

FEDERALISM AND RESOURCES CONTROL IN NIGERIA PROBLEM AND PROSPECTS

BY

ZAINAB ATIKU BALA

ADM. NO: 1011202049

BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE, USMANU DANFODIYO UNIVERSITY, SOKOTO. IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.SC.) DEGREE IN POLITICAL SCIENCE

OCTOBER, 2015

CERTIFICATION

This research project has been successfully read, supervised and approved as having certified the requirement for the Award of Degree of bachelor of science in political science, Faculty of social sciences, Usmanu Danfodiyo university, Sokoto.

Prof. I.M.B Zagga
Project Supervisor

Date

Dr. Abdulmajid Alkali
Head of Department

Date

External Examiner

Date

DEDICATION

This research project is dedicated to almighty Allah the Giver and sustainer of life.

ACKNOWLEDGEMENT

First, I thank Almighty Allah for giving me the strength and insight for making this work a reality. Also my profound gratitude goes to my supervisor, Prof. I.M.B Zagga for his constructive criticisms and intellectual exposition without which I would have remain the same. His guidance and counseling has gone long way towards making this project a tremendous success. Infact, I have actually enjoyed enormously working with him through out this research project. May Almighty Allah reward him abundantly.

I also wish to extend my sincere gratitude to my parents for their total support and kindness which who actually made my stay in the university possible. Alhaji Atiku Bala, Alh. Ahmad Bala, Haj. Sa'adatu Ibrahim Bashar, and haj. Hadiza Atiku Bala, may Almighty Allah reward all of you abundantly.

Equally to my lovely brothers and sisters, Nasir Atiku Bala, Balkisu Atiku Bala, Dr. Salim Ahmad, Khalid Atiku Bala, Abdulhakim Atiku Bala, zeenat Atiku Bala, Abdulhamid Atiku Bala, Halita Atiku Bala, Taslim Atiku Bala, Yafisu Atiku Bala, Kamal Atiku Bala, Ibrahim Atiku Bala, B.B Ahmad, Ashiru Ahmad Bala, Rahamat Ahmad Bala, Habiba Aliyu Zaki, and Bilyaminu Bello Alkali, I thank you all for your support and encouragement financially and morally, may Almighty Allah be with them.

My special thanks goes to my amiable husband Abdulkadir Babangida Aliyu without whom I don't know how life can be, I say a big thank you.

My gratitude also goes to my cousins Abdulkarim Bello Marshall, Zainab Bello Bala, Murtala Bello Marshall, Ummu Haliru Gwandu, Amina Haliru Bala and Abubakar Aliyu Tsoho and others.

I must not also forget my lecturers, Dr. Abdulmajid Alkali, (H.O.D) Prof. M.Z Umar, Prof. I.S Ogundiya, Prof. Shehu Muhammad, Dr. Umar Dantani, Prof. Abdullahi Sule-Kano, Mal. Ismaila Danjuma, Dr. T.K. Baba, Dr. Abubakar Abdullahi, Dr. S.Y.B Kura, Mallam Jalal Imam, Prof. G.B Muhammad and Dr. Ibrahim Sani, for their wonderful assistance throughout the duration of my course.

My sincere gratitude also goes to my niece Ahmad Aliyu Maiahu (Baffa) Aliyu Aliyu Maiahu (Khalifa) Abubakar Aliyu maiahu (Walid) Aisha Aliyu maiahu (Rislanat) Muhammad Badamasi Dahiru, Nuradeen Sanusi Umar, Mahamud Ibrahim Harande.

To my nephew Abubakar Atiku Nasir (Modibbo), and for many of those that I could not mention their names, I say a big thank to you all.

Lastly this acknowledgement would be incomplete without mentioning my lovely colleagues, Hamida Sani Yeldu, Hannatu Aliyu Usman, Umar Adamu, Kabir Mukhtar, Faisal Maina and Zoka Peter for making life meaningful to me during our course of study.

TABLE OF CONTENTS

Title page	i
Certification	ii
Dedication	iii
Acknowledgement	iv
Table of content	vi
Abstract	viii
CHAPTER ONE	
1.1 Background of the study	1
1.2 Statement of the Research Problem	3
1.3 Aims and objectives	3
1.4 Hypothesis/Assumptions of the Study	4
1.5 Significance of the study	4
1.6 Methodology	5
1.7 Theoretical framework	5
1.8 Scope and limitation of the study	7
1.9 Definition of term and concepts	8
1.10 Outline of chapters	10
CHAPTER TWO	
2.0 Literature Review	11
2.1 Concept of federalism	11

2.2 Nigerian federalism	13
2.3 Fiscal federalism	14
CHAPTER THREE	
3.0 Historical Perspective of Nigeria Fiscal Federalism	19
3.1 Introduction	19
3.2 Revenue allocation in Nigeria	21
CHAPTER FOUR	
4.1 Presentation and Analysis of the Resource Control Debate	40
4.2 Background of the Issue	40
4.3 Revenue Allocation in Nigeria June 1999	45
4.4 Presentation of the resource control argument	46
4.5 Concept argument	47
CHAPTER FIVE	
5.1 Summary of the work	55
5.2 Recommendations	56
Reference	58

ABSTRACT

A recurring decimal in Nigerian federalism is the issue of resource allocation and sharing of revenue between the federal government and the component units. The Nigeria physical federal arrangement is unique because by the nature of the Nigerian arrangement, the federal government controls all the resources, hence distributes revenue to the states and local governments based on criteria, which she determines. The problem, has always been there with which criteria should take precedence in the revenue allocation formula, public expression for a new formula that will favor them. Which has always been the case in the country. The recent public expression for resource control by south-south geo-political zone is a clamor for new revenue allocation formula that will increase the derivation fund above its present fixed percentage as contained in section 162 sub-section 2 of the 1999 constitution. A reduction of the responsibility and function of the federal government and reduction of the federal governments share in the federation accounts. This study has examined the issues of revenue control in details and came up with some findings and recommendations.

CHAPTER ONE

1.1 INTRODUCTION

Federalism has come to be accepted as the most variable formula for coping with the problems associated with multi-ethnic state. It is a system of government which presupposes constitutional division of powers among levels of government. Federalism as practiced in Nigeria is at the best nothing more than mere constitutional design (merely division of power without practicing the principles of federalism) imposed on Nigeria by the colonial masters.

Federalism in Nigeria, is a compromised solution to the problems of ethnic mistrust and mutual suspicion, with the ethnic nationalities that made up the country as a result of creation of a state out of divers' ethnic, tribal,, cultural and religious groups. After creating the country the colonizers introduced a federal system of government under the Richard constitution of 1946 and liffleton constitution of 1954, in agreement with the political leaders so as to address the problems which a unitary form of government may pose to divers' people of Nigeria. There are some factors that account for the introduction of federalism in Nigeria. These include both internal and external factors. The practice of federal system of government in Nigeria cannot be understood without tracing the historical evolution of the political history of Nigerian state. Nigeria is characterized by predominant of tree regions which are: The Hausa and Fulani of the north, the Yoruba of the west and the Igbo of the east.

