

ISSN 1595 0298

**SOUTH SOUTH JOURNAL
OF CULTURE
AND DEVELOPMENT**

First Published June 1999 in the Kingdom of Lesotho

VOLUME 22 NUMBER 1 & 2 APRIL/SEPT., 2020

COVID-19 YEAR



**AN INTERNATIONAL MULTI-DISCIPLINARY
JOURNAL OF CULTURE AND DEVELOPMENT**

FISCAL FEDERALISM AND THE QUEST FOR THE RESOURCE CONTROL: THE NIGERIAN EXPERIENCE

By

EDET JOSHUA TOM

*Department of Political Science
and Public Administration,
University of Uyo*

And

HARRISON O. ATAIDE

*Department of Political Science and Public
Administration,
Obong University, Etim Ekpo Akwa Ibom State*

SUMMARY

Nigeria is ethnologically heterogeneous, that is why it adopted federal system of government. The Nigerian constitution vested the control of land and resources on the federal government. A system of revenue sharing also exists where the federal government shares revenues accruing from exploitation of natural resources to itself and other tiers of governments on unequal basis and at the detriment of the areas where such resources are found. This has triggered calls for resource control by those who feel they have been deprived of their nature endowed resource by such sharing and resistant to such calls by those who feel the status quo must be maintained. This paper examined the nexus between federalism and resource control in Nigeria. It implored both historical and

descriptive methods to gather facts. It recommended among others granting of resource control to the component units to facilitate development and strengthen the Nigerian federation.

INTRODUCTION

Nigeria is ethnologically heterogeneous and, for that reason, highly diversified culturally. Unlike the United States of America, for example, the country is not an outgrowth of immigrant settlement. The various peoples that make up the country are indigenous to the nation in two ways. From the ancestral standpoint, they are indigenous of their ethnic group and land areas because their ancestors first established in and founded those areas as their homeland. In geopolitical terms, they are citizens of Nigeria by birth and descent (Tom, 2014). This second fact follows naturally from the first. They were born of parents who were indigenes. Colonialism brought the different peoples together and forged out of the ethnological conglomerate the country known as Nigeria today (Graf, 1988).

Accordingly, Nigeria differs from the United States of America, and, indeed, many other western countries in yet another important dimension. Unlike these countries, Nigeria does not have a core or central linguistic and cultural centre or mainstream comparable to America's White Anglo-Saxon Protestant (WASP) culture into which the diverse groups and subsequent immigrants, metaphorically, melt into. Nigeria is, therefore, not a sociological melting pot (Peil, 1976). Nor is there any indication that it can turn one in the foreseeable future. This fact is one of the significant aspects of the nation's political reality.

Pre-independence constitutional technologists

were rightly aware of this self-evident truth about the country. They realized early enough that when the individual units of a social organization cannot absorb them, a federation stands out as the logical alternative that can ensure the continuity of the organization. Very timely was that realization. It has influenced much in the constitutional development and political history of Nigeria (Ekpo, 1983).

Adoption of the federal system as the constitutional model of government for the nation was influenced more by this understanding than even the geographical size of the country. The refusal of some sections of the county to recognize this fact has always resulted in negative reactions from other sections who feel they are short-changed. This at times resulted in agitations, conflicts and even war by the sections who feel marginalized. The quest for resource control by some states in Nigerian federalism is readily invoked by such perceived deprivation and marginalization by the central government. The paper examines the nexus between fiscal federalism and the quest for resource control in Nigeria.

Conceptual clarification

The term federal is derived from the Latin word *foedus*, which means covenant (Elazar, 1980). This embodies ideas of promise, commitment and undertaking and in essence, the federal idea involves cooperation, reciprocity and mutuality (Chen, 1999). It is a process by which a number of separate political organisations such as states or associations, agree to work out solutions, adopt joint policies and make decisions on joint problems (Friedrich, 1963). Drawing from the connotation above, Wheare (1964) conceives federalism as a constitutional arrangement where the powers of government are shared

between a government for the whole country and governments for parts of the country in such a way that each government is legally independent within its own sphere. Drawing from Wheare, and having Nigerian in mind, Awolowo (1968) views federalism as a constitutional system under which the people of any particular territory are politically united in subjection to the control, not of one government supreme over them in all matters and for all purposes, but a number of governments each supreme in a defined sphere of its own, free completely from the possibilities of encroachment from the rest. Federalism, is usually viewed as a form of governmental and institutional structure, deliberately designed by political architects to cope with the twin but difficult task of maintaining unity while also persevering diversity (Jinadu, 1979). Elaborating further, Tamuno (1998:13) conceived federalism as that form of government where the component units of a political organization participate in sharing powers and functions in a cooperative manner though the combined forces of ethnic pluralism and cultural diversity, among others, tend to pull the people apart. Being more comprehensive in his perception, Diamond (1999:152) sees federalism as a political system which holds a multi-ethnic state together, by reconciling nationalism and democracy in a multi-ethnic state, giving territorial concentrated minorities authority over matters of local concern, security in the use of their language, culture, and religion, and protection from the discretion of the sentiments of the national majority. It springs from the necessity for the union of a number of independent states which are not strong enough individually to protect themselves from outside danger, and whose union is requisite for their safety and

