British Petroleum Company, discovered oil in Oloibiri on the 15th of January, 1956 in Nigeria's Delta Region. This discovery attracted more oil companies such as Mobil in 1970, Chevron in 1961, Elfin 1962, and Agip Oil Company in 1962, among others. It has clearly been shown that since the exploration of oil in the Delta Region, the economy and trading activities of the indigenous people have suffered, while Multinational Corporations continue to enjoy enormous profits (Ejikeme, 2014). It is important to note that a scholar like Bade Onimode, who happens to be the author of the book: *Imperialism and Underdevelopment in Nigeria: The Dialectics of Mass Poverty*, has from as early as 1983 and over the years raised alarm on the exploitative character and cynicism of the Multinational Corporations in the region (Onimode, 1983). It is on record that the Multinational Corporations took advantage of their technology, production experience and business monopoly to export raw materials from Nigeria to developed countries rendering the people in the region impoverished (see for example, Stopfort, 1998: 12-13).

The Multinational Corporations by their very nature do not transfer technology to their host countries. Their technology was highly restricted, preventing their host communities from acquiring such technology or knowledge. According to Bode Onimode (1983), the patronage of the imperialists turned out to be a miserable disappointment to the African countries. The Multinational Corporations undermine the values of indigenous technology and have refused to introduce the advanced technology to their host communities as a result of their imperialistic character. For example,

the indigenous machines take days to accomplish its production while the Multinationals technology takes less hours in producing their products (Osuagwu Ezie, 2013), yet the Multinationals are not ready to share their technology with the host communities.

Multinational Corporations and their Exploitation of Nigeria's Delta Region

Multinational Corporation is a business organisation that controls production of goods and services in more than two countries. Some of the powerful business mega conglomerates that came into Africa and 'seemingly' helped to abolish slave trade and introduce legitimate trade did that because of the associated economic benefits. They were more wolves in sheep's skin. As a result, they remained powerful, prominent, manipulative and exploitative during colonialism and even after African countries got their independence (www.encyclopedia.com, 2012). Due to its richness in oil and other such mineral deposits, Nigeria is one of the African countries heavily dominated by the Multinational Corporations. These are concentrated mainly in the Delta Region where over 85 percent of the oil exploration activities are carried out by these companies (Aworom, 2013).

To ensure that they affect the 'nerve' of the Nigerian economy and society as a whole, the Multinational Corporations in Nigeria's Delta Region have diversified their business. They are engaged in various business activities across various sectors such as health, telecommunications, exploration of oil, gas, manufacturing and construction engineering, among others. All these sectors have deprived Nigerians from engaging on indigenous manufacturing and other sectors that would have improved the lives of the people. The impoverishment of the Delta Region and its people came under various guises, one of which was the employment of highly skilled workers from the Multinational Companies' home countries even when there were skilled professionals in the host countries. This is done "to prevent the building of the capacity of the local people and prevent technology transfer as well as to provide employment opportunities for their home countries at the expense of their host

countries” (Kadafa, 2012: 20). This is echoed by Osuagwu and Ezie (2013: 354) who had this to say:

Some of the Multinational Corporations extract or cheaply bought raw materials and produce for their buyers who got their raw materials at ridiculously low prices from their host countries, but very aggressively marketed their finished products at exorbitant prices to the host communities. From inception scholars such as Elope *et al*, 60, in *Multinational Corporations and Their effects on Nigerian economy*, have emphasised that, Multinational Corporations are exploitative to countries like Nigeria where lots of natural resources are found (Elope, Ndubuisi, Anekwe, 1916: 60). Multinational Corporations have also been seen as agents of neo-colonialism and as ruthless exploiters of the host communities.

This is clear testimony that Mutational Companies in Africa, and the Delta Region in particular, are bent to exploit the African resources largely at the expense of the host communities who in fact should benefit most from resources in their communities. This realisation takes us to another level, where it might be important to understand and unpack possible factors responsible for unscrupulous exploitations in the Delta Region.