The major problems affecting federal practice in Nigeria are: the issue of resources allocation, sharing and usage of the tax burden, the issue of what criteria should take precedence over the other in the sharing of federally collected revenue. All these and more has for long remained problematic as far as federal practice is concerned in Nigeria. The issue of revenue allocation in Nigeria dated back to the Philipson commission at 1940, to 1979 constitution that provide the establishment of federal character principle and in 1995 gives way to creation of federal character commission to ensure the implementation of federal character principle as preserved in the constitution. The 1999 constitution revealed that revenue allocation is in favor of the federal government and that of the criteria used in horizontal allocation of revenue among states has also been faulted. Problem arises as to which criteria should determine how revenue is to be divided horizontally. The problems arose between the southerners and northerners and each are of the opinion of criteria should be taken. The former emphasis in the principle of derivation, where the latter emphasized on social needs. As a result of this divergent interest between these two sections of the country (southerners and northerners), revenue allocation has been politicized and this has been attributed to the cause of the social and political problems confronting the country. Even with 13% derivation provided for the oil producing region in section 162, subsection 2 of the 1999 constitution, the problem still remains unsolved, hence the persistence clamor for resources control by the oil producing communities. To Itse Sagay (2001) "...Federal system of government as presently practiced in Nigeria is problematic. Sectional

interest: ethnic intolerance, religious bigotry, mutual mistrust and the bone on Nigeria politics. They also extended to revenue allocation and the causes of the various crises in the country is simply the issue of resources distribution and allocation"

1.2 STATEMENT OF THE RESEARCH PROBLEM

This study is to examine the problems associated with resources control : the formula to be used in sharing federally collected revenue, sharing and usage of the tax burden, control of resources by the federal government, how revenue are to be divided horizontally and vertically and also the current clamor for resources control by one part of the country.

1.3 AIMS AND OBJECTIVES OF THE STUDY

- To examine the revenue allocation formula in Nigeria.
- To evaluate the bone of contention of those agitation for resource control in Nigeria.
- To examine the sharing of tax burden between the federal, state and local government in Nigeria.
- To access feasibility and resources control in Nigeria and the obstacle to its implementation

1.4 HYPOTHESIS/ ASSUMPTIONS OF THE STUDY

1. The nature of federal system determines how revenue is generated and allocated.
2. Resources control can only be succeed in a country which adheres to the principles of true federalism.

1.5 THE SIGNIFICANT OF THE STUDY

The major significant of this study is to contribute to the search for the right political order i.e. right fiscal order. As was obtained in 1986 by political Bureau which examined three major problems of this country and reported that: The country is searching for the right philosophy of government, the right social order and right economic order. Political bureau 1986 under IBB administration. As the practice of federalism in Nigeria is problematic. The study will help address the lingering issue of fiscal federalism in Nigeria. The study will give an objective insight on the issue of resources control. This will help opponents and proponents alike to see the gain and advantages of resources control. Equally, the study will help the emerging federal state who obtained the same or similar problems like Nigeria if any to solve their problems relating to fiscal federalism.

1.6 METHODOLOGY

There are two methods of collecting data in any research. These include; the primary method and the secondary methods of collecting data. The primary method deal with getting information through personnel interview and administrating questioners. Under this method the researcher obtains his information from respondents, such interviews or questionnaires could be through mailing, handsets, internet or electronic device. The secondary method of data collecting deals with getting information about the research from already documented sources like: literature government publication, magazines, newspapers, journals, text books and presentations. This method of data collection is what we will employ in this research.

Resource control is an evolutionary phenomenon; it is an issue that has been in Nigeria since the introduction of the Richard constitution of 1946. It will only be correct if we adopt a method that will allow us gather substantive data about the issue. This method will help us have a clear understanding on the issue of resource control. We will get our materials from the libraries news papers and internet, the methods of data analysis will be based on content analysis. We will their extract and synthesize them. We will/employ the deductive and inductive method f of reasoning in analyzing the data.

1.7 THEORETICAL FRAMEWORK

The system theory/ structural functionalist frame work will be employed as a frame work for this study. This frame work provides the most appropriate approach to tackle this research. The system theory has its root in the natural science. Tacott parsons was considered as the proponent of system theory in social sciences. He stressed that a

system is something consisting of a set i.e whether finite or infinite, among which a set of relationship specified so that deductive are possible from some relation among the entities to volume to the behavior or history of system. (David Bravo) Encyclopedia of social science volume 15, the general system theory has two approaches and it include: organism approach, also called the biological approach and mathematical approach. The biological organismic approach sees the components as organs, which are needed for the proper function of the whole, while the mathematical approach simply talked about set theory. These two approaches known in system theory and structuralism. David Easton (1953) said: "a system analysis of political life", He gave the example of political life, where he developed the political system theory. In his theory Easton, talked about how the environment both external and internal affects the working and functioning of the system of resource allocation. Easton, input and out put model was borrowed from the system theory developed by Talcott Parson. Every society is a system, because it is made up of different parts or rather structure.

Which is refer to as segment or sectors. We have the political structure, economic structure, religious structure and psychological structure. All put together gives us society. All these, structures play their roles which are what we call function. **If** one structure was fails that affects its ability to perform it's functions. In essence, when the political system is over loaded there is the tendency for the political system to experience the people to ensure the stability of the political system. Therefore, since society is a combination of organs that is a whole in interrelated functioning, problem in one that affects the whole and ability of the system to function as a unit effects the whole system. The federal system of government is a system like any other form of government and

therefore"... it can work effectively under the compact theory of federalism. Wheare (1963), further stresses that federalism is a contract among people. This contract is based on the agreement of these people to live together as one. The contract provided for: 'an acceptable system of political representation which is based on the principle of democracy and decentralization of power. The various levels of government are to be constituted to one another, and acceptable system of revenue generation, allocation and usage based on the principle of financial autonomy and independence.

Therefore, if this was obtained in Nigeria, the component units that have power to generate their own revenue, give a small percentage to the control government and use the back for their own development. This accretion is adherence to these tenets and this is what federalism implies.(Okolie, 2005).

From the above, we will agree to the fact that for any country to practice the federal system, it must abide by this principle and if one of the principles is not followed, it affects federalism, since the two are the whole that makes up the system i.e federalism. Federalism is a system of government and that there is a particular way in which resources are supposed to be controlled and shared. The reversed is the case in Nigeria and that is why some component parts are agitating for resource control.

1.8 SCOPE AND LIMITATION OF THE STUDY

The study covers the period between 1999 and 2014: the issue of resource control started gathering momentum when the revenue for states from June 1999 was released where the oil producing states discovered that the 13% derivation allocated to them by

section 162 of the 1999 constitution was not reflected, hence the gradual move towards this clamor.

The limitation to this study can be associated to time frame financial inadequacy, and distance which constitute a constraint to the researcher in the process of collecting necessary information's needed for the work. Also the concept in Nigeria is relatively new thus, no bulky literatures, attached to this, thus constitute a problem to the study.

1.9 OPERATIONALIZATION OF CONCEPTS

There so many definition of federalism and some of which are, "is the formal division of power between levels of government" Wheare (1963). Watts (1969) defines federalism as, "a principle is achieved between concurrent demand for union and territorial diversity within the society and neither each level of government (central and sub central) are sub ordinate to each other. "Is also a system of political organization uniting several political entities which hither to independent of one another. Watts (1969) Our major concern on those definitions focuses attention with the problems of multi-ethnic states, the desire to maintain security for all in the nation, and above all the desire to protect self determination of the component groups, who seeks to maintain their own identities.