for the promotion of their economic interests, but which are not prepared to surrender their independence completely. Federalism is not an absolute but a relative term there is no specific form at which the society ceases to be unified and diversified. The differences are of degree rather than of kind. All countries fall somewhere in a spectrum which runs from a theoretically wholly integrated society at one extreme to a theoretically wholly diversified at the other.

Without prejudice to other models which are rarely practiced, federal countries broadly conform to dual federalism or cooperative federalism. In dual federalism which is resemblance of what is in Australia, Canada, India, Pakistan and United States each level of government. The federal and the state have clearly defined responsibility (Aliff, 2015). According to Ricker (1969), under such a system, three basic features are pertinent and these are (1) two levels of government rule the same land and the people (2) each level has at least one area of action in which it is autonomous, and (3) there is some guarantee of autonomy of each government in its own sphere. Shading more light on different between dual and cooperative federalism, Ricker (1964) maintains that under cooperative federalism, the responsibilities or various orders are mostly interlinked. Under both models, fiscal tiers are organized so that the national and state governments have independent authority in their areas of responsibility and act as equal partners. National and state governments often assume competitive, non-cooperative roles under such an arrangement.

Again, as Aliff (2015), notes that the cooperative federalism model drawn from empirical evidence appears in three forms namely interdependent spheres, marble cake, and independent spheres. The interdependent

spheres carry unitary structure with federal characteristics. German and South African political systems resemble this since the federal government makes policies while the federating components act as implementation agents for federally made policies. To strike the balance, while policy making federally dominated in this model, the state or provincial governments have a say in federal policy making through a second chamber (the upper house of the Parliament). In Germany and South Africa, the second-order (state) governments are represented in the upper house of the national parliament (the Bundesrat and the Council of the Provinces, respectively).

In the marble cake model of cooperative federalism, various orders of government have overlapping and shared responsibilities, and all constituent governments are treated as equal partners in the federation. Belgium, with its three territorial and four linguistic jurisdictions, has a strong affinity with this approach. Finally, in a model of cooperative federalism with independent spheres of government, all orders of government enjoy autonomous and equal status and coordinate their policies horizontally and vertically. Brazil is the only federation practicing this form of federalism (Aliff, 2015).

It should be noted that under this model, the national government places its superior resources at the disposal of state and local governments for management of national priorities (Sharma, 2015). All levels work within an intricate framework of cooperative relationships while the national government plays the role of leader and facilitator. Sharma (2015) concluded that cooperative federalism can tilt towards the coercive type if the higher level of government coerces the lower level to action in

the name of the national interest or welfare of the citizens. It can equally lean towards uncooperative federalism if lower level resist national intervention and assert autonomy.

Federalism becomes competitive if all orders of government have overlapping responsibilities, and there is competition both vertically and horizontally to establish their clientele of services (Salmon, 2006; Breton, 2006; and Kenyon & Kincaid, 1991).

On the other hand, if there is unequal powers and relationships in political, administrative and fiscal arrangements spheres between the units constituting a federation (Tarlton, 1965) the federal system becomes asymmetric and such arrangements can appear vertically (between centre and states) like in Nigeria and horizontally (among the states).

The problem of conceptualization as Elazar (1977) notes is compounded by the fact that, there are several varieties of political arrangements to which the term has properly been applied. In similar vein, Riker (1975) has also pointed out that "an initial difficulty in any discussion of federalism is that the meaning of the word has thoroughly been confused by dramatic changes in the institutions to which it refers. Hence a word that originally referred to institutions with emphasis on the local self-government has come to connote also domination by gigantic, impersonal concentration of force" (p93). The cardinal assertion in all the centralisations is that in an ideal federal arrangement, no level of government is subordinate to one another, but rather all tiers of government are co-ordinate to each another.

Oates (1999, pp 1120-1121) defines fiscal federalism as "understanding which functions and instruments are best centralized and which are best

placed in the sphere of decentralized levels of government". Sharma (2005, p.44) defines fiscal federalism as a "set of guiding principles, a guiding concept that helps in designing financial relations between different levels of government". Musgrave (1959, p.179) assert that the purpose of fiscal federalism "is to permit different groups living in various states to express different preferences for public services; and this, inevitably, leads to differences in levels of taxation and public services". Fiscal federalism implies shifting financial power from the coordinate units to the national government.

