Fiscal Federalism and Resource Control Agitations: Implications for Nigeria's Socio-Economic Development

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Abstract
The issue of fiscal federalism and the management of the country's resources has been a complex one among the federating multi-ethnic nations within the Nigerian federation. Several conceptual and theoretical analysis expounds the way economies can be managed in a bid to abridge developmental crisis. The crux of Nigeria’s problem lies in her federating arrangement started in 1954 till date which has culminated in poor fiscal arrangement, disparity in the sharing of resources among the local, state and federal government, minority domination, and agitation for resource control. Based on the above, this paper seeks to critically review the challenges of fiscal federalism and resource control in Nigeria. It argues that if the fundamental issue of resource control is not pragmatically addressed by the Nigeria state the problem could trigger another phase of insurgency in the Niger Delta, with grave implications for the nation’s economy.

Keywords: Fiscal Federalism, Resource Control, Socio-Economic.

1. Introduction
The corporate existence of a people and government of a nation is conditioned upon the availability of the things that make life worth living. No country survives without the systematic management of its resources to meet the developmental goals of her people. Scholars agree that in a democracy the issue of government meeting her constitutional role compels her to act positively or negatively to various groups in the country. The economic survival of the people also makes them to interrogate whether a government is intended to subjugate, dominate and exploit them and their resources or to sustain them economically and pursue their common welfare. Public sector economics on the other provides a useful guide on how to divide functional responsibilities between the levels of government and how to allocate corresponding revenue resources (Nwaeke, Oruwari, and Amadi, 2012, 68).

Mugrave and Musgrave (2004) stated that a country's whole existence depends on the public sector for macro stabilization, income distribution and resource allocation. This is the obvious reason why Nigeria must start a gradual increase in her growth level. The most striking issue in the Nigerian polity is how to equitably, fairly and justifiably share the country's resources among the competing interests in the federation of Nigeria. However, the federation of Nigeria came as a relationship between the states and its citizens based on certain rights and obligation such that the state making process resulted in the loss of certain rights previously enjoyed by autonomous ethnic nationalities and communities and the assumption of certain obligations by both the citizens and the larger polity called the state. Ake (1997) stated that the people lost their right to an exclusive exploitation of the resources in their environment for their socio-economic well-being and preservation of the resources in their environment for subsequent generations. Such is the case when subjugating power takes over the natural rights of the aborigenes in order to ensure its effective control of the subjugated territory and build a coherent polity and economy (Owugah, 2008, 709). It is agreed that the subjugating authority assumes the responsibility of ensuring both the well-being as well as the personal and proper security of its citizens. The subjugating power before 1960 was Britain who colonized Nigeria and brought diverse autonomous ethnic nationalities and communities into the larger Nigeria polity. Thus, the present Nigeria state has transited through different political and administrative phases (the colonial, post-independence, military and the various democratic periods) with an appendage of various fiscal arrangement and resource management models. The colonial period was characterized by the penetration of the Europeans in search of trading links with natives and the introduction of a foreign system of worship and education that led to the expropriation of our resources abroad. This made the socio-economic position of the Nigerian state underdeveloped, dependent and fragile.
Owugah (2008) stated that the capacity of the post colonial Nigeria state to effectively promote the people's socio-economic well-being is blocked by three forces. First, is the absence of any national capitalist class at independence and the state not controlling its economy. Second, the heavy indebtedness to foreign powers, third the leadership's equation of public or political office holding with self-enrichment and not service to the people. This is situation we are now.

The pre-independence period with the first time federal character formation because of the 1914 amalgamation hastened some features of dualism where the structure of budget is clearly shaped more by convenience than logic but not formal revenue allocation formula while-the post independent period witnessed a decrease of percentage share of the central government. Under the military, with the addition of mid-western region and the fragmentation of Nigeria into states, fiscal federalism and allocation created another round of review. But there is ensuring disparity in social and economic welfare responsibilities of the new states and the basis of their finances. The real test of fiscal federalism and resource management could be traced to the return of democratic rule in October 1979 but with a lot of conflicts, litigations and intense debates in the National Assembly with extensive lobbying and complicated manoeuvres land serious agitations for resource control.