Factors responsible for the impoverishment of the Delta Region

There are many factors that led to the impoverishment of Nigeria's Delta Region by the Multinational Corporations operating in the area. Multinational Corporations by their nature and 'untamed' business ethics have pushed the local industries and production virtually into extinction, because of their very high technological muscle, aggressive marketing, and powerful advertisement strategies. The indigenous business men and women could not afford any of these and so they found themselves in a position of great disadvantage. In Nigeria, for instance in 2000, an indigenous Soda drinks company by the name Limca Nigeria Limited was established, but after a period of nine years of operation, the Coca Cola Company offered very stiff competition against the Limca forcing the

indigenous company unproductive such that it eventually closed down (Nku, 2017). Today, Limca products are no longer found in the Nigerian market. The closure of Limca Nigeria Limited led to massive retrenchment of workers and the closure of other smaller companies who were doing business with Limca Nigeria Limited. This 'unfair' harsh business relationship or tactic had seen the collapse and closure of several small business enterprises in the Delta Region (Ozoigbo & Chukuezi, 2012) as elsewhere across the African continent.

Worse still, the activities of the Multinational Corporations such as those in the oil and gas sector result in environmental degradation making agriculture which is the primary occupation of the people rendered unviable (Collins, N. C. Ugochukwu & Jurgen Ertel 2012). The images below show some of the environmental degradation being inflicted by Multinational Corporations operating in the Delta Region:



Fig. 1: Vegetation destruction

Source: <https://www.theguardian.com>



Fig. 2: Oil spills

Source: <https://www.theguardian.com>



Fig. 3: Oil spills ejatlas

Source: org or www.google.com

Both the closure of indigenous companies and environmental degradation as a result of activities of Multinational Companies in Delta Region have eventually resulted in soaring unemployment,

poverty and even criminality. What this tells us is the fact that the investments of the Multinational Corporations do not always result in development of their host countries mainly because their profits are repatriated to their home countries, and worse still the Multinationals discourage local capacity building. The influence of these mega conglomerates is pervasive to an extent that even if a country does not want their products, they corruptly influence the licensing authorities and other relevant agencies to ensure the registration and sale of their products and globalisation has even made it easier for the multinationals (Ezema & Azikiwe, 2010).

The Multinational Corporations have relegated the local communication companies to the periphery. In the past, the Nigeria Postal Agency was surviving generally well and the Telecommunication sector flourishing, but with the aggressive nature of the Multinational Corporations in the country, the Nigerian Telecommunications (NITEL) could not stand anymore. All these indigenous companies were retrenched and in fact directed to an oblivious chasm of inutility by the emergence of communication companies like MTN, among others. The coming on stage of these Mega Conglomerates in the telecommunication sector frustrated the efforts of the indigenous communication system. The banking sector was not spared by the overbearing effects of the Mega Conglomerates in the banking, finance and real estate industry. Some indigenous banks such as Oceanic Bank, were forced to close their doors after collapsing partly as a result of corruption in the banking and finance industry, but most importantly as a result of stiff competition from international banks in the country.

Coming back to the telecommunication sector, it is important to note that the Global System of Mobile Communications (GSM) revolution began in 2001 in Nigeria. This has positioned Nigeria as one of the fastest growing telecommunications nations in Africa. Since 2001, developments in the sector have become massive resulting in these companies exploiting the region and Nigeria at large (www.newsrescue, 2015). This has enhanced the growth of mobile phones in Nigeria, which have further relegated to the periphery the local communication technology that would have transformed the indigenous communication enterprises to the modern forms. The

Telecommunication Mega Conglomerates include companies like MTN, Etisalat, Airtel, DHL, UPS, Red Star Express, and Globacom Limited, among others which have taken over the functions of the Nigeria Postal Agency. The development of this technology has increased unemployment and subsequently poverty in the area. For instance, the subscription and the purchase of expensive handsets have put more economic demands on families while the closure of indigenous communication enterprises has resulted in mass retrenchment of workers. Air time for voice calls in Nigeria is very expensive and data bundles for internet access are not spared the high prices as well (Nwankwo, 2015).

