



Agitations for Fiscal Federalism in Nigeria: Prospects and Challenges

Stephen Ogbodo

Department of Political Science Faculty of Social Science and Humanities Enugu State University of Science and Technology (ESUT), Nigeria

ABSTRACT

This paper explores the derivation revenue allocation system in Nigeria during the 1990s, with a specific focus on the impact of different revenue allocation principles, such as land mass, population, equality of states, and need. The study examines the disparities in the allocation of statutory revenue to various Nigerian states, using data from the Federal Ministry of Finance (1990), and further investigates the distribution of revenue based on these principles. Through the analysis of selected states like Akwa Ibom, Rivers, and Kano, the paper illustrates how these allocation methods often resulted in unequal benefits, particularly favoring resource-rich and more populous states. The study also addresses the challenges posed by incomplete or inaccurate population data and the controversial application of the land mass formula. By examining the figures from the 1996 and 2004 allocation periods, this research highlights the inconsistencies and flaws in Nigeria's revenue distribution system and calls for reforms to achieve a more balanced and equitable allocation of resources.

Keywords: Revenue allocation, derivation revenue, Nigeria, population criterion, land mass, equality of states, fiscal federalism, state development, 1990s, federal finance.

INTRODUCTION

Resource is whatever nature had endowed on human being and its properties, which is of value and can be used by men to better his condition. Originally, land and water are sources of livelihood and sustenance. From origin of man; every community of people has a particular source of which they call their own either in form of nature-based source or her-land-based source. Most at time, these source resources are found in the immediate and remote environment of such community of people and are more distributable and allocatable in physical nature, while water owned and used communally and were possible under a law as we had in the land use Act of 1989 of Nigeria constitution. Resource control became a problem in Nigeria because of first, the practice of federalism by Nigeria which embodies in itself some sort of independence both political and economic, the other is because of the mono-cultural economy being practiced in Nigeria. Obasanjo in his address said that oil as only major sources of revenue in Nigeria can lead to choose and tensions, [1], with the already laid down factors necessitating the need for resource control. The oil producing states wanted to control their God-giving resources because examples in the other developed federal states, that is it the regions or federating units that control the resources at their disposal. Similarly, the oil producing area is demanding that since other regions are not producing revenue derivable products or that since oil is high revenue yielding commodity that greater or proportional revenue from it be derivable by the oil producing area. There is little or problem with resource, but what instigated the clause resource control in the first place is the coming of the colonial masters and subsequent government in Nigeria brought with it legal governments (one backed by bureaucracy and to coercion) also led to another sources of resource as what hitherto existed was communal ownership of resources. This new source of resource is in form of revenue accruable or derivable from income to government as receipt, property, and return of interest on loans and dividends in respect of shares held by the government. (1999 Nigeria constitution). This argument is supported by Locke and Hobbes on citizen's right to property and belonging of state power or state craft to the governing. It is this underling fact between the political economy of Locke and Hobbes on who should control state revenue that the agitation of resource control emanated. This dimensional approach believes that sovereigns are superior to the state. This is probable as approach tries to reaffirm what Karl Marx said that man is the only source of value, his revenue. Resource control is when people, on whose natural inheritance a resource is derived, determine how to expand the derivable revenue from the resources.

After the Okrika uprising in the 1940s over resource derivable from the area, the colonial government passed the minerals and mineral oil (Amendment) ordinance. The death of nine Ogoni over their agitation of oil mineral producing area. Development Commission (OMPADEC) to Niger Delta Development Commission (NDDC) in 1999 formally as OMPADEC Decree 23 of 1992. The salient feature here is that every revenue belongs to the people without which the people cannot survive the cause of nature made it so.

Statement of Problem

Lack of transparency, corruption and greed made the appeal for resource control imperative. Nigeria enjoys tremendous revenue oil resource since the Independence Day. The oil boom of 1970s also boosted the revenue income of government. Between early 1980s and 2004 price of oil have been shifting \$10 to 45 per barrel, by so doing creating an increased revenue (BBC Africa 2005). Tayo Odunlam, vividly points out that watchers of low tardy government revenue generation records are believed that billions of dollars and naira in money, customs duties and internal taxes are not officially reported. He opined that there is no transparency in federation account and equitable sharing of the money by all tiers of government. The oil producing communities are not evenly or appropriated represented in the scheme of things as they are sidelined from the large revenue derivable from their area in terms of infrastructure, employment opportunities rather they were faced with degradation and neglect. This has led to violence, arm straggle and incessant tension in the country especially from the oil producing area. Most ethnic nationalities in the Niger Delta are either threatening secession from Nigeria or blowing up the refinery, or petroleum. There had been incessant attempts to hostage, taking of expatriate oil workers in the Niger Delta, which is not good for Nigerians image abroad.

If resources are controlled by the owner of resources, it will promote peace unity and progress and give every Nigerian sense of belonging in Nigeria federal system. It will also go to a large extent to checkmate the embezzlement of public fund because of abundance of oil revenue flowing to the centre which will now be determined and probably will be judiciously used. In the light of the foregoing, this study will seek to examine the following research questions: -

- (1) Why struggle for resource control seem unabated despite the practices of federalism by Nigeria?
- (2) Why has revenue allocation unable to solve the problem of resource control? (3) How can the practices of fiscal federalism be realized under 1999 Nigeria federal constitution?

Objectives of Study

The broad objective of this study is to know the impact of resource control and fiscal federalism under 1999 constitution. The purpose of study is to ascertain the legality, necessity otherwise of demand for resource control.

- (1) To examine why there is still struggle for resource control despite the practices of federalism in Nigeria.
- (2) To examine how equitable revenue allocation can resolve the agitator of resource control.
- (3) To examine how fiscal federalism could be realized under 1999 Nigeria federal constitution.

Scope of the Study

The issue of resources and revenue dates back to the earliest year of formation or amalgamation of Nigeria. In this work our main concern is oil revenue which is the main source of Nigeria revenue [2]. The exploration of oil which actually earned Nigeria considerable revenue in 1970s but the awareness of Nigeria and Niger Deltans were stimulated by Late 1980s [3]. But it was the oil windfall of 1991 that generated much heightened awareness concerning the tremendous revenue derived through petroleum resources. This work tends to cover from second republic to 1999 in one part and 1999 to date. It is so because the former period was when the awareness was inspired and the later part was to examine the democratic structures through which its institutions like the legislature effected the enabling change in the problems associated with resource control. This will ascertain the level of input-output function of the democratic practices in relation to problems associated with resource control. 1.4 Literature Review The relevance of past literature in a project such as this is of two main fundamental importances. It will help to develop and exposed the extent to past researcher's discussants, analysis, commentators and even critics in the field. Secondly, it exposes the extent of levels of agreement and disagreements either in the definition of particular features of social phenomena. While the federal government asserts that it is her prerogative to control the resources and allocate the revenue as it seems fit, the federating unit especially those that lack federal presence perceive such a policy as cheating, detaining and depriving them maximum control and benefit of what truly belongs to them. [4]. Federal republic of Nigeria constitution 1999 section 2 and 3 states that:-

- (1) Nigeria is one divisible and indissoluble sovereign state to be known by name of federal republic of Nigeria
- (2) Nigeria shall be a federation consisting of state and federal capital territory.

Section 3 listed out the 36 states Abuja the capital territory as the federating unit in Nigeria. Federalism in the understanding, according to [5], is

"that form of government where the component units of a political organization participate in sharing power and function in co-operative manner through the combined force of ethnic, pluralism and cultural diversity among other, tend to pull their people apart".

The theory of fiscal federalism essentially suggests that its main principle that have been elaborated for regulating intergovernmental fiscal relation are those of diversities. The fiscal capacity to achieve unity in a variety of direction by a central authority, efficiency through minimum cost of resources allocation and provision of public goods, derivation through local control over resources to meet local preference and the centralized redistribution of resources. Other related criteria of inter governmental fiscal interaction are equalization to eliminate sharp regional differences, correction of intergovernmental externalities and neutrality in order to minimize the distortion arising from locational interference with differing resource endowment and tax capacity [6]. Thus both Tanzi and Oates maintain that fiscal federalism is preoccupied with the allocation of government spending and resource to different tiers of government.