The agitation for fiscal federalism intensifies the need for balanced development among the components that make up Nigeria (Amadi, Oruwari, 2008,03). Federalism refers to the allocation of resources and responsibilities such as tax powers and expenditure responsibilities. A class work on fiscal federalism needs jurisdictional design and assignment to represent the smallest possible areas over which the benefits will be distributed. Nnanna (2000) stated that fiscal federalism enhances the efficiency of resource allocation for the provision of local public goods and services. Okişgo (1965) stated that with fiscal federalism levels of government have different responsibilities. Should resource devolution or decentralization involve the reallocation of tax jurisdiction or redistribution of tax revenues? Which level of government should benefit more from financial devolution? Is it the federal, states or local governments? What would be the most appropriate formula for sharing the centrally collected revenue? How can the federation account be administered in the manner that ensures transparency and minimization of intergovernmental distrust? And what proportion of oil resource should be allocated to oil producing states? The answers to these questions culminate into the agitation for resource control. Many views blame the kind of federalism in Nigeria where resources are controlled by the centre. So in the ethnicization of the state the elites among the major ethnic groups who control the centre transfer resources to benefit and develop areas other than where the wealth is coming from. This is the basis for the articulation of resource control which spurred the south-south states and civil society groups in Nigeria and overseas. The crux is glaring as meaningful transformation has not been achieved even with the 13 percent derivation by the deprived states. The population of people now reverses to efficient means by agitating qualitatively for management of resources for the common good. However, inspite of the hue and cry for resource control the Nigerian state creates doubt over its possibility, may be because of the fear of political equation and domination by the minority groups. In this regard -therefore this study intensify efforts to examine fiscal federalism and resource control; the implications in Nigeria's socio-economic system. The study is further structured into four sections. The introduction in section one, section two has theoretical framework. Section three treats Nigeria's fiscal experiences and the imminence of resource control option while section four has conclusion and recommendations.

2. Conceptual Framework

The heart of the average person in the globe strikes around the discuss of how the global economy functions and what it does and for whom. This serves the recent call for the Davos World Economic Forum. Have these meetings clearly contemplated the matter of income inequality, social injustice, and economic inequality? This gap seems to be such a structural feature of our world that for every country closing the gap appears to be some more falling further behind. But this does not amount to a polemic against wealth or people with wealth. We need wealth and more of it but do we ever think that wealth creation is a collective-endeavour? However in most cases, the reward for this joint effort inequality as the principal challenge of our time and called for a policy of establishing promise zones in impoverished communities. However instead of a shining revival of the local economy the policy is dark, almost medieval in its inspiration. This brings us to the crucial point. Unarguably, the Nigerian state emerged as a product of British colonial design, primarily for the purpose of material resources, rather than deliberate attempt to foster political integration and economic emancipation of the indigenous populace (Uranta, and Ibiamu, 2011, 191). The union of the Northern and Southern Nigeria without due cognizance to the socio-cultural relationships of the people culminated into federalism in the country.
Federalism is a form of government where the component units of a political organization participates in sharing powers and functions in a cooperative manner, though the combined forces of ethnic pluralism and cultural diversity among others may tend to pull their peoples apart (Tamuno, 1999, 165). This statement is a replete of Marshal (1819) in Uranta, and Ibiamu (2011) that federalism magnifies national power at the expense of the state power even though critics are of the view that the constitution is a compact of sovereign states, not an ordinance of people. Fiscal federalism others see as resources control or what Omo Omoruyi prefer to call local control over local resources is variously conceptualized (Olasupo, and Erhun, 2008, 1135). It is the existence in one country of more than one level of government with each having different taxing powers and expenditure responsibilities (Temitayo, 1999:72). Fiscal federalism is the allocation of tax powers and expenditure responsibilities among the levels of government in a federation. For Bisi Akande, former governor of Osun state, it is seen as derivation while Olu Falae sees it as deregulation. Ariyo (1990) succinctly talks of social fiscal federalism putting the modification of institutions and indigenous culture to order. This order condition the prerequisite for socio-cultural and geographical contiguity of the Nigerian state. The attempt to solve the twain problem of tax jurisdiction and revenue allocation is a pronouncement for equity and efficiency. So, power distribution and divisions between the levels of government such that federal/state financial relationships revolves around who impose what kind of tax, and who takes what kind of shares of revenues raised by the governments. The guiding theory for resources allocation in Nigeria in recent times has been based on population, independent revenue, derivation, need, national interest, minimum responsibilities, population and balanced development, equality of access to development opportunities, national minimum standard, absorptive capacity, independent revenue and fiscal efficiency. Okhonmina (2008) opined that since that time the south-south region has struggled to have adequate federal allocation from the oil resource that has had profound negative impact on the local environment. And that federal elites have employed the political tool to manipulate resource allocation in Nigeria so much so that it is counterproductive to the growth and development of the Nigerian federation and has been irresponsible to the socio-economic and political aspirations of the Niger Delta. So the resource control option, as historically valid is logical and tenable seeking the potency for transformation. The reason that manipulating resources breeds inequality so inequality is a system of a grower disorder. It is a consequence of an unjust philosophy of human interaction and of the economic machinery that distorts conceptualization (Brian, 2014, 68). It is likened to the farmer growing that which we eat for our humble sustenance as an essential service but his reward is not proportionate to his value. In the face of externalities the people are being jobbed and the dignity of meaningful labour is being slaughtered on the profane alter of financialism's domination of our economic lives. Hence Hayek (2004) contended that those who value liberty should prefer social pressure directed against deviant behaviour to outright bans; meaning simply, behaviour of which many people disapprove but which does not violate anyone else's right to life or property. Gene (2004) noted that negotiating between parties affected allows them to use the particular circumstances of time and place with which they alone are familiar to arrive at a solution. It is therefore only when people demonstrate their preferences by exchanging can we say with any certainly that both parties felt that they would be better off in the subsequent state than in the prior one (Rothbard, 1997, 79).

