
Book Review

Sarah Ahmad Khan, *Nigeria: The Political Economy of Oil*, 1994, Oxford University Press, for Oxford Institute for Energy Studies

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This book is an up-to-date addition to the growing literature on the policies and economics of the Nigerian oil industry. It aptly captures, in its nine chapters the significance of oil in explaining the crises of development in Nigeria and its nexus with political instability.

The early chapters underscore the centrality of oil to Nigeria's political economy, its strategic position in Africa, and the global oil markets. An attempt is made to connect the failure to efficiently manage the oil industry with the weakness of political and institutional structures. These weaknesses are further compounded by over-dependence on revenues from crude oil exports, and feed into corruption and waste. The over-dependence of the state on oil revenues and the absence of a productive economic base is demonstrated to promote a distribution crisis, which in turn undermines the social, economic and political fabric of the country.

In spite of the immense wealth from oil since the 1970's, the ethics of inefficiency and lack of productivity have blocked growth. This position is supported by evidence from the oil industry and the economy. The book focuses in detail on the oil industry, international trade and the pricing of Nigerian crude. This way it constructs the monocultural matrix of the Nigerian economy, showing the dominance of the oil industry by foreign multinationals led by Shell. Placed in contrast with these sophisticated monopolies, the limitations confronting the State Oil Corporation (NNPC) in dealing with them and managing the industry are starkly revealed. It is argued that in Nigeria's case, the root of the crisis lies in the inability of the state to manage its tremendous oil wealth efficiently and the lack of the capacity to diversify revenue from crude oil exports. It evaluates the efforts at diversifying the downstream sections of the industry, namely, the Petrochemicals and LNG Projects and notes that delays, structural problems, and poor management of projects served to reinforce the poor linkages between the oil industry and the economy.

In concluding, the author locates the crux of the non-realization of Nigeria's immense growth potential in the critical oil industry in 'irrational tendencies of most governments which have led to resource mismanagement and warped distributive concerns'. The close link between crisis in the oil industry, corruption, and domestic political instability is also captured.

Although the book is detailed, with current statistics on the oil industry, it is possible to discern an omission. This is the lack of an effort to theorize on the Nigerian State which is central to the crisis in the oil industry. Indeed what is meant by the political economy of oil is not explicit and dwells more at the descriptive than the analytic. This perhaps explains the gap in linking 'warped distributive concerns' to authoritarianism and the subversion of the social contract in Nigeria.

In all, the book is a well informed contribution that will illuminate the state of knowledge about the Nigerian oil industry. It is bound to generate robust debates about how the country can realize the full potential of its immense oil and gas resource.

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