Although the practice of fiscal federalism has been circumscribed by a variety of historical political, cultural and economic factors in most federation. According to Tanzi he further maintains that the main features of fiscal federalism implies first, is the allocation of function between the centre and region. Second to the freedom that both the centre and units government exercises in the disbursement of resource. Thirdly resources available to the various level of government must be adequate as much as possible to meet the needs and responsibilities of each government. Fourthly is administrative economy and efficiency.

[7], defines federation as a limited and special type of consociation theory, in the same vein Stain 1968 defined federalism as a in which each segment is territorially concentrated and separated from the other segments, or to put it differently, a society in which the segmental cleavages concede with regional cleavages. The United Nations Charter 1941 defines federalism as that which divide power between the central government this method of dividing power so that general and regional government are each with a sphere co-ordinate and independent. She went ahead to enumerate fundamental principles of federalism.

- (1) Division of power among the levels of government.
- (2) A written constitution that clearly shown the division
- (3) The power of both levels of government to amend constitution.
- (4) Existence of an independent judiciary.
- (5) Both levels of government should be financially self supporting.

In this regard K.C. Wheare advocated that of the two levels of government are not financially independent, they will make nonsense of federalism therefore it is only in federal system that people can talk about resource control privation. The bone of contention in Nigeria situation is mainly oil from petroleum resource. While the worry of most public analyst and opinion leaders in how to adopt a generally acceptable formula that can be accepted by all the regions that make up Nigerian. The nation have been surviving and sustained from other regions resources oil palms from the East, Timber and Rubber from the mid-West as well as cocoa from the West and beef and cereals from the North [8]. Currently, emphases have now shifted to certain export crops and other sources of foreign exchange earnings like cassava, gum Arabic and Tourism which we now maximized, from where they are produced. Arguably, the methodology in the problem of resource control seems to be next feature in actualizing Nigerian federalism. The radical foremost group mainly Niger Delta or south believed that a federal arrangement revenue flows from the federating units to the centre what Tamuno regarded as centre fleeing forces. It follows as a cardinal principle of federalism, therefore, that the component units must control their resources, develop themselves to the best of their abilities and contribute as appropriate to the maintenance of the centre. In Nigeria, the opposite is the case, in that perceptive Governor Attah of Akwa Ibom State reiterated that it is my belief that the challenge of sustainable economic growth and development as a basis for viable democracy, calls for the urgent need to restructure our fiscal federalism anchored in the diverse strengths and weakness of our federating units". [9]. The exercise of resource control is to attain satisfaction of people, which is achievable through equity and Justice to have been done. [10], shared this view when he state that: The most basic element of human capital development in the economic and social empowerment of people. That empowerment does not consist in giving the people handouts which appears to be current misconception of the principle of empowerment. A hand out can only fill a hungry mouth for the moment, but it cannot continuously put food on the table in the future. The problem of resource control agitation in Nigeria is localized and regional, although, there may be patches of agitation here and there among the federating units in Nigeria but the case and cause of Niger-Delta have dominated the scene [11] one cannot help but talk about it because of the precarious and pathetic plight they seem to attract. The plight and case of Niger Delta is also seen as preamble to other agitations, which are currently on primary level of public or group consciousness. Most related literature, public discourse; workshops use the problem of Niger Delta as a case study of resource control agitation in Nigeria in particular and in federal state in general. In the words of [12] he maintained that "There is no doubt that many have erroneously held the opinion that the struggle for resource control is being pursued by leaders of south-south region, particularly Attah of Akwa Ibom State, to corner all the resources from oil to themselves alone. It is obvious that the struggle will even be more beneficial to other parts of the country whose natural resource have not been harnessed at all".

Furthermore, the true principle of federalism is rooted in resource control practice because the affairs of every government in the federation shall be conducted so as to ensure a fair and just treatment for all ethnic groups within the area of such government. [13]. Resource control is therefore rooted in the desire by some Nigeria patriot to promote the practice to true federalism as the most efficient means of unbinding all section of Nigeria from the shackles that have Weighted then down since the first military misrule, thus making it possible for us to harness our vast economic potentials towards rapid development and progress if our nation" [14].

The desire to achieve true federalism through the mechanism of resource control in the right direction, as we have stated earlier in the words of and the state the sub- structure in their relationship, in existence state cannot exist in the absence of economy. Infact it is the economy that mobilizes the state. Most stakeholders had fingered the constitution and the executive over-bearance as the stumbling block against the extent of federalism. In the strongest term James Ibori states that the issue of resource control is being misunderstood in certain quarters. We do not want to control resources to expand our political base, but as we are saying that states where these resources are coming from should have their people empowered". Thus view was concurred by Tinubu Governor of Lagos asserting that: (V.A.T) value added tax, which the state generate so that state which produce wealth can be access to it than those that do not produce would have. The essence of resource control cannot be over flogged because even in the ancient times scholars like Aristotle, Locke, Hobbes have canvassed for the need for private property, while scholars like Marx and Engel believe that man (Sovereign people masses) are owners of state through the ownership of resources.

Hypothesis

- (1) The struggle for resource control in Nigeria is dependent on the practices of fiscal federalism within federal system of government.
- (2) The issue of revenue allocation in solving the problem of resource control is determined by the extent to which the theory and practice of fiscal federalism is followed in Nigeria.
- (3) Realizing fiscal federalism is dependent on 1999 Nigeria federal constitution.

Theoretical Framework

This study will adopt the Marxist political economy approach as framework for analysis. The approach to the study of social phenomenon is based on the assumption that these phenomenon constitute one single whole, which for the purpose of analysis cannot be separated into various components. The logic of this basic assumption of the political economy framework is that the economic system of any society would subsequently determine the socio- cultural, political religions and scientific sub-systems of such society. Economic system here implies the method of production, distribution and consumption prevalent in a particular society. In therefore studies and present social phenomena within the context of the dynamic relationship existing between the sub-structures. The implication is that in studding the various aspects of life in human society, emphases should be place on material production as the basis of life. Worthy of note here is Ake's view that once we understand what the material assets and constraints of a society are, how the society produces goods and distributes and what type of social relations arise from the organizations of production, we have come a long way in understanding the culture of that society, it's Laws, it's political system and even its mode of thought [15]. This view is further concretized by the succinct assertion of Karl max that social life including politics is determine primarily by social production" that is what is produced, how it is produced and how what is produced should be distributed, social life is shaped by social movement, which is a process of natural history governed by Laws, which are independent of human will and consciousness (Marx 1967 204-205). It is therefore obvious that human society cannot be discussed outside the nature of it's classes and their relation with one another. This explanation is anchored on the fact that whoever classes exist in the society there is bound to be a state, defined as the modality of class domination distinguished mainly by the autonomization of class domination. That is the institutional mechanisms of class domination (Executive legislature and judiciary) are differentiated from the ruling class and meant to be autonomous standing above class struggle. The emergence of the Nigerian state a century of colonial rule hosted on domination distortion and exploitation has resulted in it's immersion in class struggle instead of rising above it [16]. The fiscal dependence of the federating units in Nigeria with the centralization of the distributive power, which has informed the agitation for resource control, is manifestation of the search for a acceptable revenue allocation formula for effective distribution of federally collected revenue within the Nigeria federal structure suggests on intra-class struggle within/among the dominant class over the prevailing mode of distribution and allocation of resources. We can therefore conclude that the issue of revenue allocation within the Nigeria federal structure is basically a class problem.

In view of the interrelatedness of the different element of the society as projected by the theory, it must be noted that the complexity of the issue of fiscal federalism in Nigeria revolves around material distribution, rather than production. Hence the most ravaging socio-economic and political problem in Nigeria is the question of who shares the "National cake" and how? This emphasis on the distribution of the national wealth can be linked to the colonial type socio-economic scarcity and inequality which in turn are the consequence of the peripheral capitalist system of economic organization imposed by colonialism and intended from colonial times [17]. The Marxist political

economy approach gives a comprehensive view of the social dynamics of the society, and treats issues concretely rather than abstractly it is devoid of conclusions based on subjectivity. Therefore, it will enable as grasp and exploit the relationship between the structure of Nigerian economy and the problem of fiscal federalism in Nigeria.