The other variable, resource control, has been defined by many authors. Their definitions tend to overlap. Kehinde, Lawal, Adekuyo & Ibrahim (2003) refer to resource control as a way and manner the government's revenue and democratic dividends are shared among the various tiers of government. Itse (1995) and Ike (2001), conceive resource control as the power and rights of a community or state to generate income by way or means of taxation of human and non-human substances within a given environment. Such powers and rights to initiate taxation process are however limited by law, especially in a federal system of government where the powers of the central government are superior to that of the subordinate and constituent states.

Ofeimum (2005) captured the concepts of resource as the principle that every federating unit must be empowered to be self-governing. To him, the resource control amounts to an expression of self-determination by the zone which places a collaborative duty on other parts of the country to assist the zone realizing their objective.

Similarly, in Ifedayo's (2010) view, resource control involves the access of communities and state governments to natural resources located within their

boundaries and the freedom to develop and utilize these resources without inference from the federal government. Douglas (2005) observes that it is an “actual control of resources by the people who live in communities with these resources for the support of life. The Southern Governors' Forum (2001) cited in Nabbon & Perepreghabofa, (2008; 1162) defines resource control as “the practice of true federalism in which the federating units express their rights to primarily control the natural resources within their borders and make a reasonable contribution toward the maintenance of common services of the government at the centre”.

An environmentalist and a strong advocate for resource control Okumagba (2002:162) views resource control as “the desire of every state in the federation of Nigeria to control and manage the natural resources located therein”. He argued that resource control does not mean to seize the oil, but to participate and concluded that by no stretch of imagination thereof can the concept of resource control be equated with crude oil only. For him, resource control transcends the narrow confines of crude oil to include coal, hides and skin, tin, limestone, groundnut, rubber, cotton, palm oil and solid minerals on earth. Consequently, any state that is endowed with any of these resources will be empowered to control and manage same upon payment of taxes to the federal government. It is freedom and the ability of an individual or group of individuals to manage or direct the use of the resources that are derivable from their domain and pay taxes to the government at the center (Aifawa, cited in Nabbon & Perepreghabofa, 2008). It describes the desire and determination of the communities and people whose resources and or sources of survival have been taken away undemocratically and possibly violently and

therefore unjustly. Resource control, therefore, means a process of exercising or directing, restraining or having governing influence over the resources found in one's area, be it human or materials. The resources control as it is practiced in various lands according to Ogbonna (1999) determines when, how, and who should explore and exploit resources. He however, agrees that resources control, with all its attendant benefits is the source of long standing controversies and wars because the history of all wars hitherto fought by human is the history of resource controls.

Theoretical Framework

The analysis is situated within the framework of a variation of Functional Theory namely the Process Theory of federalism associated with Friedrich (1964). According to this theory federalism cannot be viewed as a static institutional pattern. It should be seen as a dynamic process. The federal process is a complex one with no consistency on its course of development in history. Therefore, federalism is essentially seen as a continuous process by which a number of separate political communities enter into arrangements for working out solutions, adopting joint policies, and making joint decisions of common problems.

The process of federalism as Friedrich (1964) opines is the organizational counterpart of communal development or the organized cooperation of groups which is linked with a territorially diversified pattern of values, interests and beliefs, overarched by joint values and beliefs and ultimately with constitutionalism and the rule of law. In a neo-colonial capitalist socio-economic order like Nigeria whose primary function is to preserve elite hegemony, the stability of the political system is

directly related to the degree to which it is integrated. Integration implies a process of consolidation and co-ordination of the many sub-units of society, economy and polity. The process of integration here has three major dimensions: (a) political integration, which occurs when the gap between the elite and the masses is reduced and a participant political community created, and (b) territorial integration, involving a reduction in social tensions and the establishment of a homogeneous territorial political community. (c) economic integration, to ensure that a solid economic foundation exists upon which inter-class solidarity and broad political participation can grow, and to reduce inter-territorial and inter-cultural antagonisms. (Coleman & Rosberg, 1964: Graf, 1988).

The most important contribution of this theory to this discussion is its rejection of a static and rigid view of federalism in favour of seeing it as a process, a dynamic set of relationships through which a number of separate political communities work out joint solutions to problems and by doing so become progressively integrated. So conceived, the work sees the quest for resource control as emerging challenges which Nigerian federalism can accommodate.