Fiscal Federalism

According to Adedotun, [1971], fiscal federalism is "that aspect of a federal arrangement that deals with the division of taxing and expenditure functions among the levels of government". To Olutayo [1998], fiscal federalism is, the sharing of revenue

between the constituent parts of a federal system". From the above definitions we can say, that fiscal federalism is that aspects of federalism that deals with financial relationship between levels government in a federal system of government.

Resource Control

Literally, resource stands for that assets in tangible things like coal, iron, petroleum, e.t.c. Control stands for power to regulate, exercise authority over, to direct or command. Control to Oxford Advanced Learners Dictionary are, "power to make decision about how a country an area, an organization e.t.c". From the literal sense resource control is the power of people to regulate or exercise authority over the resource found in their community. This means that no body has power as regards its usage.

However, To James Ibori of Delta State (governor) 2001,"Some see resource control as, "a situation whereby people in a community who produce a resource, should substantially be involved in the extraction of the mineral resource...control a major percentage of the stake.... Taxes can then be paid to the central government in the form of royalties like it happens else where in the world. NJPA

He also stresses that resources control as.... Not less than 40% derivation fund should be given to oil mineral producing communities in the horizontal level of revenue allocation among states..." (Nigerian Journal of politics and Administration). Therefore, resource control is not the absolute control of resources, which are found in any

community by the people, but rather principles of derivation should take precedence in the horizontal and vertical allocation of revenue in the nation.

1.10 OUTLINE OF CHAPTERS

This study will be divided into five chapters: The proposal will stand as a chapter one, literature review chapter two, while reviews works on fiscal federalism in Nigeria. Equally it examines revenue allocation in Nigeria critically chapter four is the presentation and analysis of the resource control debates Merit and demerit in their arguments and it shows the major findings of the research. Chapter five summaries the major findings, and also makes recommendation as to how best the problem can be addressed and solved.

CHAPTER TWO

2.0 LITERATURE REVIEW

This chapter will examine the theoretical discourse on federalism and other related concepts. The chapter appreciates the divergent views of scholars and the implications of their analysis of federal arrangement, politics and its impact on governance.

2.1 CONCEPT OF FEDERALISM

No single definition of federalism has proven satisfactory to all studies primarily because of the difficulty in relating theoretical formulation to the evidence gathered from observing the actual operation of federal system.. “(Elazor: 1959). This statement serves as a point of departure, there are two schools of thought on the concept of federalism. And these are those that see federalism as a political design i.e a constitutional design. To this school, federalism is a type of government, and a kind of way of organizing government powers structurally, in which governmental powers are shared or divided between levels of government. Powers are shared between the national or central government (state and local in the case of Nigeria). This formulation of federalism is personified to the work of Wheare, (1946). To him “Federal government as a constitutional arrangement is that which divides law-making powers and functions of the state between two levels of government, which are coordinated in state”.

To him, federalism is simply federal government that is a constitutional division of governmental powers vertically to levels that do exist. Such a division is characterized by the levels of government having equal status, no one level depends on the other for money, all the levels have their own independent sources of finance. Others who share this views are (Oyeovbaire: 1985) and (Etzoom: 1962). To Oyovbaire, federalism is “an attempt to cope with the problem of power”. He said, “federalism is a device of distrusting power in such a way that every group will be satisfied”. The study of federalism is about the allocation of political power among levels of government. Smith, (1995), sees federalism as a political ideology and an institutional arrangement.

The scholars that saw federalism from abroad social science includes Yehezkel, (1960). He sees federalism as “an arrangement in which people that are different but historically linked decide to came together under one central government with each of them still retaining their separate identities and bounded by a covenant to remain one”

Elazor, (1960), sees federalism, as “the linkage of people and institution by mutual consent without sacrifice of their individual identities as the ideal form of social organization. It is a principle of governing device of bringing people with diversity together to live under one central government without denying them the right to enjoy their diverse peculiarities. He said, it is a kind of political order animated by political principle that emphasized the supremacy of bargaining and negotiated co-ordination among several power centre as a performance to the exercise of power within a single political system and stress the value of disperse power centre as a means for safeguarding

individual and local liberties. Livingston, (1956), said as a system of government in which the indicators, of social political and economic development are pursued by a coordinated effort of both central and other incorporated units of governments.

Federalism is both politically designed and a social formula for the organization of society. It is a formula for coping with the problems associated with a multi-ethnic state. (Elariun, 1994), it is a constitutional design, away of organizing government (Wheare: 1946).

2.2 NIGERIAN FEDERALISM

A lot of literature exist on this subject, scholars have tried to look at the theory and practice of the Nigerian federalism. (Awa: 1964), (Elaigum: 1994) both explained the evolution of Nigerian federalism under the disagreement theory in the involuntary theory. The British colonial masters as a result of their imperialist activities, conquered separate independent and autonomous communities, societys, kingdoms, chiefdoms and empires, then through a process of incorporation amalgamated these into one country on the 1st of January 1914, forming the country, Nigeria. They through this process, created a country without unity and when it was discovered that Nigerians were strange bed fellows, they imposed federalism on Nigerians through the various colonial constitutions starting from the Richards constitution of 1946. (Temunom, 1998), maintains that the problems in the Nigerians federal arrangement are to be located in the engineering of the Nigerian state in itself, the British government created a structurally in balanced federation in which the North has the advantage of population and size over the south. Oyovbaire, (1985), sees the problem from the gravitation of powers to the centre, which then creates a situation in

which the federal government now serves as the colonial master who determines what each state is to get. Amuwo and Harcourt (1998), sees the problems of Nigerian federalism from the point of the absence of a national consciousness, the absence of unity and of a Nigerian nationalism. This position Eken, [1994] Dare, [1984] Junaidu, [1979] and Dumoye, [2002] all concur with Olaloku, [1979] Philips, [1971] Adebayo, [1969] and Obi, [1998], all sees the problem of Nigerian federalism as concerned with the generation and allocation of revenue, in fact they all are of the opinion that the problem in Nigerian federalism is to be located in Nigeria fiscal federalism, which is concerned with the allocation of federally collected revenue Sagay, [2001], sees the problem of Nigerians federalism as concerned with the control of the major oil revenue. He sees oil as the major revenue earner for the country and that these oil communities and other communities who have resources are short change by the power that be, the Arewa north as represented by the Federal government. Ibori, (2001) Attah, (2001), Darah, (2001) sees the solution in a situation whereby states or communities in whose domain resources are found to control such resource i.e. resource control.