Research Methodology

This work or study will adopt the use of secondary data as the main method of data collection. The requisite data shall be collected from books, research papers journals, other unpublished works of government publication and official statistics, which give little room for wrong information. A considerable amount of data shall also be required from collection of newspapers and magazines relating to the topic. The use of secondary data is justified due to its intrinsic value and cost effectiveness. To ensure the objectivity of our conclusions, we shall adopt the method of content analysis of document as propounded by Berelson. The objective of content analysis is to convert recorded law phenomena into data, which can be treated scientifically, so that a body of knowledge can be built [18].

THE NATURE OF RESOURCE CONTROL AND FISCAL FEDERALISM IN NIGERIA

The struggle between the federal and state (regional) government of Nigeria over who controls, which clunk of the nations resource, dates back to the first republic and even beyond. While the federal government asserts that it is her prerogative to control the resources and allocate the revenue as it deems fit, the federating parts, especially those that lack federal presence perceive such a design as cheating, defrauding and depriving them maximum control and benefit of what truly belong to them. The federating units insist that each of them ought to maintain its independence and co-ordinate status while contributing to the center in relation to its resourcefulness. Going down the memory lane would be recalled that disagreement over resources control was there as far back as 1914 when our nationalists, tired by patriotic seal questioned the colonial mineral ordinance of that year which conferred monopoly on the British to exploit the nation's oil. It could be gathered that before the civil war when the greater percentage of the country's products as palm produce, cocoa, groundnut and cotton. The regions were allowed to control 50% of whatever that was driven from their area. Unfortunately, the military dictatorship that followed the collapse of both first and second republic shifted emphasis gradually from that position towards a total federal control of resources. In discussing resource control, we need to bring to the fore what constitute resources in all its ramifications. At first sight one thinks of the mineral deposits only because Nigeria is perhaps a mono-crop economy. We should not discountenance the fact that forests, land, including water bodies, natural energy that exist in a country which can be used to increase its wealth constitute resource. Resource embraces money properties and skill that are available i.e., financial resource inclusively are personal, educational and practical ability which if harnessed will result to value addition. Therefore, resource control as often used both in economic and other social discourses refers to the distribution (allocation) pattern as well as control of Nigeria pseudo-federalism with its centralist focus headed by Babangida, the control and the distribution of resources never followed any defined pattern because military rule in all its ramification negates the ethos of federalism. [19]. That Babangida's capacity for innovation continues to surprise even those who think they know him closely [20] author of the nations, said there is no art which one government sooner learner of another than that of draining money from the pocket of the people" implicit in this statement is that government would prefer to place emphasis that might generate revenue for them like arbitrary cut in subsidies, increase in tax rather than to bother about the welfare of the people. Scholars among other concerned Nigerians had canvassed for fiscal federalism. In Nigeria, recent opinion had been put forward by various national (constitutional) conference or constituent assemblies to nail once and for all these plural states like Canada, Switzerland and Australia had shown that resources allocation is part and parcel of their development problems. While other federal state, can claim the numerous natural endowment evenly distributed among the federating units, it is not so with Nigeria. To be fair, God given resources abound in various regions of Nigeria, but the question remains, which one is explorable and favourable to the dynamics of macroeconomic as comparative advantage. Resources that are to be shared under the current Nigerian situation today is oil, this in the words of Obasanjo, Shonekan and Attah, constitute more than 90 percent of Nigeria's revenue. According to the 1999 constitution of federal government of Nigeria, Section 40 (3) that mines, minerals and minerals oil are owned and controlled by the federal government. It further states that: The entire property in and control of all mineral oils and natural gas in under or upon any land in Nigeria or in, under or upon the territorial waters and the exclusive economic zone of Nigeria shall be managed in such a manner as may be prescribed by the National Assembly. New agitation notwithstanding, the 1989 and 1999 constitution, still entrenched federal ascendancy exists when there is extreme centralization of power and responsibilities with or without express constitutional amendments. It is significant to note that federal ownership and control of mines, mineral oils dates back to colonial period and preceded the introduction of federalism in 1954. In 1945 the colonial government passed the minerals and mineral oil (Amendment) ordinance. This ordinance provides that: The entire property in and control of all minerals and minerals oil, in, under, or upon any land, in Nigeria and all rivers, streams and water resources throughout Nigeria is and shall be vested in the crown. [21] at independence in 1960, the Nigeria federal government as direct successor to the British crown succeeded to the right of ownership of mineral oil and not the communities or regional

government section 134 and 140 of the 1960 independence constitutions, for instance, provide in relation to mining, royalties and rents, that there shall be paid by the federation to each region a sum equal to fifty percent of:

(a) The proceeds of any royalty received by the federation in respect of any mining rents derived by the federation in respect of any mining that year from that region and.

(b) Any mining rents derived by the federation during that year from the region, from the enumerated law we could observe that statute vested the federal exclusive ownership of mineral and mineral oils.

The derivation principle follows from the provision that reasonable percentage of the revenue 50% derived from state should be given to the state. Derivation in the word of [22] is that the state from which the bulk of revenue is obtained should receive an extra share beyond what every other state received. From data gathered from revenue fiscal commission showed that in 1996, the sharing formula is like this:

Federal government	48.5 percent
State government	24 percent
Local government	20 percent
Federal capital territory	1 percent
Derivation fund	3 percent
OMPADEC	3 percent
Stabilization and ecology each	05 percent.

The strength or the weaknesses of the federal system with strong centre have shown that the centre have more power residing on thus more responsibilities and more resource. The magnitude of function and responsibilities which the central government carries on behalf of component states like defense foreign affairs, security, currency macroeconomics seems to be justifying the huge resource at the disposal of the centre [23]. In Nigeria, there is so much revenue accruable to federation account in 2004, the executive unilaterally spend ₦19 billion from the account without recourse to revenue sharing formula or to budgetary provisions; the central bank informed. News watch magazine April 19 (2000 pg 29) made us to known that more than 15 billion dollars accrued to Nigeria 1991 (otherwise known as oil windfall) from petroleum resource. Under the Abacha regime excess crude oil derivable revenue was channeled into petroleum special trust (PTF) the people of Nigeria Delta groaned at the immense revenue derived from their area over the long years of military rule. Instead of benefiting from their God- given resources they were shortchanged by the federal government, oil companies among other people. The Niger Delta have suffered a range of problems arising from oil exploration, environment degradation, land, sea,36 and air, social and cultural dislodgement, intimidation and annihilation in the hands of federal government agencies as we could see in the 1996 killing of Ogoni Nine, Warri and Odi Massacre in 2003 and 2000 respectively. Understandably, the long year of military rule had suppressed the ambition and hope of the oil producing area for fear of use of military coercion against them. But with the advent of civilian dispensation their high hopes were still dashed as their elected representatives failed to live up to the expectation, either through their non-challent or elitist or being a lone voice in the multitude. The struggle was stoically put a front by Governor Attah, Alameyeseigha and Ibori of AkwaIbom, Bayelsa and Delta state yet; their voice only attracted sympathy rather than justice to their cause. Although the struggle did not go down well with some states in Nigeria and at the federal level, yet it has continued to senate more thought and attention in the polity. Sometime one Alhaji Asari Dokubo the reader of Niger Delta people's volunteer force threatened the existence of Nigeria by challenging the federal government with force of violence over exploration of oil in the Niger Delta.

