Oil and nationalism in Nigeria, 1970-1980

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Abstract
In July 1979, Nigeria's federal military government declared a 100% takeover of select operations belonging to the London-based oil company, British Petroleum (BP). The takeover of BP marked the takeover of Nigeria's most lucrative industry that had been controlled by foreign investors. Within the secondary literature a more elaborate version of this event is offered by scholars, declaring it nationalization with little agreement over why this "Giant of West Africa" nationalization BP. Some mention South Africa, others Southern Rhodesia (present-day Zimbabwe); some mention oil, while others solely discuss UK diplomacy. Why the discrepancy over the reason for nationalization? This project sets out to explain not only why Nigeria nationalized BP in 1979, but also how the nationalization fits into the broad theoretical discussions on nationalism, economic policy, foreign relations, and nationalization. It challenges the popular narrative of why Nigeria nationalized BP and substantially revises it. The argument is put forward that the nationalization of BP hinged almost entirely on the notion of economic nationalism and that the nationalization fit into an established trend of takeovers aimed at foreign companies. The federal military government simply used southern Africa --discussed as the sole reason for nationalization within the secondary Literature-- as a way to bolster international support. This project also project uses the nationalization as a looking-glass into Nigeria and its oil industry during the 1970s. Also, this project addresses the impact the nationalization had on Nigerian society. With regard to nationalism, Nigeria represents an excellent case for understanding the existence and application of economic nationalism, which functions not only as a subject of study much like ethnic nationalism or civic nationalism, but also as a new perspective on the relationship between the various expressions of nationalism and economic policy.

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In Nigeria, the government expenditure has continued to rise due to receipts from oil revenue (Petroleum profit tax and royalties) and non oil revenue (company income tax, custom and excise duties, value added tax [VAT] and others) (CBN Statistical Bulletin, 2012). And increased demand for public (utilities) goods like roads, communication, power, education and health. Moreover, macroeconomic indicators like balance of payments, imports obligations, inflation rates, exchange rate, and national savings reveal that Nigeria has not fared well in the last couple of decades under review. The average Nigerian therefore, became so sensitive to petroleum oil and all the variables surrounding it, to the extent that any development in the international oil markets invites an almost instantaneous reaction from domestic economic agents and policy makers alike. This was aptly captured in the 2004 budget statement made by the current Nigerian Federal Minister of Finance (Dr./Mrs. Ngozi Okonjo-Iweala), in which she stated, inter alia Shell, which operates the largest joint venture in Nigeria, with 55% Government interest (through the Nigerian National Petroleum Corporation, NNPC), produces about 50% of Nigeria’s crude oil. Exxon Mobil, Chevron Texaco, ENI/Agip and TotalfinaElf operate the other JV’s, in which the NNPC has 60% stake. A MAJOR FEATURE of Nigeria's economy in the 1980s, as in the 1970s, was its dependence on petroleum, which accounted for 87 percent of export receipts and 77 percent of the federal government's current revenue in 1988. Falling oil output and prices contributed to another noteworthy aspect of the economy in the 1980s--the decline in per capita real gross national product (GNP), which persisted until oil prices began to rise in 1990. In the aftermath of the 1967-70 civil war, Nigeria's government became more centralized. The oil boom of the 1970s provided the tax revenue to strengthen the central government further.