2.3 FISCAL FEDERALISM

Fiscal federalism is the aspect of federalism that deals with the generation, allocating of taxing power and distribution of revenue in a federal system. Fiscal federalism is simply the financial aspect of federalism. According to Oyovbare, [1985], power is central to the study of federalism and this power is tied to the resource available or made available to a level of government. When levels of government are given functions and responsibilities, they need to have a corresponding source of finance to be able to perform this function so bestowed on them. Fiscal federalism is part and parcels

of federalism. Wheare, is of the opinion that the levels of government are not to be subordinate to each other but co-ordinated and should be independent to one another. It is therefore, simple to say that the federal principle or rather federalism presupposes the control by every community her resources. In an ideal federal state, each level of government has its source of finance. Taxing powers are shared in such away that each state or level has it's contain taxes and uses such for her own development. No state or rather level begs the central government for finance. All the component units are financially independent of one another and have sufficient to meet their constitutional duties, functions and responsibilities. In an ideal federal state, each level governs itself. But Nigerians fiscal federalism is defective in the respect, states Nigeria are financially dependent on the federal government for funds, also the levels of government are in theory and practice sub-coordinative, the federal government is stronger than the state government and the state government than the local government. In all federal systems, the federal government get more revenue in composition to the states, but a situation where the states depends on the federal or central government for funds is a mockery of the federal system. We will examine the opinion of fiscal federal scholars on the issue of revenue allocation and taxing jurisdiction. Graham, [1964], observed that there are three reasons usually given for the transfer of revenue resources from higher to lower level of government in federalism and these are:

- 1- Function and revenue of each level of government.
- 2- Variations in the revenue raising capacities of the lower levels of government.
- 3- Certain resources are transferred to encourage primarily particular states or local activities. Graham, (1964: 8-9), to him all these reasons for the transfer of

resources from higher levels to lower levels of government seems to come under two broad categories, namely: conditional and un-conditional. Conditional revenue resources are most given to states or provinces by the central government to carry out specific functions, example, road construction. The unconditional has to do with revenue resources given to states without specification of what the resource are to be used for. Graham, [1964], observed that whether a federal system uses the conditional or un-conditional revenue allocation system is dependent on the principles which is most important to the country. Whether the country gives precedence to the doctrine of financial responsibility, which simply implies level according for its resource and striving to improve on it or whether the country lays emphasis on the maximization of state or national welfare. If a country gives priority to the first, then it will use conditional grants and if it gives priority to the second, then it uses un-conditional grants. Whether a country use conditional grant or un-conditional grant, he submitted, is dependent on the tradition of that particular federal country. Example, U.S uses the conditional grant system, whereas Canada operates the un-conditional grant system.

Akin, [1979], observed that in older and more effective federal system like the U.S and Canada, two principles determines the allocation of resource to the lower levels of government and these are:

- 1- The principle of horizontal equity
- 2- Efficient allocation of resource

These two principles fulfill the need of all under fiscal federalism. To why poor states should not be best under developed because of disparities in the level of education, social, mobility and subsequently revenue generation capacity of such state. He did not propose for lower tax for poor states as this he said, will negate the principles of horizontal equity, weather should richer states be taxed more but government should (that is the federal government) give direct financial assistance to poor states in order to correct the uneven development problem facing an underdevelopment country like Nigeria.

Writers on fiscal federalism agree with one basic rule of fiscal federalism. According to Graham, [1963]”,... both the level of services as well as the burden of taxes should also be taken into account in determining the satisfaction of horizontal equity demands that individuals in all jurisdiction across the country enjoy the same good level of services for the same tax burden.” What this means is that there should be no robbing Peter to pay Paul. No one state should be exploited to developed another such a state cannot generate enough to meet its need.

Philips, [1971], says, that revenue allocation, which is the crux of Nigerians fiscal federalism, has been politicized unlike the case where we have two sets of principles determining the transfers of the advanced world. In Nigeria, the principles determining revenue allocation in Nigeria confronts power relations to him:

Physical imbalance can be addressed by increasing the sources of revenue at the local level or by reducing expenditure responsibilities, while large metropolitan areas could be given access to more revenue sources. (Graham, 1963).

Thus, a conceptual treatment that limits itself to the economics of fiscal federalism on devices if from its political context would not serve the appropriate tool for analysis". He went further to say, that in discussing revenue allocation system, it is only proper to understand revenue allocation as an expression of a balance of social and political forces within the state. For ultimately, the power of allocation resides in the state. What this simply means is that revenue allocation particularly in Nigeria is a matter of politics and the issue is made worst. When the states that produce what gives the country this revenue are not and cannot be in the position (the federal level) to determine its allocation. As was pointed out from the beginning of this work, that fiscal federalism in Nigeria is a question of politics. The clamor for resource control is a part of this ever present politics of fiscal federalism in Nigeria. Simply because federalism as practiced in Nigeria is faulty and this is because of the effect of imperialism and colonialism side by side with internal factors on Nigeria, our federalism has been designed to remain problematic by the colonialist just like what Andrew Gender frank talked about in his article, "The development of underdevelopment," our federalism is a perverted one, and so it has been conditioned to be problematic, the more we try to correct it by changing one revenue formular for another, creating more states, federal principles e.t.c so, what we end up having is a limited federal system, which cannot function effectively because it has been designed to be problematic. The solution invariably is a re-molding of Nigerian federal system, which implies a re-orientation in our politics and a re-definition of Nigerian democracy and governance. In essence there is the need for re-structuring Nigerian federal system. True federalism in Nigeria, the issues of physical policy, equitable distribution of resources, federal character principle or equal representation.

CHAPTER THREE

3.0 HISTORICAL PERSPECTIVE ON NIGERIA FISCAL FEDERALISM.

3.1 INTRODUCTION

Fiscal federalism is a part of the general concept, public finance, which deals with expenditure and income of government.

Public finance have basic principles, which it follows in all system of government, these principles include principles in relation to taxation and the spending of government revenue. The principles of public finance, particularly taxation has received attention from the earliest days of economist advanced, Propositions concerning tax principles.

Adam Smith (1776) is famous for his canon principle of taxation. In the 1920s Hugh Delton and A.C Pigou ,(1928) developed principles of taxation based essentially on the application of the theory of economics welfare. Fiscal federalism is concerned with the principle finding expenditure and generation of income in a federal system government. Since federalism pre- Supposed a constitutional division of power among levels of government, fiscal federalism is a triple division of resources between the federal authority, regional or state government and the local government.

Adebayo, (1969) and Phillips, (1971) they see, fiscal federalism as federal finance in Nigeria. As was mentioned in chapter one, fiscal federalism is “the sharing of the tax burden, the generation and distribution of revenue between the constituent build of federal system”.

Fiscal federalism is a problem in Nigeria because of so many reasons, purely among, which is the form and nature of Nigeria federalism. To (Adebayo, 1969:23), “the problem of federal finance is by no means merely a financial problem: it is proper study which requires knowledge of the political, social and economic circumstance, which give its special local character in a particular federation”. Fiscal federalism in Nigeria has come to be associated with only, a part of the entertained concept. Fiscal federalism in Nigeria, is only concerned with revenue allocation then putting efforts at revenue generation. This scenario came into the Nigeria political scene with the emergence of oil revenue in the late 60s. The states now, relied on the federal government for their allocation from federally collected revenue from oil. The reliance of the Nigeria economy on oil led to a decline and subsequent death of other sources of generating revenue by the regions (before 28th may 1967) and states (after 28th may 1967), essentially agricultural sector which prior to the oil boom, was the mainstay of the Nigerian economy.

Since fiscal federalism in Nigeria is created on revenue allocation, fiscal federalism in Nigeria became politicized among the majority ethnic groups in the country as mentioned in chapter one. The problem and sources of conflict has been which criteria should take procedure in the vertical and horizontal allocation of revenue in Nigeria. Resource allocation in Nigeria is simply revenue allocation. Although various revenue

commissions made provision for tax jurisdiction among the level of government, centrally collected revenue (as from the 1970s, oil revenue).