3. Nigeria's Fiscal Experiences

The continuum of Nigeria's fiscal federalism is transient of the pie-independent and post independent fiscal structures. Post independent fiscal structure is further slated into military and civilian (democratic) fiscal systems. In the pre independent period spanning through 1861 to 1886.-Nigeria's administration was colonial with all three territories of colony of Lagos, the Niger coast protectorate and Niger territories of southern Nigeria in 1914 characterized a federal system of administration with Lieutenant governors in Lagos and Kaduna for each territories and an overall governor-general in Lagos for the central government. From that time the fiscal arrangement was that revenue and expenditure of the two governments in Northern Nigeria were merged as single budget (Tukur, 2005, 17). The period witnessed three budgets; central, northern and southern Nigeria printed in a single volume-a budget book. The revenue formed single fund to service aggregate demand. Naturally enough the budget was practically convenient retaining some features of dualism. Formal revenue allocation started in 1946 and with the internal authority by regions under the Richards constitution and responsibilities shared. The objective was to make available to all levels of government independent sources of revenue which would be adequate to undertake their constitutional functions and responsibilities. This period sought for acceptable formulae in conformity with changing realities. The Phillipson commission of 1946 was the first pre-independent report on fiscal allocation with three principles of derivation, even progress and population. However only the population principle was applied. Regional revenues were divided into two classes; declared revenues and non-declared revenues. Declared revenues where those collected by regions and non
declared revenues collected by the central government. Those of the federal government was shared among the regions as: Northern Region - 46% Western Region - 30% and eastern Region-24%. The second pre-independent report of Hicks-Phillipson 1951 introduced another principle of independent revenue, derivation, need and national interest. The third was chicks commission of 1953 with the principle of only derivation which recommended 50% of revenue to the federal government and the remaining 50% to the then regions. In 1958 Raisman commission recommended the creation of distributable pool account. What went into distributable pool account was to be shared among the regions using general principles, continuity of government service, minimum responsibilities, population and balanced developments as for the, North-40%, West 24%, East 31% and southern Cameroons then, 5% and as they left their share was split among the regions with 2.1% to the North, 1.3% to the west and 1.6% to the East.

According to Adilieje (2008), the regions provided an excuse to avoid a truly federal structure based on ethnic states, rather than regions with multiethnic configurations that provided regional majorities with opportunity to dominate, marginalize and exploit regional minorities and sub minorities. The post independent revenue allocation review by the Binns Commission recommended revenue from the distributable pool account to be shared among the north, east and the west to 42%, 30% and 20% respectively. No wonder finance is the most important factor that determines the extent of autonomy allowed to sub national governmental units in all governmental arrangements and the degree of peace and cohabitation among the governmental levels and citizens in a federation in particular (Marcellus, 2008).