Historical and Political Setting for Agitation for Resource Control

The establishment of the Nigeria Colony and the imposition of indirect rule during colonial rule and fragmentation of Nigerian society by the elites after independence had largely marginalized the minority ethnic communities and had also left the minorities at the mercy of the more preponderant dominant ethnic groups in Nigeria. Besides, as Obi (2002) admitted, the linking of

representational power to population size also implied that the minorities stood little or no chance in either regional or central government, nor in making demands over access to resources in their domain for developmental projects. This in effect had led to underdevelopment of the minority regions. Indeed, in the transition to independence in the 1950s the so-called ethnic minorities voiced their concerns to the departing British that they were largely peripheral in a Nigerian federation dominated by three ethnic majorities of Hausa, Yoruba, and Igbo.

Ethnic identity was then transformed into mobilizing element not only for contesting access to state and resource control, mostly oil, with the context of competing and conflicting ethnicity but also a modality for organizing social forces to resist alienation, extraction, and exclusion by the hegemonic coalition of the ethnic elites (Obi 2002). This understanding prompted Ikime (2004) to say that nationalities began to identify themselves, first in the context of the colonial state, and second in the context of the Nigerian multinational state, as they were forced by changing circumstances of history to act politically in defense of their perceived interest vis-à-vis the interests of other competing groups. Sequel to this, many ethnic and regional groups emerged to press for separate states that would ensure their independence and the ethnic groups adopted many strategies including alignments with the opposition parties in their regions to press for self-determination. In spite of the adoption of great compromise that is, federalism, as the model for administering the country, enshrined in the 1954 Lyttleton Constitution the dialectical consequences of all this were not a few.

Accordingly, Nigerian political history up to the present has been one long drawn of inter-ethnic juggling for advantage or dominance. The independence constitutional crisis and parliamentary upheavals, the state creation exercise, the civil war, the zoning system, the federal character principle the current fantasy called WAZOBIA, the division of Nigeria into six geo-political zones, rotational presidency and the quest for resource control are all expressions of the indomitable resistance of the multi-ethnic nature which is the real characteristic of the Nigerian nation-state (Tom, 2014).

Thus, it should be emphasized that in Nigerian State, majority as well as minority groups have on one occasion or the other in history agitated for resource control. For instance, after creation of twelve states in 1967 from the former four regions Rivers and Eastern States as well as Lagos immediately demanded for the control of the natural resources located and extracted from their areas. On the other hand, major areas that were not granted statehood but were economically viable equally demanded for resource control out of frustration (Ekwuruke, 2005).

The Nigerian State and the Quest for Resource Control

In England, mineral is owned by the state. This leads to easy recognition of the rights of the host communities. In the United States and Canada, ownership of the mineral belongs to the landowners to whom rents and royalties are paid by the mining companies. In Nigeria, on the contrary, the federal government owns mineral and appropriates mining rents and royalties as well as oil company taxes. It does not recognize the rights of oil producing areas as in Britain or United States (Naanen, 1992).

In a cooperative federation, as is in operation in the

United States of America, Canada and Switzerland, cited before, the states or component units are semi-autonomous, virtually independent of the centre (Omelle, 2014). The states have control of the resources found in their areas, but pay royalty to the central government. Such areas as defence, foreign affairs and customs among others are controlled by the government at the centre. Assessing Nigeria's federalism as a cosmetic one, Ikpo (2004) observed that protagonists of resource control began to push forward the argument that the country cannot be said to be a federation when the elements of federalism are lacking – elements such as state police, control of natural resources by the federating units, etc.

The burning issue in the country's fiscal federalism has to do with revenue sharing among the three tiers of Government which has degenerated into the quest for resource control. What has complicated matters is the weight ascribed to the derivation principle in recent times. Many states in Nigeria's federation have become so prostrate that they are virtually depending on federal government to undertake even minimal development project in their areas (Omelle, 2004). This was not so from the beginning. Under the cash crops driven economy for instance, 50 percent of the proceeds from royalties and mineral rents was retained in the region from which it was derived (Obi, 1998). When the economy became oil-driven this practice was dropped. During the period the major agricultural products were derived from the three power/ethnic blocks with cocoa from the West, groundnut from the North and palm produce from the East.

Up till 1970, derivation was at 50%. Decree No. 13 of 1970 put forward by the late Chief Obafemi Awolowo and promulgated by General Yakubu Gowon reduced it to

45% while at the same time seizing the entire offshore oil for federal government. That was the beginning of the onshore-offshore dichotomy policy which assigned revenue derived from offshore oil to the federal government. In 1977, under Obasanjo's military regime, derivation was reduced to 25% while still holding on to the entire offshore production. In 1981, derivation on onshore oil only was reduced to 5%. In 1984, it was again reduced to 1.5%. When General Ibrahim Babangida took over power, he, however, reduced derivation to 1%, but, introduced an ameliorating fund called OMPADEC at 3% (Attah, 2004).