3.2 REVENUE ALLOCATION IN NIGERIA

Although fiscal federalism started in Nigeria in 1954 with the introduction of the Littleton constitution. Revenue allocation in Nigeria started in 1946 when the Richard constitution of the same year, ushered in revenue allocation by the setting up of the Sir Sydney Phillipson's commission, to make recommendations as to the three regions, which the constitution created, it should be pointed out here, that Nigeria was still a unitary state under this constitution. However, the constitution provided for a measure of development to the regional authorities, although there has been some devolution of responsibility to the regions, the central government retained fiscal supremacy. Thereupon which revenue allocation to be based, according to the commission are two and these are:

1. Principle of derivation
2. Principle of even progress

With the introduction of Macpherson's Constitution in 1951, a new revenue allocation commission was set up and this was the Prof. J.R. Hicks Phillipson Commission or Hicks Commission of 1951. The commission recommended the use of three principles in revenue allocation in the order listed below:

- 1- Derivation
- 2- Needs (need of the various regions)
- 3- National interest.

Under this fiscal regime, attempt was made to make available greater resources to the regions than in the first regime. The regions also had independent taxing covers: this in the whole gave them greater degree of fiscal autonomy (Philips, 1971:397). Under this financial regime, Nigeria was a quasi federal state with some elements of federalism and the unitary system mixed together. The system of revenue allocation was based on four principles. Thus

1. 50% of import duties on tobacco and 10% on motor fuel, goes to regions according to consumption (this is under the derivation principle).
2. Capitation grant's to each region, 13s (shelling) per head. This is personal income tax.
3. Each region gets the same grants on education and police.
4. Each region gets special equalizing grants depending on their needs.

In 1953, Sir Louis Chicks commission, was established in anticipation of the Lyttleton constitution, after the Macphersons constitution broke down in 1953 as a result of the Kano riot of May that year. The Chicks commission of 1953/54 established the formal operation of fiscal federalism in Nigeria with the excitement of the new constitution of 1954. The Chick's commission recommended that the principle of derivation and fiscal autonomy shows in that order the principle upon which revenue allocation in the country should be based on. In the event, the revenue allocation system

based on Chicks report, government greater prominence to the derivation principle. The result (Phillips, 1971) observed, in this new system that the financial position of the federal government was "weakened and that of the regions strengthened" (compared with the past" to buttress this point, between 1952-1954 an average of about 22% of centrally raised revenue was allocated to the regions annually, during the 1954-1959 period over 40% of centrally generated revenue was allocated to the region (Phillips, 1971: 398). The greatest beneficiary of the, derivation principle was the western region. While east having problems of balancing its recurrent budget, the west and to some extent, the north were enjoying surplus (Phillips, 1971:399).

Although the principle of derivation was given more emphasis under this fiscal regime in which virtually all revenue destined for the regime was shared on the basis of its derivation, there was still dissatisfaction with the working of the system.

Inter-regional financial disparities during this period, the system of revenue allocation came increasingly under fire, especially the principle of derivation. The western regime, which was the greater beneficiary, thought that its application has not come far enough, the north questioned it, the east deprecated its having been applied at all (Phillips, 1971:399). It should be the constitution for all matters concerning mines and minerals, including oil fields, oil mining and geological surveys. (Adebayo, 1969:176), under this fiscal regime the federal government held on to all taxes except for the taxes made available to the regimes under the 1946 Richards constitution. The principle of derivation was questioned, a lot of dissatisfaction was expressed over its application, a lot of people were of the opinion that the method of calculating revenue

that accrues to a region under this principle is not right. Although the regional government had more money under this fiscal regime, the federal government had jurisdiction over revenue generation over the region and so supplied this revenue to the regions, this put regions in a subordinate position. Also the eastern regime was the worst hit of the trio; the fiscal regime never favored her. The north, was also complaining. The west on the other hand was enjoying because the regionalization of the extent to which federal government could use export taxes as a tool of fiscal policy. A regions financial position now depended significantly on the exportability of its produce and the price of the produce in the world market. Since the price of cocoa was going higher in the world market and this is the richest of the three regions. The west was later to suffer from this when the price of cocoa soured low in the world market (Phillips, 1971:399). Regions enjoy the following percentage of the derivation principle on the following revenue resources:

- 1- 50% of import and exercise duties on tobacco.
- 2- 100% of import duties on motor fuel according to consumption.
- 3- 50% of their import duties (other than alcohol, tobacco and motor fuel) to be distributed as follows: 30% for the Easter region, 40% for the western region and 30% for the northern region.
- 4- 100% on income tax (except company tax)
- 5- 50% export duties according to region.
- 6- 100% mining rents and royalties

Phillips, 1971:349). Due to discernment of the government with the principle of derivation in its application to the

regions of their share of other import duties and the convening of another constitutional conference, a new revenue commission was set up in 1958 under the chairmanship of Jeremy Rainsman Trees.

This commission then formed the Rainsman commission of 1958. The recommendation of 30%'s commission came into operation in 1959 and ceased to be used when a new commission came into place.

The Rainsman commission based revenue allocation in Nigeria on three principles, these are:

- 1- Derivation
- 2- Fiscal autonomy and
- 3- Unified national policy.

The system of allocation under this system was virtually the same with what existed under the last fiscal regime only that 100% as against the previous 50% of all export duties and of all import and excise duties on tobacco and motor spirits and diesel oil were to be returned to the region of origin. The Rainsman Trees commission, made an innovation by introducing the Distributable Pool Account (D.P.A). This revenue allocation device, was aimed or rather an attempt to de-emphasized the role of the derivation principle and to give some place to the principle of need and national interest as existed by the fractions on which the account was to be distributed among the regions horizontally. North 40/95, East 31/95 and west 24/95 (Philips, 1971:349).

(Phillips, 1971:400). The constitution made it that not all mining rents were to be shared between the regions. The federal government is to have 20% of mining revenues, 30% will go into the distributable pool account (D.P.A) and the remaining 50% would be shared between the regions on a derivation basis. This arrangement, Phillips observed was in anticipation of the importance of oil revenue)

The distributable pool account, was introduced so that the federal government and states with more population and social needs will get more. The creation of the mid-west region in 1963, the west share of the distributable pool account was reduced to 19% while the mid-west share was 6% (Akin, 1979:118). The Rainsman commission introduced or rather institutionalized the vertical and horizontal revenue allocation in Nigeria with the federal government having a lion share and in the horizontal level. The principle of population, social needs and cost of governing become the criteria upon which revenue is shared between the regions. Under this fiscal regime between the period of 1959 and 1960, the government witnessed an increment in her revenue generating, thanks largely to (Phillips, 1971:401) to increase in import duties and the petroleum industry. The east under this regime became financially stronger, thanks to oil and the west weaker due to the weakening price of cocoa in the world market. The military struck in 1966 January 15th and the counter-coup of 29th July 1966, brought about a change in governance, but the revenue allocation formula still continued. However, with the creation of states in 1967 by the Gowon administration, to curb the Biafran succession

bid, a problem was created hence, a new revenue allocation formula has to come into operation to solve the problem which this alteration of the federal structure from region to states brought with it.