The Political and Constitutional Implication OF Resource Control

The Nigerian constitutional position regarding the ownership and control of natural resources is likely to change. It is indeed doubtful that states in Nigeria would ever own and control natural resources. Rather, what we might expect is further widening and strengthening of existing control of natural resources by the centre in Nigeria. Nigeria being a plural society and having witnessed a devastating civil war that shook its foundation seem to have advocated unofficially for a strong centre. Nigeria is a conglomeration of many ethnic groups with unequal population; natural endowment and religion among three ethnic groups stand out above other group therefore creating majority group in Nigeria mainly by population and their shots at prime position in political situation of Nigeria. Three of the major ethno cultural groups by reason of their population constitute the majority ethnic groups; they are the Igbo in the East, the Yoruba in the West and Hausa- Fulani in the North. The three groups are in control of political and economic power and preside over the distribution of material and symbolic rewards. In practical terms, Nigeria since mid 1970s have been operating a mono-cultural economy which is oil based petroleum has been the major source of Nigeria foreign exchange earnings and revenue to the detriment of other sectors thus creating mono-cultural economy. This has led to the crux of the matter resource control. Natural resource in Nigeria mineral and mineral oil and gas are found and exploited in the minority states. Bayelsa, Rivers, Cross-River, Delta and Akwa Ibom. In the power configuration in Nigeria's Multi ethnic political system the minority states can have their say while the majority group now having 30 out of 36 states can always have their way. The political equation in Nigeria can be alternated around the three major groups (as we could see in the ruling party zoning formula of

distributing or alternating the office of vice president and presidency among the three groups of the majority groups). In essence "the powerful big brother" in this country are united in conspiracy against the states irrespective of the political parties that govern their states. This conspiracy of powerful over the powerless is fraught with dangers; it is ominous for the future political order. The implication is that any move by the minority states to demand ownership and control of their resources would be jettisoned by the majority state / Ethnic groups who stand to lose if the constitutional position is changed. Effort should be made here to point out that, in a bid to arrive at fair and acceptable way of ensuring that the oil producing state enjoys the resources located within their region that is currently being enjoyed by the entire federation. The status quo of centralizing every revenue should and can only be change with the emergent of the minority or Niger Deltans at the prime political positions. Because even the group that share their sympathy as in the Easterners and Westerners would as well change their stand if they occupy the top most Job, to enable enough resources for expense at that level.

The 1995 constitutional conference came out with the derivation principle, which is ensuring that the percent of oil revenue accruable to the federation account should be given to the oil producing states of Abia, Imo, AkwaIbom, Cross River, Delta, Rivers, Bayelsa, Ogun, Ondo and Edo states and also the establishment of then oil mineral producing development commission (OMPADEC) and now, the Niger Delta Development commission (NDDC).

The issue of resource control in Nigeria had been a pathetic one because of the injustice being perpetrated by the federal government, through the instrumentality of revenue mobilization, allocation and fiscal commission, which it's main function is to determine what should be gotten by every state and the contendary levels of government filed as suit against the littoral states among the oil producing states of Nigeria for laying claim on-shore petroleum deposits at the territorial waters of Atlantic ocean. From what we will understand and in the subsequent chapter, we will probe the incidence of revenue allocation in Nigeria, which seems to be characterized by the marginalization and principle of convenience.

Bayelsa and Akwa Ibom states in particular had so much part of their territories under the sea and therefore, the communities there were bound to be agricultural in their daily life sustenance, but that is not so as their territories have been taken over by oil exploration and oil refining activities with the attendant environmental pollution and degradations. This gave rise to the heated debate of off shore-on dichotomy suit by the federal government against Bayelsa as discriminatory and mischievous. The work seems to agree with Attah on submission, because from revenue principle we will exhaust later, incorporated land mass as part of criterions for revenue sharing to stated that "the natural resources located within the boundaries of any state are seemed to be derived from that state, this portion of the status protected the states from over-bearance of federal government.

The oil dichotomy dispute not only narrowed the concept of resource control but also buttressed the intent of the federal government and some states and stakeholders in the oil resources. Unfortunately, oil is the only source through which Nigeria obtain a considerable source of revenue and that very fact made the Nigeria Niger -Delta volatile and oil sector and the revenue accruable, a sensitive aspect of Nigerian federalism. The Majority/ Minority group dichotomy did not help matters, as, had the oil resource were found within the majority ethnic group's territories, it would have stabilized Nigerian federalism [18]. This did not give the Nigerians true picture of what resource control should be as other larger regions currently have little or nothing from the region as a form of accruable or derivable revenue to which they can hold as their own in federal Nigeria, in the words of governor Attah.

Tell me if there can be Nigerian if there is any conflagration in the Niger-Delta today to the extent that oil is not flowing! To be honest with you, the main fundamental reason why there is Nigeria today is because oil is flowing! He also reiterates that: If we do not have a common interest, then let's not have a common country, that is why at constitutional conference people talked about national polices and I said there were very few national policies to suit ourselves [18]. The principle of derivation as we known is a criterion for horizontal revenue allocation was first recommended by the phillipson fiscal commission of 1946. According to this principle, each region making up the federation then received revenue from the central government collected revenue, for example, revenue derived from import and export excise taxes on tobacco, import duties on motor fuel, salt, spirit as well as export duties and mining rents and royalties were shared the basis of derivation consumption of the affected products. [18]. Thus, the principle of derivation featured prominently such that between 1946-1959, the applicable percentage was 100 percent, while between 1960-1964, it was 50 percent. Despite the fact that there were dissenting voices against such high percentage for derivation, that principle, was fully accepted and wholly applicable, up till 1967 when oil became the major contributor to the revenue pool. Before then, the system accepted as a fundamental principle in revenue allocation within the federal set up, that the ownership or control of resources rest on federating units but with minimal contributions towards the up keep of essential services at the centre. Commentators on seminar on resources control at Uyo, Akwa Ibom state, opined that the cause of implementation of the generally accepted blue print of federalism, the relatively favoured region clearly enjoyed the operation of the principle, and took the benefits to develop their regimes. Thus, the west with her cocoa, and the North with her ground nut, received immense benefits from the policy of derivation. It is significant to note here that even the eastern region then which was not favoured

because of the meager revenue from oil palm as other regions, accepted principle in the spirit of true federalism. It is therefore, rather unfortunate that today those (North west and East- as majority) who enjoy and tenaciously upheld the principle of derivation and resource control during the period under reference, are among those now opposing the application of the same principle to oil revenue derived from the Niger Delta region. Nevertheless, all true and successful federation, be in united state of America, Sweden, Australia or Canada are operated on the basis of local resources control/ principle of derivation (Attah 2004). Even in federation where, because of geographical distribution of natural resources, some federating units are richer while others are poorer, the principle is still upheld so as to sustain lasting association. In this context south-south governors in 2001 pointed and decried that: In Canada, for instance, the rich provinces of Ontario and Quebec still co-exists with experience frustrating Gang-up or animosity from the relatively less endowed provinces.

THE DYNAMICS OF REVENUE ALLOCATION AND FEDERALISM IN NIGERIA

The issue of revenue allocation has been a recurring theme in Nigeria's fiscal federalism. There is the problem of how to allocate revenue to the different tiers of government in relation to constitutionally assigned functions. The discordance between fiscal capacity of the various levels of government and their expenditure responsibilities, the non- correspondence problem is a striking feature of the Nigeria leaders has some steps in this direction. The principles adopted to date include derivation fiscal autonomy, national interest equality of states, populations, balanced development, social development and absorption principles Nigeria thus far, has been distributing her public funds accordingly.

In federalism we all know revenue, authority and power are being share into exclusive list and residual list. Hence allocation of revenue or revenue allocation should reflect the state of a nation's health, education, agriculture, defense external affairs transportation, road and communication network plus other infrastructural project.