We further note that the GSM Companies in Nigeria have brought about an upsurge in criminality in the Delta Region and Nigeria at large because of their initial sharp practice of not registering SIM cards purchased by customers. In Nigeria, the quality of GSM services remain poor, with internet access equally poor and network services generally attract higher costs (Ejikeme, 2014). Despite the relatively poorer services that the people in the Delta Region and Nigerians receive, the cost of services is said to be one of the highest in the world (Ossai, 2012) prompting some scholars to argue that these Mega Conglomerates have turned the region into a dumping ground because the quality of services of MTN and other telecommunication companies have not met with the needs of the people they profess to be serving.

Even in the aspect of payment of taxes to the government, these Mega Conglomerates have not been regular in their payments. They have tried under several guises to evade tax in collusion with corrupt local tax officials (Mbat, Ekong & Obioakpa, 2013). In Nigeria's Delta Region, the negative effects of operations of the Multinational Corporations where heavy trucks lift and transport oil to different parts of the country leading to deplorable roads among others have become very obvious (Odisu, 2015). Some of these Mega Conglomerates such as United Africa Company (UAC) operating in the beverages and food sector have dominated the food and beverages landscape of Nigeria's Delta Region for a long time (Okon, 2017). Through aggressive advertisement, they have changed the people's habits and lifestyle to the extent that foreign processed

foods and beverages are preferred to the local indigenous food and beverages. These processed foreign beverages are more expensive, not health friendly, and have rendered indigenous food and beverages enterprises redundant thereby increasing poverty among the local people (Etta, 2017).

The marginalisation of the indigenous people of Nigeria's Delta Region by the management of the Mega Conglomerates is another way through which the Multinational Corporations are impoverishing the region. The Multinational Corporations ensure, through appropriate policies, that the top policy positions in the Corporations are reserved for the foreigners to see to it that their agenda remains focused and that a change does not occur (Peter, 2017). Corporate social responsibilities which are usually the hallmark of big companies and corporations abroad is paid lip service by the Multinationals in Nigeria's Delta Region. Even when educational institutions or health facilities are provided by the Multinationals in the region, the cost of accessing such services in these facilities is exorbitant and therefore the indigenous people cannot have access to the facilities provided (www.thisdaylive, 2016: 25).

More so, the powerful Mega Conglomerates exert some degree of political influence on governance of Nigeria's Delta Region as well as Nigeria as a whole. Multinational Corporations in Nigeria have been known to influence governance indirectly through [international] financial institutions or organisations (Wiil & Kolsted, 2010). During the period of military dictatorship in Nigeria, 1988-1993, for example, there was a lot of pressure on the regime at that time to liberalise trade, remove fuel subsidy and devalue the Nigerian currency. All this pressure was exerted by Multinational Companies, of course, largely indirectly through international financial organisations such as the World Bank and the International Monetary Fund (IMF). Where such pressure fails to work, Multinational Corporations in Nigeria have been known to make monetary donations to political parties that will be well disposed to them when the party takes over the rein of governance (Ighodalo, 2012).

Last but not least, Multinational Corporations in Nigeria's Delta Region have impoverished the region through their undue advantage

in electricity power distribution. The Multinational Corporations are supplied regular electricity by the public electricity companies because they are able to pay high electricity bills which the small scale enterprises or smaller electricity consumers cannot afford to pay (Nwankwo, 2015). This gives them undue advantage over the indigenous small scale enterprises some of which are forced to shut down because of lack of electricity supply. Those small enterprises that are able to continue with their operations have had to purchase generators to provide electricity for their operations. This is also at a great cost as these generators are imported from foreign countries such as China and Japan, among others. Multinational Corporations that should have the capacity to generate electricity for their use and for the use of other indigenous industries have not bothered to do so because it is not their priority (Ahiuma, 2013). The developed countries using Multinational Corporations to indirectly control the economy have really affected almost all the economic sectors of Nigeria politically, economically, socially and culturally. Considering that mining in the Delta Region is around a century or so old, it is surprising that Multinational Corporations over the years have not been able to refine crude oil in Nigeria to improve the living standard of the people therein. Why oil continue refined outside Nigeria remains a mammoth question yet to be answered. It is, however, pertinent to note that the raw materials – such as crude oil – taken from Africa are eventually brought back to the continent as finished products. For example, in the Nigeria's Delta Region, the crude oil gotten from the region is being refined in foreign countries such as Germany and France and the Nigerians pay higher rates when purchasing the refined petrol (Odeigah, 2017). This prompts the conclusion that the presence of Multinational Corporations in Nigeria have not shown any sign of development except poverty and exploitation. Something, thus, really needs to be done to arrest this situation.