In July 1968, the federal military government appointed an interim revenue allocation review committee to advise the government on how to allocate revenue to the newly created states. The committee was under the chairmanship of Chief I.O Dina, the committee submitted its report to the federal military government but its recommendations were not implemented. Before, the military came into power in 1966, a new fiscal region had existed, this was the Binns commission which came in due to some certain political changes that occurred in Nigeria. Example, by 1961 southern Cameroon stopped being a part of Nigeria and the mid-western region was created in 1963. The commission was set up in 1964; its recommendations was published in 1965 and was the basis for revenue allocation in Nigeria until when states were created in 1967. The recommendations of the commission was that fiscal needs and populations should continue to be the principle upon which revenue are shared. The commission recommended that 35% and no longer 30% of federal import revenues and revenue from mining, rents and royalties should go into the distributable pool account (D.P.A). That revenue from the distributable pool account should be shared on the basis of:

North 42%, East 30%, West 20% and Mid-west 3%.

This represented gain for the west and mid-west and a lost for the East. (Akin, 1979).

With the rejection of the Dina committees report, the federal government between the periods of 1969-1974, relied on an interim revenue allocation formula. This interim revenue allocation system was in operation from 1969 to 1974. According to this fiscal regime, 90% of duties from motor fuels went to the state of consumption and rest of mining rents and royalties from shared production goes to the state of production, 50% goes to the D.P.A and 5% for the use of the federal government. On the other hand, 100% of mining rents and royalties from offshore production as well as 50% of excise duties, went to the federal government with the remaining 50% of the latter being paid into the D.P.A. The Dina committee recommended that revenue should be divided in such away that communities with more pressing needs should get more because according to the committee, there is a wide gap between states as regards to development. This recommendation, was not new as the Rainsman commission had already observed. However, it re-emphasis at this time, its aimed at redistribution oil revenue which had became an important source of public income from state in which it is derived. This objective is very obvious from the committee's recommendation about the allocation of mining's rents and royalties. The committee proposed that only 10% of all oil rents and royalties as against the previous 50% should go to the states, while the balance of 90% should go into D.P.A, which should be renamed. State joint account for distribution between the federal government and state government. The committees, however, added a provision to this recommendation that in the situation where oil rents and royalties are insignificant, it should be returned wholly to the state of origin.

Between 1967, after the creation of states, an Interim revenue allocation formula was put in place until when federal military government will wore out modalities to share

revenue among the states. The East and West decided to use the ratio of population and size of their states to share revenue among state created in them. The north, on the other hand, shared her own share of revenue allocated equally among the six states carved.

In 1975, however, the federal military government promulgated a decree which then served as the basis for vertical and horizontal revenue allocation. The provision of the decree reflected some departure from the heavy reliance on the derivation principle. Under the new allocation formula, import duties on motor fuel, tobacco, mining rents and royalties on offshore production are to be wholly paid into D.P.A, in addition only 20% as against the previous 45% of mining rents and royalties on Land production will now go to the state of production. Thus (Akin, 1979:119) submitted that the new decree has given a considerable boost to the resource of the D.P.A to the benefit of non-oil producing states".

After the assassination of Murtala, Obasanjo took over the mantle of leadership of the country. He inaugurated a technical committee on revenue allocation in 1977, to suggest a new revenue allocation formula in anticipation of a return to civilian rule in 1979. The committee was headed by Ojetunji Aboyade. The report of the committee was not implemented because it was regarded as too technical. By 1979, President Shehu Shagari picked Pius Okigo to head what was named the presidential commission on revenue allocation. The commission was to suggest a revenue formula that will include the sharing criteria for local government. Invalidated by a supreme court Judgment in 1980, the Pius Okigo commission submitted two minority report. The commission ran country to the firm correlation among a large percentage of Nigerians. Hence, the validation of its recommendations by the Supreme Court. The commission gave so much

fiscal power to the central government. After the invalidation of the revenue act of 1981, the National assembly passed into law a new revenue allocation act which, came into operation January 1981. This act was based on the Pious Okigbo's recommendation. By this act on the vertical level below is how the federal collected revenue are to be shared:

Federal government 55%, state governments 30.5%, Local Governments 10% and Special fund 4.5%.

Horizontally, four principles were considered for the sharing of revenue, among these principles are:

- 1- Population 40%
- 2- Equality of states or minimum responsibility of government 40%
- 3- Social development factor 15%
- 4- Internal revenue effort 5%

(Mbanefor and Eguaihide, 1998:215).

Between 1968 and 1980, income from petroleum constitute over 80% of Nigerians federal revenue. The revenue allocation formula subsequently kept on gravitating power to the centre; hence the power of the federal center increased considerable. Reasons for these are not far fetched, almost every one was of the opinion that because the regional governments (before the creation of states), were controlling most of their resources, since, according to (Oyobaire, 1985:1) power in a federal system to tax and to expand, the government decided to take away much powers from the sub-national government by de-emphasizing the principle of derivation. Also,

the advent of oil, meant that the small eastern region and late on smaller states will get more than the other bigger regions, then later on states, and since people in the oil producing states cannot, capture the presidency, the people at the helms of affairs ensured that the revenue formula favour their own people. Another factor is the military factor, the military has a command structure, so with the army taking over,

*fiscal federalism in the context of (Adedejis, 1969:6)
definition ceased to exist in Nigeria what they have under
the military is a centralized revenue allocation system in
which the center controls the resources both taxing power
and Jurisdiction of economically profitable taxes, rents and
royalties leaving the state with no option other than the
statutory allocation from the "big power" (federal
government). This trend had continued in Nigeria even to
this present dispensation.*

After the over throw of Shagari on 31st of December 1983, the government of General Buhari, made some modifications to the revenue allocation act with decree of 1984, in which the federal government still retains its 55%, the state governments had 32.5%, instead of 30.5% in the former allocation formula local government 10% and special fund now had 2.5% on the horizontal level, The same want the revenue allocation act of 1982 still continue. This allocation formula was used until 1989.(Adedeji, 1969).

In 1988, the Babangida administration set up a revenue allocation commission known as the Danjuma's commission. The commission report called for the

establishment of the Nigeria Revenue Mobilization, Allocation and fiscal commission (NRMAFC). The commission was under the chairmanship of General T.Y. Danjuma (Rtd). The commission recommendations were accepted by the Armed Forces Ruling Council (AFRC), and so formed the new revenue allocation formula. Below is a break down of the formula:

Vertical Allocation

Federal government 45.5% , State government 24% and Local government 20%. Special funds 7.5% out of which 3% is for the development of oil producing areas, 1.0% to be shared among oil producing states on the basis of derivation, the other 3.5% is for ecological fund.

Horizontal Allocation

Minimum responsibility of government 40%, population 30%, social development 40%, internal revenue allocation effort 10% and Land mass%. (Olutayo, 1998:241). The Babangidas administration introduced the value added tax (VAT) in 1990 and so removed the power of state to utilize the scales tax. The tax was abolished thereby further reducing the power of the states to generate revenue. The Babangida's government left power and after a brief interim government, General Sani Abacha, assumed the mantle of leadership.

The Abacha's government revenue allocation formula was virtually the same with that of its predecessor. The same criteria for horizontal allocation were maintained.

However, after a loud clamour by the states, a change was made, the federal government set up the Petroleum Trust Fund (PTF) to collect the profit on the extra money, which the government will make from the increment in the pump price of petrol and utilized it for development purpose for all sector of the Nigeria economy. The federal government is to utilize 50% of the money according from the value added tax (VAT) and 20% is to be divided among the states. The federal government in 1994 established the autonomous foreign exchange market (AFEM). This body yield 78 billion and £4120 billion to the federal government in 1995 and 1996 respectively (Oloworom, 1998). This money, has not been shared with the states. 80% of VAT money from the AFEM and money allocated to PTF were not remitted in the federation account, which is also called the states joint account, on the vertical level between 1995 and 1996 the revenue allocation formula was:

Federal government 33%, States government 35%, Local government 30% and Special fund 2% (Adesina, 1998:42).