According to [24] Land mass, internal revenue generation effort and as equality of states and pollution were yard stick which Babangida Administration already adopted, at time portray the character of government at the centre or needs of the moment either by the federal government or the federating units in Nigeria. In year past the inadequate statistical facilities made it difficult to properly computer the revenue accruing to the statistics experts through the help of digital electronics such as computer have now provided us with specific mathematical formula for sharing these revenue in accordance with the principles of derivation. This is a mechanism for sharing the country's financial and material resources among the country's different levels of government in federating system with the overall objective of enhancing economic development and growth, minimizing inter-governmental (tensions) frictions and promoting national unity. This involves the sharing of national revenue and other resources first, vertically among the states and among the local governments. This makes the revenue allocation a watershed between politics and economics and falls squarely within the area of politics. In this since, "the issue of revenue allocation is partly economic but it is largely a matter of political compromise" Nigeria journal of federalism (1994). An issue which is central to this compromise is the impact of a given revenue allocation structure on fiscal federalism. This important but delicate issue, since it is the federalism that creates the need for revenue allocation, one of the questions that relate to this issue is, how should these federation's resources be share? The ability to proffer or provide an answer to this question will, then eliminate and solve the crisis of revenue distribution revenue allocation and resource control becomes contentions as a result of zero sum nature of sharing the national "cake" and Lesson it's backing. The issue boils down to essentially what formula and approach to revenue allocation should be accepted to ensure an optimization of allocation of national development. We shall consider below however some allocation critics, principle or formula that have been used so far in Nigeria. This is to throw more light and for more clarification on the nature of politics involved in revenue allocation.

Principle of Derivation

Derivation requires that the states from which the bulk of revenue is obtained should receive an extra share beyond what every other state received. This derivation principle is closely related to compensation. The principle had been used in Nigeria as a method of sharing revenue among the various units making up the federation in the proposition of certain taxes assumed to have been paid by the citizen [25] Revenue allocated on the basis of derivation panelizes the relatively backword or poor states. Besides the principle is not easy as the burden of taxes collected within a state is not necessarily borne by the residents of that state alone. This fact has been stressed by [26], revenue allocation among the regional government in Nigeria was largely based on derivation from 1954 to 1975, but it was found unworkable as it threatened national integration. Besides, both the Aboyade Committee of 1997 on revenue allocation formula, the experienced in India according to Hicks also demonstrates unsatisfactory nature of the derivation principle consequently most of federation are emphasizing the principle of needs for sharing the distributable pool account. The principle of need can be grouped in two ways. National interest and state needs. Today derivation is one of the high premiums, which people from different areas had previously placed on this criterion. During the colonial Nigeria, Filipinos commission in 1946 formulates a financial system then, under Richard constitution, which made Nigeria a federation of three regional governmental and a central government each with specific power and responsibilities [27]. During this period, Nigeria through the regions was producing

Cotton, Oil palm, rubber cocoa and groundnuts. There were main revenue yielding products for Nigeria, various governments called for the principle of derivation and insisted on it being used as primary interior but with the advent of oil whose prospecting was from the minority area this principle has been criticized severally by human rights activities group and at a time dropped entirely only to be resuscitated later at highly reduced percentage In table I here below, there were statistics on revenue allocation, based on derivation, to Akwa Ibom, Bendel, Cross-River, Imo and Rivers states for the period between 1982 and 1989, Akwa Ibom state, which was created in 1987, obtained other than 1.5 percent of it' statutory allocation from the federation account in 1987 and 1989, for Imo, the relative share of derivation in statutory allocation averaged 6.6 percent during the period. However both then Bendel and River states (as both in now Edo and Delta for Bendel and Rivers and Beyelsa for old Rivers states) the major oil producing states derived sizeable revenue from derivation principle the statutory revenue to these states would have been relatively low. In this sense the inference is draw that derivation served as an instrument of fiscal equalization implying that Bendel and Rivers, each received a paltry sum based on the principle of derivation.

Table 1: Derivation revenue as a percentage of statutory revenue and Allocation for selected states in the 1990s

Year	Akwa Ibom State	Then Bendel State	Cross-River State	Imo State	River State
1982		25.4	0.1	6.8	3.2
1983		34.2	1.6	9.5	45.8
1984		n.a	n.a	n.a	n.a
1985		25.0	1.5	6.7	33.5
1986		27.5	1.1	6.5	78.8
1987	0.7	12.5	6.8	6.5	78.8
1988	1.1	16.7	11.6	5.6	30.5
1989	1.3	25.4	-	5.9	61.4

Note: that denotes" not available". The revenue received on the basis of derivation as percentage of total allocated revenue received by each of the following states. Bauchi, Kaduna, Kano, Ondo and plateau are less than 0.5 percent yearly. This is why they are excluded from this table. The other states did not receive revenue based on derivation since they do not produce any minerals. Allocations to local councils are not included.

Source: Computed from data obtained from the federal ministry of finance 1990, report.

Land Mass

When we talk of land mass, we talk of the coherent unit of land. In other words we talk of large expanse or quantity of matter, which land body contains. This ought to be the total measurement of physical terrestrial surface belonging to geographical area or state local councils. Sometime in the past land mass had been adopted as one of numerous formula that has been used as yard stick for revenue sharing in Nigeria. This notwithstanding, it had not been fairly applied in Nigeria. Because of the nature of state in Africa characterized by selfishness, the second republic legislators used their numerical strength to introduce this formula couple with the president who by virtue of being Northerners themselves gave their assent to it. Commenting on this principle the then governor of old Anambra state chief Jim Nwobodo said under the present revenue allocation system, "only a total of N49 million was allocated to Anambra state for a period of four years, while other states like Sokoto and Borno received N286 million and N325 million respectively within the same period daily star, 1981. Contemporarily, Bayelsa has 8 local councils, Kano state has 44 local councils according to Nigeria constitution of 1999. The two states when covered ought to be obtaining similar amount if not the same amount of revenue on yet to be exact equality of states principle. But under land mass for instance Kano enjoy tremendous revenue from federation account especially on roads construction and rehabilitation which Bayelsa which is a little state has much of its territory under the sea. Reports so far have shown that Bayelsa state has yet to collect more revenues for her water ways Viz-a-Viz territorial fishing areas.

Equality of States and/or Minimum Responsibility

The aim of this principle of equality of state and minimum responsibility is to bring balance development in the system. The use of minimum responsibility and equality of state in revenue allocation in Nigeria favours only some section. The argument here has persistently been that all states have the same constitutional responsibility to perform and these units need to develop at relatively equal rate but people have always forgotten or completely ignored those state in Nigeria especially when Nigeria operated 12 states structure, with the former Northern region having six (6), the western with two, eastern region with three, while the Midwest remained with one. So with thirty

states and finally thirty six (36) states structure the northern region still maintained the greater number of states broadened the majority/minority dichotomy. This principle of equality of state and minimum responsibility while trying to bring balanced development still tilted in favour of some areas more than it did not some other areas. And hence the present administration should strive to get rid of this preferential treatment on the part of some states to the detriment of others.

Population

Although many people have called for at worse to give population principle in method of allocating revenue to state less weight than it enjoys, also some people controversially are in support of the above principle. The population criterion had occurred more often than most other criteria of revenue sharing despite serious contention by concerned people of Nigeria that no acceptable population census figure is being used in Nigeria. The dominant class in northern Nigeria who had almost constantly controlled the federal government used their power position to push the population criterion through, because it favoured them, far more than any other ethnic group in the country. The main argument for the implementation of this principle is that country is made up of people and an equitable revenue allocation arrangement must be taken into consideration, the populations of the country is what constitute the sovereign and the sovereign is government which is all about development is about people and that the end of government is about welfare of the people. In words of [28], the major problem with applying the population formula has always been that of providing a good statistical data base. Although it is generally known that their population figure may not reflect accurately either the current total of its distribution, they have become adopted for every purpose that require a population base. It is following this argument and the lack of any accurate population census figure that some people like Gani Fawemi and Emeka Ojukwu have called for the removed of the population principle in the method of allocating revenue to state or at worse to give it less weight than it enjoys.

Even Development

As well, even development tastes to ensure that all states develop at equal states. This is because if some parts are developing at a speed far above others, there is bound to be Lopsidedness, which would engender disunity and acrimony. Even development as a principle had been recommended, the main objective of the federal government of Nigeria is that the state within the federation should develop and grow at a certain minimum level. This is aimed at reducing serious inequalities or imbalances among the states of the federation; the major problem associated with the use of this formula is the absence of a concrete yardstick for measuring development. The rural urban drift in search of better job opportunities and white koller jobs is perpetuated by uneven development. The activities of the multinational companies which apart from extracting, drilling and mining companies concerted their offices and operations in some few states like Kano, Rivers, Lagos, Kaduna etc. in the event of this still it is obvious that the development in Nigeria is Lopsided in favour of some area against other thereby ensuing differential development.