What Nigeria needs to do? A framework towards restoration, order and genuine development

Owing to the foregoing discussion, there is no doubt that Nigeria is undeservingly being deprived of its own precious resources – resources which in fact should benefit and propel the country's development. Something really needs to be done in order to restore order, sanity and foster development in the Delta Region and Nigeria in general!

The starting point towards such restoration is admission that Multinational Corporations in the Delta Region have done more harm than good to both the region's environment and the people's lives. The cause of existence and effects of these Multinational Corporations have created more poverty than development. To resolve this menace, there is need for the Nigerian government to be audacious and take-over or at least have more than half shares in all the Multinational Corporations in the Delta Region. This can be done by simply putting in place indigenisation policies that favour indigenous communities. Besides empowering the indigenous people, this move will afford the government an upper hand in decision making, operations and all developments that take place within the Multinational Corporations and the Delta Region as a whole.

Besides, there is need for the Nigerian government to push for quota system for all local communities in the Delta Region, whereby the Multinational Corporations will be 'asked' – whether they like it or not – to plough back to the local communities some of their profits. This could be done by persuading or 'forcing' the Multinational Companies to engage in development projects in the region (and even beyond) such as construction of schools, hospitals, roads, and rural electrification, among others. Such a system will do magic to the whole region in no time, especially if the companies are made to work on targets. This will allow Nigeria, and most especially, the local communities to realise profits and benefits from their resources.

More so, given that the Multinational Companies in the Nigeria's Delta Region have almost 80% exploration activities which

undoubtedly have burdened and destroyed the ecosystem, resulting to environmental degradation, due to oil spills from unmaintained pipe lines, gas flaring pollution and the destruction of waterways, these companies, through national policy and governing laws, should be made to pay heavy compensation to their host communities regularly. This can be done through taxing of the Multinational Corporations, make them to engage in environmental cleaning campaigns, and more importantly ensuring that compensation to both the local communities and environment is done whenever an accident is caused by the Corporations.

Last but not least, the Multinational Corporations should be made to transfer their technology to host communities. This is critical considering that ideally Multinational Corporations should always act as agents of growth and development in their host countries by constituting a source of capital investment, technology transfer and providing employment to the people of their host countries. Sadly, in Nigeria, this is the opposite of what is on the ground as Multinational Corporations have failed to live up to their responsibilities to the extent that they are now seen as agents of exploitation (cf. Mbat, Ekong & Obioakpa, 2013) and neo-colonialism. Some of the Multinational Corporations like Guinness Nigeria Limited, Nigeria Bottling Company, and Nigeria Breweries, have put the palm wine and brewery local industry out of operation and even when they employ Nigerian nationals, they are usually engaged as casual or contract workers (Udensi, 2015: 107-110). This does not guarantee technology transfer, development and poverty eradication for the local communities.

Conclusion

From the foregoing discussion, it has come clear that the business character and philosophy of the Multinational Corporations in the Nigeria's Delta Region are that of impoverishment and incapacitation. This is so if one is to consider the magnitude of poverty that has been inflicted on the indigenous people of the Delta Region by the Multinational Corporations in the region. We have noted with concern that Multinational Corporations, due to their

aggressive business tactics and unfair competition have led to the collapse of many indigenous small scale enterprises. They have, thus, promoted destitution and poverty instead of capacity building and development. Out of all these findings, we have come to the conclusion that Multinational Corporations in the Delta Region of Nigeria, as others elsewhere on the African continent, have never really been true agents of development of the host communities. Besides paying lip service to corporate social responsibility, they have not improved on the unemployment situation in the region. Neither have they alleviated the poverty situation of the people in the region, worse still to eradicate poverty from the face of Nigeria. We, have thus, suggested a number of ways to deal accordingly with Multinational Corporations in the Delta Region and by extension many other parts of the continent.

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