However, in 1997 vertical allocation formula. Was change to

Federal government 48.5% , States government 24% and Local government 2%

Special fund 7.5%, to cater for ecological problems such as erosion, desertification, food control, oil pollution and the principle for derivation (Olowononi, 1998:255).

The fiscal regime under this government and by extension revenue allocation formula, was centre and gave the federal government more powers to control the resources found in the country. Centralization of fiscal power under this regime just like

all other military regimes before it, further alienated and shut off the producing states from direct access to oil, which is found in their backyard.

By the 1999, the constitution of the federal republic of Nigeria provided that, the Revenue Mobilization Allocation and Fiscal Commission and to advise the President, upon their advice, the President is to table before the National Assembly proposals for revenue allocation (constitution of the federal republic of Nigeria section 162 sub-section 2 paragraph A). of what the resource are to be used for. Graham, (1964), observed that whether a federal system uses the conditional or un-conditional revenue allocation system, is dependent on the principles which is most important to the country. whether the country gives precedence to the doctrine of financial responsibility, which simply implies level according for its resource and striving to improve on it or whether the country lays emphasis on the maximization of state or national welfare. if a country gives priority to the first, then it will use conditional grants and if it gives priority to the second, then it uses unconditional grants. whether a country use conditional grant or un-conditional grant, he submitted, is dependent on the tradition of that particular federal country. Example, U.S uses the conditional grant system, whereas Canada operates the un-conditional grant system.

Akin, (1979), observed that in older and more effective federal systems like the U.S and Canada, two principles determines the allocation of resource to the lower levels of government and these are:

- 1- The principle of horizontal equity
- 2- Efficient allocation of resource.

These two principle fulfill the need of all under fiscal federalism. to why poor states should not be best under developed because of disparities in the level of education, social. mobility and subsequently revenue generation capacity of such state. He did not propose for lower tax for poor states as this he said, will negate the principles of horizontal equity, weather should richer states be taxed more but government should (that is the federal government) give direct financial assistance to poor states in order to correct the uneven development problem facing an underdevelopment country like Nigeria.

writers (Weingast, 1997; Mckinnon, 1997) on fiscal federalism agree with one basic rule of fiscal federalism. according to

Graham, (1963)"... both the level of services as well as the burden of taxes should also be taken into account in determining the satisfaction of horizontal equity demands that individuals in all jurisdiction across the country enjoys the same good level of services for the same tax burden. "What this means is that there should be no robbing Peter to pay Paul. No one state should be exploited to developed another such a state cannot generate enough to meet its needs.

Philips, (1971), says, that revenue allocation which is the crux of Nigerians fiscal federalism, Although states got much more than they used to get under this fiscal regime, the Government still Control at 40% resources in the country and only give states apart of the revenue that accrues to the federal government from the resources of these states. The oil producing states are only turned into "a rentier economy", gas flaring, oil spillage and

a whole lot of environmental pollution still goes on in these states unabated. These communities are still being alienated from their resources. The source allocation system under this regime does not meet with the expectations of a democracy because it is still a centralized allocation and fiscal system, which is a feature associated with a unitary state.

In the year 2008, Daily Trust (Wednesday, 09 April 2008) observed, reported that more than eight years after Nigeria returned to democratic rule, the country is still using the revenue formula worked out by the military administration, that handed over to civilians in 1999. The Revenue Mobilization, Allocation and Fiscal Commission, has said, the commission members are currently on a retreat in Jos to examine the operations and management of the federation account for the purpose of accountability, transparency and efficiency.

Federal Government Commission's sub-committee on federal Allocation, John Mankilink, explained that the commission had tried several times to review the federation account formular but that the effort did not go far. He said that the if the RMAFC proposal it had submitted to the National Assembly over the years was implemented, it would have taken care of most of the observations being made by other tiers of government has regards the formulas.

He said that, the commission had in the draft formulas submitted to the legislature, improved on the revenue accruing to states and local governments.

"When we come in 1999, we found out that it was the formula that was bestowed on us by the military that we are using but the constitution says the commission has power to come out

with a new revenue formula. So the came out with a new formula which we submitted to the National Assembly. After one or two years, same problems came up which were not from our end, but from the National Assembly that did not look at the proposal immediately. That assembly was disbanded when its tenure was over... we submitted a new revenue sharing formula to the National Assembly in 2002, but the issue was over shadowed by same events as there was this Supreme Court Judgment in 2002, which said that those who can partake in the sharing of the federation account are the tree tiers of government. So we had to withdraw the formula to review it because the hand provisions for special funds... Then in 2004, we made a fresh application, and since 2004, we have not heard anything from the National Assembly. The commission had done its job as required by the constitution. It is now left for the National Assembly to come up with a revenue formula for the country..."

In the same year (2008), the Tribune news paper on 8 July, 2008 reported that this two chambers of National Assembly have returned the new revenue formular to President Umar Musa Yaradua. The sources in the National Assembly confirmed that the senate and the House of Representatives took the decision to return the bill submitted to the Assembly by the President on June, 17th 2008.

A source said: "we decided to return the bill to the presidency for them to fine-tune certain discrepancies. We decided not to be confrontational about it at all." The source said that, though the nation was eagerly awaiting the new revenue formula, the National Assembly had decided not to overlook process and procedure in trying to beat

time, the source further said that the law makers decided to send the bill back Daily Sun May 3, 2008 P.4 after copies were distributed to them in the chambers.

One of the observations, according to a National Assembly. source, was that the date on the bill read 2004, instead 2008. The lawmakers observed that since the last revenue formula was reviewed and that the presidency merely sent copies of the document prepared by the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) in 2004 for passage in to law.

"If we pass the bill into law, we will be in trouble by next year, because the formula is to be review every five years. So we decided to return that bill so the presidency can do the appropriate thing"
(Nigerian Tribuna July 8, 2008).

It was gathered that the National Assembly discovered some discrepancies in the bill and decided to quietly return the bill to the presidency. The source said that, the lawmakers were prepared to treat the bill once the presidency returns it with a fresh date. Beside, the lawmakers also want further revenue in the projections by the executive, particularly the percentage allocations.

In the new revenue formula submitted on June 17,2000 the Federal Government had proposed 52.69% Federations revenue as its share, while the states were to get 31%. The local governments are to get 15.21%.

A further breakdown of the formula shows that the exclusive revenue share available to the Federal Government will be 47.19% of the revenue accruing to the

Federation Account, while National priority service funds will account for 6.1% of the fund. The ecological fund will take 1.5%, solid minerals development will take 1.75%, the National Agriculture Development fund will also take 1.75% while the National Revenue fund will take 1.5%. A source in the senate said "We are trying to iron that out with the presidency".

The spokesmen for the senate, Senator (Ayogu Eze), said "...We don't have any problems with the document. The President had in a letter dated June 11, 2008, asked the National Assembly to consider the bill. The letter entitled, report on the review of the Revenue Allocation Formula reads. "In accordance with section 162 (2) of the 1999 constitution of the Federal Republic of Nigeria, I have the honour to table before the Distinguished senate. This report for your kind consideration..."