In January 15th 1966 Nigeria fell into the hands of the military. The inclusion of Midwestern region and the fragmentation of Nigeria into states created another system of fiscal federalism. Though rejected by the then military government on the ground that its range went beyond the military then. In 1968. Dina interim committee changed the distributive pool account to state Joint Account. There was also the creation of special grants account, permanent planning and fiscal commission. In addition was horizontal standards, balanced development and derivation. On a vertical formula, royalties from onshore mining was 10% for states of origin, 10% for federal government states joint account was 70% and special grants 5% with rents from on-shore operations to states on the basis of derivation at 100%. In 1977 the Aboyede Technical Committee recommended for vertical allocation on the basis of 57% for the federal government, 30% for the states, local governments 10% and 3% for special grants accounts. The military was more blessed with excess oil revenues but there was basically some problems i.e the glaring disparity in the social and welfare responsibilities of the new states and the basis of their finances. To this effect they restructured the expenditure of the states through the transfer of power to the centre. By this the states depended on revenue collected and distributed through the centre. But Marcellus (2008) argues that political observers believe that the lion share of the national revenue given to the federal government runs against the grain of the current global trend in federalism where the expectation is that the states and the local governments will increasingly constitute the nub of economic development and centres for the provision of social amenities and infrastructure. However, it could be said that the real test of fiscal federalism for Nigeria could be traced to the return of democratic rule from October 1999 but it must be admitted that since the 1992 revenue allocation, the system of resource allocation has not undergone major metamorphosis in terms of fair review except the whims and caprices of the government in power that adjusts the revenue sharing formula to suit its interest (Tukur, 2005, 33). For instance after a lot of conflicts including litigation with intense debates in the National Assembly extensive lobbying and complicated manouvres, a new revenue allocation arrangement was enacted into law under the Allocation of Revenue Act No. 1 of 1982 with 55% for federal government, 30.5% for states, 10% for local governments, 4.5% for oil producing communities (1% for ecological problem; 20% on derivation principle and 1.5 directly for mineral producing areas).

Nigeria and India's are famous for high percentage of vertical imbalance in favour of the federal government. India's 12th Finance Commission recommended 30.50% for both states and local government and 69.50% for the central government from tax revenue collected between 2005 and 2010 (Rao, 2007, 334). In Nigeria the latest allocation formula as amended by the executive order in 2002 are such that federal government - 52%, states - 26.72% and local governments - 20.60% with an entitlement of 13% derivation from the oil producing states. However, this seems inconsistent with the current trends in federalism where governments share of revenue is not channeled through the states and local government (Marcellus, 2008, 597) such foregoing demonstrates that in an emerging democracy, the planning and management of fiscal relations between the federal and states will invariably have to depend on the prevailing concept of the federalism at a particular period in the economy as it is the federal constitution that expressly distribute revenues and taxing power. The present fiscal arrangement has manifested in weak fiscal capacity of the state and local governments. In a true federalism it would be better to bank any ration of sharing than for every part to contribute to the federal resources. The fact is that the communities where oil originates in Nigeria does attract any attention from the federal and even the
state governments in the face of these existing `-pattern of derivation. These are the reasons for calls for resource control.

4. The Imminence of Resource Control Option

The imminence of resource control no doubt is implicit in all ramifications the understanding of development by the people and government of a country. The debate on development spanning between 1950's and 1960's is seen by the newly developing states in economic terms as growth measured with the yearly increase in Gross Domestic Product (GNP) or Gross National Product (GNP) at rates of at least 5-7 percent or more as an acceptable indicator. The trust of this is that rapid gains in overall and per capita (GNP) growth would wither 'trickle down' to the masses in the form of jobs and other economic and social benefits of growth (Perepreghobata, J. P. and Nabhon, T. A., 2008:1,158). However, the levels of living condition of the population of most people remain poor showing something being wrong with the definition of development. People within this condition must clamour for attacks on absolute poverty and unemployment implicit in increasing inequality in income distribution in any growing economy. Dudley (1969) thus showed concern asking what has been happening to poverty, unemployment and inequality? Any good answer to these questions we guess will solve major developmental problems in a developing economy. The crux of what is discussed above is likened to the Nigerian economy with flaws in developmental tenents that has instituted the call for resource control. In most cases this leads to insurgencies we are experiencing today. The reason is that the national resource of Nigeria is oil hence the combination of the country's localities with the centralization of oil revenues through state ventures create a sort of governable spaces which features grievous struggle of access to and control over the petrodollar oil rents. These spaces no doubt will culminate into political splinter groups with vociferous fragmentation of insurgents and militia groups.