At the end of the civil war for example, the offshore Revenue Act of 1971 was enacted which as earlier stated reserved revenues from offshore oil exclusively for the Federal Government. To further consolidate and intensify its grip on the oil industry, the federal government under the Olusegun Obasanjo military regime enacted the Land Use Decree in 1978. Under this decree, as Owugah (2006) opines, the federal government claims ownership of all land and minerals in it. Indeed, under the cover of this decree, the oil companies could confiscate any land in the oil producing areas without any challenge or opposition from the real owners. This decree simply further widened the already existing antagonistic gap between the state and the people.

Curiously, as Egwaikhede (2004) and Owugah (2006) observe, this decree does not apply to other minerals. To ensure its exclusive application to oil, specific reference was made to oil minerals in section 28 of the decree (Frynas, 2001). It, therefore, does not apply to other minerals mined in the areas inhabited by the ethnic majors. For instance, the Igebti Marble deposit in Oyo State which is inhabited by the Yoruba ethnic majors, in the South West, royalties are not completely appropriated by the Nigerian

state as in the case of oil revenue from the Niger Delta, inhabited by ethnic minors. Rather, it is fairly distributed into 30 per cent to the Oyo State government, 20 per cent to the federal government, 10 per cent to the local government, 15 per cent to the Igbeti community and 25 per cent to the Igbeti Marble Industry. Similarly, in Bernin in Kebbi state in the North West, inhabited by the Hausa/Fulani ethnic majors, Mamman Shatu's farm where diamond is mined, Mamman Shatu gets 50 percent of the revenue from the diamond (Adeoye, 1998: See the table below)

| | | |
|---|-----------------------------|-----|
| (A) Marble deposit in Igbeti, Oyo State (distribution of royalties) | | |
| (i) | Oyo State government | 30% |
| (ii) | Federal government | 20% |
| (iii) | Local government extraction | 10% |
| (iv) | Community of extraction | 15% |
| (v) | Igbeti Marble Company | 25% |
| (B) Crude oil (distribution of royalties) | | |
| (i) | State of oil production | 3% |
| (ii) | Federal government | 97% |

| (C) Changes in oil -based derivation revenue allocation to states in Nigeria | |
|--|------|
| 1953 | 100% |
| 1960 | 50% |
| 1970 | 45% |
| 1975 | 20% |
| 1982 | 2% |
| 1984 | 1.5% |
| 1992 | 3% |

(Source: *The Guardian*, May 26 1993:26)

Another discrepancy is seen in derivation accruing to state due to the introduction of value-added tax (VAT) in 1994. On observation, it is evident that the allocation of the revenue among states is based largely on the principle of derivation. Thus, it is not surprising that Lagos State has to receive the highest allocation of the VAT revenue with Kano State coming next.

Since independence, successive Nigerian governments have refused to accept ethnic plurality as a basic unavoidable character of the Nigerian nation-state. They have tended to look upon it as a liability rather than as a national asset. Accordingly, the country's leaders and governmental policies have exhibited unabashed duplicity, confusion, and contradiction. Some ethnic groups arrogate to themselves exclusive rights and

privileges in the country (Tom, 2014). While the political leaders uphold the tenets or values of the cultural groups of their origin and plot their dominance over others for instance, they condemn others who seek to preserve their identity. This hypocritical duplicity has not helped the country. Rather, it has evoked negative reactions from other cultural groups and has been a factor to the creation and exacerbation of what has gained notoriety as resource control in the country (Tom, 2014).

To add to the deprived feeling of ethnic minorities of the Niger Delta region, the current formula for the distribution of the nation's wealth is unacceptable to them and has triggered the agitation for resource control. The quest for resource control is also prompted by the Federal Government attempt to covertly introduce obnoxious onshore/offshore dichotomy policy through a suit asking the Supreme Court to define the seaward boundary of littoral states within the federal republic for the purpose of determining the amount of revenue accruing to the federation account directly from any natural resources derived from the State as contained in the section 162(2) of the Constitution of Nigeria. The case was ruled in favour of the federal government and gave the entire offshore oil to the federal government. It was argued that the judgement contradicted section 162(1) which states that all funds (including the one accruing from offshore oil) collected by the Federal Government with the exception of the personal income tax of the police, armed forces, the foreign affairs ministry and the residents of the Federal Capital Territory, Abuja accrues to the Federation Account. This raises the issue of why the Federal Government attempted to arrogate to itself the off-shore funds which supposed to go into the Federation account. For instance,

if section 162(1) is to be applied, then, the basis for the writ without prejudice to the decision of the Supreme Court would be called to question. Equally, there is an existing Act namely No. 106 of 1992 of Federation Account, etc., Amendment act which states, "For the purpose of subsection (2) of this Section and for the avoidance of any doubt, the distinction hitherto made between on-shore oil and off-shore oil mineral revenue for the purpose of revenue sharing and the administration of the fund for the development of the oil producing areas is hereby abolished". While the government is very eager and desperate to implement very strictly the Revenue Act of 1971 and Land Use Decree of 1978 and other decrees that are advantageous to it, it was very reluctant in implementing the decree that abrogated onshore/offshore dichotomy.