Principle of Need

This principle of need has occurred more frequently than most other criteria but often times, population is used to measure need as has already been said albeit Nigeria has no nationally accepted population census. This principle is aimed at locating resources in such a way that it even dissuades between states in Nigeria. Allocation of revenue on this basis of need would in the long run equalize the level of basic public services, potentially available to all citizens of the federation regardless of the state in which they live. This will perhaps reduce inter-ethnic tension in the country in the country and calm the oil producing states arising from suspicion of group against another, typical of the ubiquitous religion riots and reckless killing of innocent citizens without justifiable cause. As earlier indicate, Nigeria has no nationally accepted population census. The confusion induced by this therefore creates loopholes, which the dominant class of the major ethnic group exploits to serve their hegemony, it is not though when some state petitioned the federal finance ministry urging it to revert to the 1963 censuses figure as index for revenue distribution until the final determination of their appeals against the outcome of the controversial 1991 census. Affected by the adoption of new census figures are Abia, Imo, Akwa Ibom, Cross River, Osun, Enugu and Delta states among others. The bone of contention is that 1991 census erroneously brought several states on their knees in the population ladder as against the figures for 1963 census. In 1996, the then Akwa Ibom MILAD said that their own case in instructive and declared that it was "unimaginable to admit that Akwa Ibom state with a population Molex of 4.4 percent of the country's population as in 1963 census figures could have an index of 2.68 percent resulting in a monthly drop of over N25 million in her statutory allocation. Recently, measures were introduced to sustain this need principle of allocation. They include petroleum (special) trust fund and ecological fund among other measures. These avenues were created to ensure that development reach every part of Nigeria without the marathon of bottle necks that characterize the demand-input output function of government as well as the desertification in the North, sea surge and Erosion/Landslide in the south east and south.

Let us now look at some allocation of revenue in Nigeria based on the criterion used in 1996.

Population	=	30%
Equality of state	=	40%
Land mass newly introduced	=	10%

Social factors	=	10%
Internally generated revenue	=	10%
Total	=	100%

Note: It should be taken that out of a total sum of ₦13.5 billion available for a month allocation the federal government got ₦6.54 billion representing 48%. The 30 states each received ₦3.240 billion or 24% where the 589 local government had ₦2.76 billion or 20% where as the federal capital territory Abuja got N135 million or 1%. Other allocations were general ecology N290 million or 0.5% derivation account ₦72.5 million (0.5%) value added Tax (VAT) yielding ₦3.240 billion to the 30 states in 1996 went to each state.

Table 2: Revenue allocation to states in 1996 based on sum total of population, equality of states, landmass, social factors, and internally generated revenue criteria.

States	Total	States	Total
Abia	110 million	Kebbi	108.6 million
Adamawa	115.8 million	Kogi	104.9 million
Akwa Ibom	134.6 million	Kwara	106.9 million
Anambra	113.8 million	Niger	134.9 million
Bauchi	158.5 million	Ogun	123.7 million
Benue	125.6 million	Ondo	190.1 million
Borno	135.4 million	Osun	100.2 million
Cross-river	113.6 million	Oyo	132.3 million
Delta	130.9 million	Plateau	133.3 million
Edo	109.0 million	Rivers	174.1 million
Imo	110.7 million	Sokoto	153.1 million
Jigawa	134.1 million	Taraba	110.4 million
Kaduna	154.8 million	Yobe	111.5 million
Kano	105.3 million	TCT	111.5 million
Kastina	128.4 million	Enugu	123.7 million
		Lagos	125.1 million

Source: Central banking of Nigeria, Annual report and statement of Accounts, various issues Lagos.

A clear analysis of this criterion will convince one that some states got more share from population equal share based on equality of states and even larger shares due to landmass, this has thrown other states into serious disadvantage specially the eastern which have their indigenous population scattered in every part of both resource control and revenue allocation particularly under Babangida/ Abacha regimes was exposed by the way allocation principle is adopted and discarded arbitrarily which has continued to show in subsequent disbursement in federation account location as we could see in 3 below.

Table 3: Revenue allocation to states from 1999 2004 based on zonal arrangement

South-South	Billion Naira	South-East	Billion Naira
Akwa Ibom	137.8	Abia	47.8
Bayelsa	125.91	Anambra	44.3
Cross river	45.5%	Ebonyi	43.9
Delta	207.2%	Enugu	45.5%
Edo	47.6%	Imo	55.9%
Rivers	148.7		
Total	709.09	Total	237.4

Table 3.1

South-West	Billion Naira	North-East	Billion Naira
Ogun	52.0	Borno	55.6
Osun	47.7	Bauchi	56.2
Oyo	61.0	Adamawa	50.4
Ondo	73.4	Yobe	47.1
Ekiti	38.6	Taraba	46.2
Lagos	85.5	Gombe	41.7
Total	358.5	Total	297.2

Table 3.2

North Central	Billion Naira	North-West	Billion Naira
Plateau	33.9	Kaduna	65.4
Nasarawa	28.5	Kano	89.1
Benue	53.8	Kastina	62.9
Kogi	47.4	Zamfara	49.4
Kwara	44.4	Zamfara	49.4
Niger	57.4	Jigawa	51.0
FCT	65.5	Sokoto	50.9
Total	345.1	Total	359.74

From the table it shows that south-south zone get the lightest allocation of ₦709 billion. South East zone get the lowest allocation of ₦237.4 billion. Delta states with ₦207.2 billion. Source: New age daily newspaper 2005, January 18 pg I and 4.

PRINCIPLES AND PRACTICE OF FEDERALISM IN NIGERIA

Most Nigeria rightly opined that Nigeria is an entity of many nations, otherwise could be regarded as a heterogeneous state. Federation is the method of dividing power so that the general and regional governments are within a sphere co-ordinate and independent. The misconceptions and misgiving about federalism had tried to ridicule the original literal meaning of federation. In this regard [13] stressed that it is a matter of a federal system being operated [13]. Federalism as [8] defined it means that form of government where the component units of a political organization participate in manner where the combined forces of ethics pluralism and cultural diversity among others, tend to pull their people apart. Most countries that adopted federalism over the years have avoided the strict clarification and classification (the United States, Sweden, Canada, India, Australia, and Switzerland among other countries) of their type federalism. In these countries mentioned above, historical event often shape the model these counties adopt. While some adopted weak federation. It is on this premises that [13] defines a federal government as an association of states so organized that powers are divided between a central government, which in certain matters independent of the government of the associated states, and on the other hand state government which in certain matters in their turn independent of the central government. [16], believed that principle and practice of federalism developed from ancient days through the middle ages to the present period. This view he

expressed that with turn of event in the international politics that led to the break-up of Soviet Union Yugoslavia and Czechoslovakia that the propensity towards federation increased. [6], one of the advocates of strong federalism of course defined federalism as: "System of political organization uniting separate state or other units in such a way as to allow each to remain a political entity. A federal system differs from other methods of organizing states in being based on a contractual agreement by separate government to power among themselves".

Lack of understanding the theory and practice of fiscal federalism has constituted a problem of resource control in Nigeria in 1954 Nigeria embraced a full federalism. But if Nigerians understand the issue of theory and practice of fiscal federalism things will be working, as it ought to be in Nigeria. Each region operates independently without undue interference and hindrance from centre. This system encouraged dynamism in economic development as the federating units mobilized their human and material resources in revenue generation. In these situations each region identified its area of strength and embarked capacity building, which resulted in a high pool of intellectual resource contributors and a highly skilled national strength. America understands issues of federalism and is working for them accordingly. Nigeria should follow the footsteps of United States of America by encouraging state to control their resource all other being equal. America federalism is operates by dividing authority between national and state government. The system gave states the power to address Local matters in separate was thus providing for responsiveness to value local and differences. Simultaneously, it gave the national government the power to hands broad national issues on a uniform basis [9]. Federalism is a practical necessity. There was a need for a stronger national government and yet the states existed and were intent on retaining their sovereignty. We shall consider one, principles and characteristics of federalism and second, Nigeria experience with federalism.