The New International Webster's Comprehensive Dictionary of English language define resource as that which is resort to for aid or support; and available means, or property, a supply that can be drawn on any natural advantage or products of natural material. Perepreghobata and Nabhon (2008) see it as capacity or adapting means of power for achievement. And control by dictionary definition is to exercise, direct, restrain or having government influence over particular influence. Resource control therefore means a process of exercising or directing, restraining or having government influence over natural products found in one's area, be it human or material (Perepreghobata, and Nabhon, 2008, 1,163).

The crux of what has been discussed above is likened to the Nigerian economy concomitant in the Niger Delta struggle because of flaws in development hence the call for resource control. Resource control in Nigeria can be traced to the colonial era when the people of Niger Delta first participated in the struggle for politics and trade. The period marked the palm oil boom days where the king of Nembe, Nana of Itsekiri and king Jaja of Opobo were defiant against foreign domination. These were inclinations and tendencies to self assertion. Culminating from then to the foundation of the black-gold, first, struck in Olaibiri constituted another devastation instead of better standard of living of the people. Instead of developing the people where shell D' Archy tricked the first oil in 1956, the socio-economic life of the people become a nightmare. The fact that they cannot farm and the aquatic was poisoned through pollution, life in these areas become miserable. The land Use Act of the central government confiscated the monetary relief that these communities would have benefited through the oil companies. This however, forced out Isaac Adaka Boro against the federal might conditioned upon their resolve to define the relationship in the different ethnic nationalities in Nigeria, the question of resource ownership, resources control, its use and management, the nature and structure of the Nigerian state with particular reference to the federating units, the absence of an acceptable constitution, the minority question, prevalence of poverty and oppression.

This was followed by Ken Saro Wiwa's Movement for the survival of the Ogoni people (MOSOP) also demanding for their fair share from the resources from which the federal government make huge sums of billions leaving the people suffocating under flared hydrocarbon constituting vasco-cellular damage with poisoned water which the people drink. To crown this people, till now the UN Report to develop Ogoni land is still far fetch by the federal government. As the central government becomes adamant to the natural and indeed constitutional rights of the people the first to drag her to positve changes does not cease. All other agitations earlier carried out formed a precursory move to others. One of which is the "Kaiama declaration" formed by the Ijaw ethnic nationality of the Niger Delta in 1998. This group popularized the issue of resource control which aggravated subsequent debates. The reason that the minorities see it as an attempt by the majority ethnic groups to deprive them of the opportunity to enjoy the products from their God given resources (Ekhommina, 2008, 779). Ever since a number of other "Bills of Rights" "Charters of Demand" "Resolutions" and "Declarations" from many of the Niger Delta ethnic nationalities including the Urhobo, Kalahari, Oron, Ibibio, Ikwerre, among others have
been articulated (Perepreghobofa, and Nabhon, 2008, 1,165). Most current in this issue is south-south-governors forum. Using it as a platform to compel the central government they insist on the judicious means of allocating resources. By that they could commit the people in their various states. However it is argued that even the 13% derivation fund is not judiciously managed by these governors in there various states. May be that is the reason for the federal government admitting this advocacy as a call for war or secession. Whether the unity of Nigeria be comprised or not is a matter of judicious resource use and fiscal system that can benefit the population of the people conditioned upon resource endowment.

5. Conclusion and Recommendations
The issue of fiscal federalism and the share of the country's resources has been a complex one among the multiethnic nations of the country, Nigeria. The fact that communities surrendered their sovereignty to become one of a confederating unit is not an impetus for more advantageous group to trample on their God given wealth. Being traumatized under a central system of share of resources that derogates their opportunity and right to ownership and development negligence, accompanied with unemployment and inequality, the people continue to remain poor and thus subservient to the aristocratic and opportunist rulers who continue to implement uncompromising resource sharing formula. In this regard therefore, and to complement existential realities, the down trodden minorities agitate for equitable distribution thought resource control and management.

1) The system should not begrudge the minorities their wealth particularly where that wealth is commensurate with the value of their need as a people.

2) The people's socio-economic system and the dignity of labour of the people of Nigeria should not be jobbed or being slaughtered on the profane alters of financialisms domination of their economic lives in the ambit of fiscal federalism.

3) The New World Order is one of riches, so no longer should Nigerians be contented with promises that can be excised at any moment that detour from the most vital issues affecting the country.

4) The whole economy needs substantial restructuring and recalibration of the relative values and wealth allocated to the real sector compared with the financial sector.

5) And because the preponderance of empirical evidence suggests that an economy be stronger and more resilient, extreme riches and poverty should be mitigated.

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