The continued agitation for resource control by the Niger Delta region is, perceived as one of the manifestations of the struggles to redress perceived injustices and inequalities in fiscal relations among ethnic nationalities, regions and political units within the Nigerian federation. It is also perceived as a necessary fallout of the degradation of their environment and the neglect of their conditions by the central government, which is seen as advancing the interests of the ethnic majorities to the detriment of the minorities.

Other reasons that prompted a struggle for resource control as Attah (2004) itemizes include:

- i) Deterioration in the quality of life of the people due to the neglect and marginalization by the central government;
- ii) Ecological devastation of the Niger Delta due to oil exploitation without any efforts at its replenishment;
- iii) Denial of the Niger Delta people of their natural

- rights to ownership and control of their land and resources through instrumentality of undemocratic state legislations like Land Use Decree of 1978, Petroleum Act of 1969 and 1991, the Land (Title Vesting etc.) Decree No. 52 of 1993 etc.;
- iv) Conscious and systematic obliteration of the principle of derivation by successive military and civilian regimes in Nigeria;
- v) Sustained underdevelopment of the Niger Delta region.

Rationale for the Quest for Resource Control

Apart from historical and political antecedents that have triggered the quest for resource control in the country, scholars have extolled the application of resource control in a federal state. For example, it is argued that resource control is a stimulant for healthy competition among the component parts in a federation and serves as a harbinger for development. With resource control by individual states necessity will propel each state to engage in exploitation of various resources including solid mineral found in their domain which will result in socio-economic development of such state. Recently, the minister of Mines and Steel Development Mr Adegbite has revealed that the country is endowed with over 44 different mineral resources occurring in over 500 locations across the 36 states of the Federation and Federal Capital Territory. Among them are; coal, iron, ore, bitumen, gold, limestone, lead-zinc and barite. If explored, it will result in diversification of economy and facilitate development of each state at its own pace.

Apart from the demand of resource control being in accordance with what was obtainable in the first republic, when each region controlled 50 percent of her resources,

it will also be a sure way of minimizing waste and mismanagement at the center (The Punch, 2000).

Resource control by the federating units enhances true federalism and motivate every section of the country to look inward so as to rediscover its own unique source of economic strength and ensure the sense of self-reliance as well as reducing the effects of Dutch disease that has infected the country since discovery of crude oil, and gas.

Control of resources ennobles humanity by ensuring that control seeks to abolish the vexations and unacceptable reality of hunger, greed, unaccountable government and social and economic injustice whether internally or externally imposed (Oronto and Douglas, 2001).

It ensures excellent complement amongst the tiers of government in infrastructural development, employment generations, social security, good remuneration, to both public and private sectors of employees as well as serves a counter force to imperialism unleashed through the pontifications of liberal democrats (Ogbonna, 1999).

Resource control is bound to facilitate the country's leap from its present economic condition- Dutch disease. It is argued that no government can be accountable unless the people demand it, and the people will not demand accountability and probity unless their taxes almost solely pay for the running of the government. In other words, there is no representation without taxation. It is argued that if states are controlling the resources under their domain, the centre will maximize taxation as major source of revenue generation which in turn will force it to be more responsive and accountable to the people (Adams, 1991 cited in ANEEJ, 2004).

Resource control is capable of helping to curb corruption at every level of government (Henryik, 2009).

At the centre, with greatly reduced income, profligacy is bound to fall. At the state and local levels, once people come to realize that the shots are been called from their local capitals, which are accessible, rather than Abuja which is not, they are bound to impose themselves, eventually.

Resource control will also accelerate the process of development, by forcing the states and local governments, with allocations from the centre greatly reduced or non-existent, to develop the resources within their jurisdiction in order to survive. Every state has something. They just have not been given the motivation to explore their riches. The need to survive, in the face of limited or zero allocation, would prove ample incentive (Henryik, 2009).

Resource control for instance, was responsible for the unprecedented socioeconomic development made in former Western Region under the leadership of Obafemi Awolowo. Free education introduced by Western Region government gave indigenes of the region the opportunity to acquire western education which had placed the region ahead of others in the country till today. Controlling the resources under its domain, made western region to develop at its own pace leading to establishment of the first television station, Cocoa House, University of Ife now Obafemi Awolowo University (OAU) and the first stadium were built when he was Premier of Western Region (Salaudeen, 2018).