Principles and Characteristics of Federalism

[10] in his opinion offered prerequisites of federalism as desire for union and local autonomy. From related past literature, we discovered that federal system differs from one another according to the circumstances of its formation and history thus, no existing or moribund federal system are identical. Alazar had fiscal of federalism viz written constitution, non-centralization of power and area division of power and characteristics of federalism as element maintaining union and local autonomy, capacity to work the union and following reasons is good for federalism which includes a sense of military or need for common security a desire for independency from foreign power, a realization that through union, a hope of economic advantage through union geographic proximity, similarity of social institutions and leadership. In exploring of federalism one would see that there is no stereotype made federation or rule bound to be adhered. Some scholars like Karl Frederick, believed that federalism is dynamic process rather than a design hence federalism involves the continuous process of federally adjusting, written, legal basis. Nigeria federalism is just emerging because of the long years of military rule. As earlier stated that military is a centralizer of power-non-centralization of power in a federal system is prerequisite to ensuring that no level or unit of government dominates the other. Despite the safeguard of Nigeria, Federalism under a written constitution like in Canadian and Australia yet what obtained is federal ascendancy. In a federal ascended function whose importance and implication transcend regional boundaries. This view by Alazar had led to the extreme centralization we are witnessing in Nigeria. The need for local autonomy in a federation allows for identity and equality among local groups and the realization of this. The incidence of majority/minority dichotomy is prevalent in Nigeria that most minorities like the oil producing states are finding it difficult to air their opinion as they are mostly locked out of power where the real general decision are taken. Alazar's characteristics of federal state are similar to his federal principles in elements maintaining union. Elements here support and nourish a federal union like participating in decision and political process, these could as well make up for identity and commonness. In the elements maintaining centralization, inequality among the federating is in often considered element non-centralization will not endure for long. In essence disadvantages and inequalities existing among the federating units should be balanced with the willingness of all the indissolubility of the entity with golden principle of revenue yielding natural resources especially oil. The second path to the formation of a federal state seems to define Nigeria federalism based on current practice of 36 states structure a creation of the military government. In this context [12] argue that: Nigeria federation was neither a "contract" between state, nor a voluntary union of originally independent units did not have separate existence, the pre-colonial entitles were empires kingdom, Chief Doms and villages. Republics of varying territorial size and organization and with varying degrees of autonomy and dependence upon each other. Federalization was not a process of unfettered negotiation among these units but initially colonial domination and later (in 1963, 1976, a series of further fragmentation by the central government of the three independence regions. Basically, in Nigeria the states are creation of the federal government. because of predominant positions of the federal government in this path to a federal state, the federal government appropriates to itself power such as ownership and control of natural resources and assigns to the constituent states only those powers it deem fit. The unilateral constitutional amendment by the federal government in contrast to the principles of federalism under military regimes are a pointer to the supremacy of the federal government in assigning power of the states. The study of Nigeria history and government seems to be the study of military rule as they have ruled the greater percentage of Nigeria since independence. [6] collaborated this idea that the constitution of the colonial masters 1922-1954 [19],

were less controversial than those since independence 1960, 1963, 1979 and 1989) constitution. Those in the latter group were also more difficult to classify. According to Tamuno, it was not clear under what name to classify them whether or not truly federal quasi-federal, pseudo-federal, centralist, militarist or otherwise. Hence the term "military federalism" the unitary or centralized flow of command in the military was extensively used in administration of Nigeria by the successive military governments.

[7] and [9] both believed that Nigeria federalism has been on a crossroad while Williams believe that the initial introduction of unitary system and later the system by Macpherson constitution stipulation made Nigerians to Opt for federalism because of their level of ignorance. This Williams likened to "unscrambling the scrambled eggs" [7] did not fail to point out the almost endless military regimes the also attributed Nigerian practice of federalism which is not living up to expectation to ignorance class hegemony, and foisted federalism. From this analysis and research on Nigeria federalism via-a-viz resource control in undoing are majority/minority dichotomy and class hegemony. As earlier stated, there are three major ethnic group comprising Hausa/Fulani, Yoruba and Igbo. The unresolved 1963 national census, practice of federation of an indestructible unit. Finally, the maintenance of elements of federal principle. The initial willingness to co-operate in the union allows for periodic modification of laws and institutions, financing, opinion seeking contribution, tolerance among others. The upholding of homogenous interest adored by the units and equal application of justice in all situation and circumstance. The examination of Alazars contribution in comparison to whereas one will find out that a federated unit entity must have a goal and more importantly must be desired by the federating units. That is to say that the union must be advantageous to the whole entity, that pulling out of the union will mean extinction for the unit. Alazar opined that the principles and characteristics of federalism hitherto mentioned are what made practice over time, as well as the formation of state in these capitalist countries which sharply contrasted with obtains in state, state plays lesser rule in the daily activities of the citizens but in the state like Nigeria the state is an instrument of the ruling class in undoing the citizens, it was put this way, that the control of state (political) power mean everything in Nigeria.

The Nigeria Experience with Federalism

As a Nigeria, one can carefully observe, and candidly admit that there two main identifiable parts to the formation of a genuine federal state first, independent nation -state or regions agree to from a federal compact. There are several political, economic. Social, geographical and military reasons why independent states may opt to form a federal compact. They include; the hope of economic advantage from union geographical contiguity, a desire for independence from foreign powers, a sense of military insecurity and of the consequent need for common defence. This path to federalism is characterized by negotiation and bargaining by political elite and actors of the federating state regarding the term of entry into a union what Lijphart called consociational democracy. Essentially, the federating state agrees on the power to surrender or power to retain to the central government and constituent states, this is where the crux matter of resource control is based. Secondly, in this alternate pat to federalism, the federal government is a creation of the constituent states. This process has important implication for resource control in states, as this by extension there would be no federal government without an argument by the independent state to form a federal compact. This enables the state to protect their interest in the division of power between the central government and the constituent states. This is particularly significant in the area of ownership and control of natural resources is one of the high revenue yielding areas in the form of mining, rents, royalties and petroleum's profit tax. It is precisely far this reason that the provinces in Canada that were formerly independent nation-states did not surrender to the federal government the ownership and control of natural resources mines, mineral, oil and gas this is expected. Let us assume for instance ECOWAS countries forming a federal states; this would generate intense negotiation on the federal government (ECOWAS) ownership and control of its high resource. This is referred to as or regarded as allocation of figures. The census instead of resolving once and for all the strength of each ethnic group based on their number aggravated the problem. Thus the three major ethnic groups wear some suspicion toward each other. The other minorities as we have included Ijaw, Urhebo, Itsetiri, Bini, Nupe, Tin, Kanwuri among other resorted to endless call for state creation state in Nigeria have not fared better either, rather it have further marginalized across fratricidal and lingual into separate states. The conflicts in Benue, plateau, Bauchi, Delta, Bayelsa and Rivers states the conflicts of the minorities and fratricidal.

Over the years these agitations have achieved tremendous response in form of state creation by past military regimes. Which includes:

1967	=	12 states
1976	=	19 states
1987	=	21 states
1991	=	30 states
1996	=	36 state

In the book "13 Years of Military Rule in Nigeria (1966-79) it was observed that creation of state was adopted by the past military rubles to "balance" the inequities in Nigeria federalism and to break down the fear and suspicion of minority groups of the majority groups. At the same time, some ethnic groups benefited tremendously from this

especially from fiscal federalism which incorporated the revenue allocation with equality of state principle as a criterion, benefited some ethnic groups over others. The creations of local government councils also were employed to stabilize the union of federated Nigeria. What some group loose to political federalism they make up through fiscal federalism. We could recall that the creation of twelve states in 1967 by Gowon regime was to breakdown the major groups, especially the East who was hell-bent on secession.