CONCLUSION

The paper examined the fiscal federation and the quest for resource control in Nigeria. It had x-rayed various types of federalism and found out that Nigeria federalism does not completely fit into any known model. The

historical and political setting for the quest for resource control was highlighted and application of resource control was adumbrated upon. The virtues of resource control were examined and explained.

It was observed that the practice of the federalism and natural law in which the federating units express their rights to primarily control the natural resources within their borders and make agreed contribution towards the maintenance of common services of the government at the centre is sine-qua non for the nation's unity. It is generally agreed that a return to resource control is the much needed panacea to Nigeria's present state of unrest and underdevelopment and would at the same time offer relief to the impoverished and degraded peoples of the oil producing communities. To promote the unity of the country and ensure that states are more financially empowered to deliver services to their residents, as well as ensuring that no section feels disadvantaged it is moral and expedient to review current derivation formula to reflect areas of national consensus which are adoption of state control of resources and paying tax to the Federal Government. Success in achieving these objectives requires more than the facial representation for which the constitution apparently provides.

RECOMMENDATIONS

The heterogeneous peoples of the country are to be made to identify and feel as a part of the governmental structures. They need to see some reflections of themselves and their values in the ideals of their governments. Their political traditions, cultures, and images are to be incorporated into the national image of the country and appreciated as important resources of the

nation.

- ii. A major constitutional reform should be in place to make the states autonomous and independent to a reasonable extent.
- iii. Provision should be included in the constitution that assigned control of resources to the state where such resources are found with an agreed percentage of tax or royalty paid by the states to the central government.
- iv. A cooperative federalism with independent spheres of government, which allow all tiers of government to enjoy autonomous and equal status and coordinate their policies horizontally and vertically should be adopted in the country.
- v. Respect for the rule of law by all tiers of government is essential and necessary for sustainable federalism in Nigeria.
- vi. The federating units and the central government should be self-financing in order to be able to discharge their respective governmental responsibilities and to ensure some measure of fiscal autonomy. In order to achieve this, the system has to be decentralized. Decentralized economic resources will put federating units in relative control of their resources, thereby making them less dependent on the centre.

REFERENCES

- Adeoye, A. (1998). "Oil politics and power". *Eraction* (October - December).
- African Network for Environment and Economic Justice (2004) Oil of poverty in Niger Delta

- Albert Breton (2006), "Modeling vertical competition" in Ehtisham Ahmad and Giorgio Brosio, (eds). *Handbook of Fiscal Federalism*, Cheltenham, Edward Elgar, UK.
- Aliff, S. (2015). New trend and models in federalism IORS *Journal of humanities and social sciences*. Vol 20 ver. 1 vol. 1.
- Attah, V. (2004) Resource control as panacea for sustainable peace and development of the Niger Delta in democratic system: *A paper presented by Arc. (Obong) Victor B Attah Governor of Akwa Ibom State Nigeria at a lecture in Bayelsa State*, 15th November 2002 to mark the 50th birthday of Chief D S P Alamieyeseigha, the governor of Bayelsa State
- Awolowo, O. (1968). *The peoples republic*: Ibadan Oxford University Press.
- Burgess, Miand Gress, F. (1999). Symmetry and asymmetry in R. Agranoff (eds), *Accommodating diversities; asymmetry in Federal States* Badan-Badan, Nomos.
- Chanhal Kumar, R. (2014). Federalism in India: A critical appraisal. *Journal of business management & social sciences research (JBM & SSR)*, Volume 3, No. 9, September 2014.
- Chen, P. (1999). *Federalism and rights. A neglected relationship*. *Law review*, 40 (Summer), 845 – 850.

- Dafinone, D. (2001). *Resource control: economic and political dimension*. www.waado.org/nigerdelta/eassys/resourcecontrol/dafinone.html.
- Coleman, J. and Rosberg, C. (1964). *Political parties and national integration in tropical Africa*. Berkeley and Los Angeles: University of California press
- Diamond, L. (1999). *Developing democracy. Towards consolidation*, Baltimore Maryland, John Hopkins University Press.
- Ikwaihide, F. (2004) Revenue allocation: Perspective from oil producing states. In A Ekpo and E. Ubok-Udom *Issues in fiscal federalism and revenue allocation in Nigeria*. Department of Economics University of Uyo. P248
- Elazar, D. (1980). "The Political theory of covenant: Biblical origins and modern development". *The journal of Federalism*. Vol 10, No. 3.
- Federalism and resource control: The Nigerian experience: Available from: <file:///C:/Users/Administrator/Documents> [accessed Oct 23 2018].
- Friedrich, C. (1964). *New tendencies in federal theory and practice*. (mimeographed).
- Frynas, J. G. (2001). "Corporate and state responses to anti-oil protests in the Niger Delta". *African Affairs*, 100. 27-5
- Graf, W. (1988). *The Nigerian state*. London James Currey

<https://henryik2009.wordpress.com/2009/11/07/resource-control-in-Nigeria>.

Ifedayo (2010). *Resource control in Nigeria*
<https://steemir.com/nigeria@currencyresource-control-in-nigeria>

Ikime, C. (2004) Towards understanding the national question. A paper presented at the Seminar on the national question in Nigeria: Its historical origins and contemporary dimensions, Abuja August 4-9

Ikporukpo (2002). *Resource control in Nigeria*
<https://steemir.com/nigeria@currencyresource-control-in-Nigeria>.

Itse, S. (1995). True federalism, resource control and the North, *Vanguard Newspaper*, Lagos, Nigeria.

Jinadu, I. (1979) A note on the theory of federalism in A, Akinyemi, P. Cole and Ofonagoro (eds) *Readings in federalism*. Lagos Nigerian Institute of International Affairs.

Kehinde, A., Lawal, O., Adekunyo, and Ibrahim, K. (2013). The implications of resources control in Nigeria. *International journal of humanities and social science invention*, Vol. II Lagos, Nigeria.

Kenyon, D., Kenyon, J. and Kincaid, J. eds, (1991). *Competition among states and local governments: Efficiency and equity in American federalism*,

Washington, DC: Urban Institute Press.

Musgrave, R. A. (1959). *The theory of public finance*, New York: McGraw-Hill Book

Nwanen, B. (1992). "When oil brings despoliation" *The Guardian* (October 31).

Nabbon, T. and Perepreghabofa, J. (2008) Development crisis in the Niger Delta: The resource control option. *In proceeding of international conference on the Nigerian state, oil industry and the Niger Delta on March 11- 13 in Yenagoa, Nigeria*. p1162

Oates, W. E. (1999) An essay on fiscal federalism, *Journal of Economic Literature*, 37(3) 1120-1149

Oobi, C. (2002). Hopes of oil ethnic minority agitation and the spectre of national integration in Nigeria. A paper Presented at the Conference on Nigeria in the twentieth century. Lawn Academic Centre, University of Texas at Austin, March 29-31

Ogbonna, C. (1999). *South South Express*, May 29 p15

Omelle, Y (2004). The 1999 constitution and revenue allocation: A perspective. In A Ekpo and E. Ubok-Udom *Issues in fiscal federalism and revenue allocation in Nigeria*. Department of Economics University of Uyo. P248

Oronto, D. (2001). Community guide to understanding resource control. A paper presented at the 4th ERA Roundtable in Port Harcourt, Nigeria 14th June,

- Owugah, L. (2006). Revolutionary groups in the Niger Delta: challenging the social contract between the state and the people. *A paper presented at the regional conference on oil exploitation, internal imperialism and Niger delta crises organized by the Department of History and International Studies, University of Uyo, Akwa Ibom. July 25-27.*
- Peil, M. (1976). *Nigerian politics: The people's views*, London. Cassel
- Peters, B. G., and Pierre, P. (2001). "Developments in intergovernmental relations: towards multi-level governance." *Policy and politics* vol, 29:131-35.
- Pierre, S, (2006). "Horizontal competition among governments", in Ehtisham Ahmad and Giorgio Brosio, (eds). *Handbook of fiscal federalism*, Cheltenham, UK: Edward Elgar, 61-85.
- Riker, W. (1964). *Federalism, origin, operation, significance*, Boston, Mal Little Brown.
- Salaudeen, L. (2008). *Politics of resource control: The Nationonline.org.net.*
- Sharma C. K. (2005). The federal approach to fiscal decentralization: conceptual contours for policy makers. *Loyola journal of social sciences* vol XIX No 2 pp 169-88.
- Tarlton, C. (1965). "Symmetry and asymmetry as elements of federalism: A theoretical speculation" *Journal of politics* Vol 26, No. 4 pp 873.

- The Punch (2000) December, 27 p8
- Tom, E. (2014) Federal character principle and business languages of National Assembly of Nigeria: learning from experience *IISTE Journal on humanities and social sciences*. p 36
- Udoma, U (1983). *The story of Ibibio Union*, Ibadan. Specrum Books limited
- Wheare, K. C. (1964). *Federal government*, 4th ed. New York: Oxford university press.
- William H. Riker, (1964). *Federalism, origin, operation, significance*, Boston, Mal Little Brown.