Coincidentally, twenty-seven out of thirty year of military rule and ten out of fifteen years of civil rule had been under the Northerners as head of state. Even during the last 2007 general election it was in evidence that the Northerners ambitions to monopolize the power are yet to be called to order. Also in the recent General election 2015 where Alhaji Umaru Musa YarAdua and president Muhamadu Buhari emerges winners during April poll has a lot to tell Nigeria that the power fanatic are up to something politically in this country Nigeria. This phenomenon under analysis had created a political hegemony and oligarchy, which in the years past and year to come are indirectly likely to the power brokers in Nigeria political circle. Given this development, one cannot but agree with [19] assertion that: Cleavages in military establishment came to parallel land reproduce cleavages in the civil society—Because, tribalism and regionalism could be made the Idiom of organizational division. [17], collaborated this view in his coup broad cast. Another major reason for the change is the intrigues, domination and eternal colonization of the Nigeria state by the so called chosen few. This is our view has been responsible for ninety percent of our problems as Nigerians. This indeed has been the major clog in our wheel of progress. This clique has unabated pench and for domination and rival fostering of mediocrity and absolute disaster and absolve disaster for accountability.

CONCLUSION

The study reveals significant disparities in the allocation of revenue among Nigerian states in the 1990s, with some states, particularly those in the South-South and South-East regions, receiving far less than others despite facing similar developmental challenges. The reliance on criteria like population, land mass, and equality of states has often resulted in an imbalanced distribution, where states with higher populations or larger land areas tend to receive disproportionate benefits. The issue of inaccurate or disputed population figures has further complicated the fairness of these allocations, leaving some states, particularly those with smaller populations or limited natural resources, at a disadvantage. The paper concludes that the Nigerian revenue allocation system needs reform to ensure a more equitable distribution that takes into account the developmental needs and realities of each state, rather than relying solely on outdated or politically influenced criteria. Such reforms could foster balanced development across the country, reduce inter-state tensions, and contribute to national unity. This set to examine the relationship between fiscal federalism, the structure of the economy and the difficulty in formulating an acceptable revenue allocation formula in Nigeria. Specifically the study explored the extent to which the transformation of the economy from a mono-product base, to a multi-product based structure would guarantee the fiscal independence and autonomy of federating units. The study was guided by the research question-state below:

1. Why has struggle for resource control seems unabated despite the practice of federalism by Nigeria?
2. Why has revenue allocation unable to solve the problem of resource control?
3. How can the practice of fiscal federalism be realized under 1999 Nigeria constitution.

Following the research questing we formulated thene hypotheses as stated below:

1. That the struggle for resource control in Nigeria in dependent on the practice of fiscal federalism within federal system of government
2. That the issue of revenue allocation in solving the problem of resource control is determined by the extent to which the theory and practice of fiscal federalisen in followed in Nigeria
3. That realizing fiscal federalism is dependent on 1999 Nigeria federal constitution.

The Marxist political economy approach was adopted as the frame work of analysis in the investigation of these hypotheses. The approach gave a comprehensive view of the social dynamics of the relationship between the structure of the economy and fiscal federalism in Nigeria, while the hypothesis guided the chapterization of the work. Subsequently, in investigation the hypothesis, as stated, it was observed in chapter two that the nature of the resource control and fiscal federalism is an instrument for primitive accumulation and distribution of wealth, in Nigeria, could be traced to the impact of colonial administration on Nigeria, upon which the structure of her federalism was founded. The nature of colonial state, which served primarily the economic interest of the colonial imperialist, led to the emergence of post Colonial state in which the dominant class is immersed in the struggle for the accumulation of private capital. This is reflected in the nature of inter-government relationship i Nigeria, characterized by conflict of interest over the allocation of revenue, as the state and local government depend on federal allocation for the survival.

In view of the above analysis the hypothesis that the struggle for resource control in Nigeria is dependent on the practice of fiscal federalism within federal, system of government is validated.

In chapter three it was observed, that the issue of revenue allocation in solving the problem of resource control is determined by the extent to which the theory and practice of fiscal federalism is followed in Nigeria and its

realization is dependent on 1999 Nigeria federal constitution. With the exploitation and management of crude oil accounting for over 90 percent of country's revenues, and the entire economic system depends on this singular source of revenue, the units are discouraged from looking inwards for alternative sources of revenue. This has resulted in the federal government's fiscal dominance as it attempts to mediate in the struggle for the appropriation of a larger part of the "National cake" by the federating units through rationalization of revenue principles. allocation. The 1989 and 1995 constitutional conferences proffered a lot of solutions Nigeria including 13 percent derivation, rotational presidency, state religion, Sharia Legal Code. Those are some reputable military arrangement and decrees that are worthy of beholding in Nigeria system.

More so, it was observed that, the inability of the country to develop a sustainable growth in the economy in spite of her rich and diverse natural endowment, could be attributed to the absence of a competitive productive environment in which every element in the society is channeled towards the creation of wealth. The absence of this competitive economic structure in the Nigeria polity, with the prevalence of the distribution of oil revenue has resulted in the fiscal dependence of states and local governments and the erosion of autonomy granted them in the constitution.

The fiscal dependence of the federating unit's arising from the absence of a competitive economic structure validates the hypothesis investigated in this chapter. Arising from the above is the conclusion that the realizing fiscal federalism is dependent on 1999 Nigeria federal constitution. The principles of federalism as espoused by K.C wheare, is founded on the mutuality of existence and equitable power sharing. It has been established that the success of fiscal federalism depends critically on a number of factors including the institution. Of liberal democracy, technical and administrative capacity building, in each locality, local autonomy and revenue mobilization to support government activities [14].

However, the major defect of fiscal federalism within the Nigeria federal structure is the whelming concentration of political and economic power in the central government and the desperation in the struggle for the control of such power. The 1999 constitution of Nigeria is more of a military doctored document. At the inception of this democratic administration in 1999 the presidency proposed public debate though the senate for 1999 constitution. For amendments though the reports is not yet out but it goes to show that the constitution is amendment flawed in some areas. The electoral bill of amendment 2001 is one of the many errors corrected by National Assembly.

It is within this context, that we can conceptualize federal structure that would guarantee the fiscal independence, and autonomy of the federating units in Nigeria.

Recommendations

Every solution by the constituent assemblies, legislative bills commissions, communities should be put into place. Nigeria's aspiration towards becoming a truly great nation and a regional power will continue to remain in the realms of mere illusions, unless deliberate steps are taken to correct the obvious structural deformities in the economic system currently in place, so as to create a congenial atmosphere and condition for the expression of the principle of fiscal federalism in her national life.

The principle of fiscal federalism will encourage health competition amongst regions of the country. It will challenge every state or region to fully exploit it's natural and human endowment, in order to support the good life and growth of a sustainable economy. More so, the urgent challenge that faces Nigeria now is how to utilize the opportunities offered by her rich and diverse natural endowments to transform the country into a prosperous and peaceful society. It is therefore important to point out the need for decentralization of power and resources to the state and local government in order to achieve reasonable development at grass root. This is because decentralization enables every tier of government to take decisions that impact on their immediate environment.

It needs be emphasized also, that the undue dependence on a mono-product economy of oil cannot guarantee the autonomy and fiscal independence of the federating units, in this respect, Nigeria must design a new deal for fiscal federalism. This will involve radical, even evolutionary measures to revitalize economic productivity by jump standing on industrialization process. This can be achieved through the following processes:

- (a) Creating the congenial conditions and opportunities for more people to seek fulfilling economic engagements.
- (b) Massive investment in transportation, infrastructure, agriculture, power and energy, education and security.

It must be noted that the volume of funds required cannot be sourced from the mono-product economy of oil. Nigeria must therefore move away from dependency on oil revenue by utilizing more actively, its abundant human capital of over one million potential creators of wealth.

Summarily, the new deal for federalism should ensure that no sector of the multi cultural productive economy remains dormant, while every Nigerian with productive capacity must be mobilized to contribute meaningfully to the growth and sustenance of the economy.

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