Therefore, there is the need to correct this arrangement. This is the source of the agitation for resource control as was mentioned in chapter one. Also in chapter two, the issue of how revenue in a federation is to be allocated was pointed out. The next chapter will examine with empirical evidence, the argument for and against resource control in Nigeria.

CHAPTER FOUR

4.1 PRESENTATION AND ANALYSIS OF THE RESOURCE CONTROL DEBATE

4.2 BACKGROUND OF THE ISSUE

The contention of those clamoring for resource control can simply be conceptualized in the context of rentier economy, a concept used by some of the underdevelopment theories to describe the Arab countries on the international economic system. A rentier economy is one, which operates on the basis of rents, Hazem, [1987] the third world oil producing countries, which are dominated by the Arabs but, because not they are industrialized compared to the capitalist countries they produce a commodity which they do not have control over. The western capitalist countries determine the quota of oil to be produced by these countries and by so doing tend to control industry. Although often fixes the price for crude oil, the real benefit accrues to the industrialized countries who use this oil to run their industries and use the oil for production after which they sell their manufactured goods at very expensive prices. When we look at the whole scenario we will discover that money which accrues to these economics from crude oil is nothing more than a rent paid for manufacturing. The Arab nations produce their oil but they do not control it.

The situation in Nigeria, is the same. The Niger-Delta produces oil but they do not control it. Only recently session 162 subsection 2 of the 1999 constitution increased their rent from a mere 1.5% of the total revenue, which accrues to the country monthly from the oil, receipts under Babangidas regime to Abdulsalam Abubakar, regime. This money, monthly goes to the Oil Mineral Producing Areas Development Commission accounts.

The Niger-Delta states now enjoy 13% derivation fund from oil, when they produce for the country onshore monthly. This is not enough, so they argue that what they actually want is a situation whereby every community will control its own resource and use proceeds from its to its own advantage. Now let us examine the contention of the proponents of resource control vis-a-vis present realities in Nigeria today.

The agitation of the oil producing communities became pronounced in the 1990s and if their cries were only mere ratings of a people who want to be heard, the president Babangida administration would have established OMPAAES for them. To say the Niger-Delta states are not truly underdeveloped is to shy away from the truth. Yes they top the chart in the monthly allocation because of true derivation. Now let us examine the merit of the argument of people clamoring for resource control. This has been substantiated by the powers of tax jurisdiction as contained in the constitution. Revenue for the Nigerian federation or the federation accounts is derived from the following sources.

Company unincorporated tax, Import duties, Export duties, Excise duties, Petroleum profit tax, Mining rents and royalties, Value added tax, Elaiygn (1996). NNPC's earnings from direct sales

The 1999 constitution in the 2nd schedule gave this entire taxing jurisdiction on the federal governments leaving the states at the mercy of the "Almighty Federal Government". This is evident in chapter three. Also in chapter one, under definition of resource control it shows that resource control is not truly resource control in the true sense of the words, it is just a weapon in the hands of the Niger-Delta states. It is just politics to get an increase most likely in the derivation fund, and probably get the federal

government give them some degree of control no matter how small over the resources fund in their own backyard, which had caused them environmental hazards and rendered their farmlands infertile due to oil spillage and their water undrinkable. 4.2 Neglect and underdevelopment of the Niger-Delta Area. The Willick Commission of 1997, was set up to look into the problems of the minority ethnic groups in Nigeria and the commission came up with the recommendation that fundamental human rights should be enshrined in the constitution. According to the commission, "to protect the interest of the minority ethnic group", the Niger-Delta states are a minority in Nigeria and so are exposed to the disadvantages of being a minority in a country where every ethnic group that makes up the country is in "a rat race" of scheming, plotting and bitterly competing to control the resource of the country (Sagay, 2001). The Niger-Delta states have the resource but lack the population to influence the control of these resources and since the atmosphere in the country is that in which every ethnic group wants to outplay the other one can then grasp with the stalked realities of the Nigerians situation. (Daha, 2001). World Bank report in 1995 states that the Niger-Delta is the least developed part of Nigeria in terms of social infrastructure and modern facilities. According to the report over half of the 70,000 square kilometers of the territory has neither motorable roads nor, hospitals. This report forms a major basis for the suspension of Nigeria from the commonwealth after the Gen. Abacha led Junta hanged Ken Saro Wiwa and the Ogoni 9. For now over 40 years of oil exploration in Nigeria, the oil generating communities in Nigeria have been exposed to great danger and health risks. The report (World Bank report of 1995) further stressed that Nigeria is the worst country in the world in gas flaring. Nigeria flares 78% of the

total gas flared in Africa and 25% of the total gas flared in the world. (World Bank Development Report 1995; P25).

The multinational oil firms drills crude oil and in the process flared gas at will. In 1989 alone, 617 billions cubic feet of associated gas was flared off releasing according to experts 30 million tons of carbon dioxide. Darah (2002)

The fatal results of such flaring are: numerous and • alarming. Acid rain therefore, rendering most lands infertile for crops production. According to the environmental right crusades, this led to the more than 20 million people impoverished, the native contenting impaired lungs while the oil company and the federal government count their profit in billions.

(Analysis Vol.1, July 2002). The corrosive effect of acid rain caused by gas flaring is evident in many communities example in Upenekeng in Akwe-Ibom State. Corrugated iron roofing sheets have had to be replaced almost every two years. This is a roofing sheet that is to span about 40-100 years. Another effect of acid rain is the depletion of the ozone layer, the heat in the Niger-Delta is suffocating the men in the region walk about day and night bare chested or with singlet and young women put on slumpy gear. The world council of majors who visited Akuwa Ibom, on a fact-finding mission confirmed the situation when major Gary Loster, major of Michigan U.S and the president of the world council of major told a panel of journalist after their visit.

".....It is very serious situation. The health of women, men and children has been impaired in a very negative sense. The water is contaminated, the food, the fish that they eat is

contaminated, and the soil they cannot plant or produce....”

The president of the world council of majors blamed the management of Exxon mobile for this. Also gas flaring or rather oil drilling has brought a number of bizarre ailments to the people. Example, holoprosencephal is one of such strange affliction. According to professor Define, this is a medical Jargon to describe child born with a single brain core fully placed in the middle instead of the normal two brains. There are also cases of hypertelorism. A victim with just one nostril. According to professor Defini, provost of the University of Port Harcourt, College of Medicine, said "..... I have encountered cases previously unknown to medicine. In my over 25 years of medical practice, I never encountered some of the disease before".

Oil spillage has its own effect on the marine life and farm land of the area. Example, Exxon mobile Nigeria experienced one of the worst oil spillage in the history of the country, in Akwa-Ibom State in 1996. oil related disasters like the Jesse episode of 1998, in which 1,000 people lost their lives in common place. To make matter worst, people living in this region are mostly farmers and fishermen who live proceeds from their harvest and money they makes from the fish they catch and sell. The companies that explore oil in this area do not take into account the health of the people living in the communities where they do business. The government further aids these companies. The Ken Saro Wiwa case readily comes to mind. (Vanguard Newspapers September, 16 2002). Native of the area have to go to other places to get jobs, because the oil companies all give top flight jobs to foreign nationals and people from other parts of the country. (Nigerian Tribunal July, 8 2008).

4.3 REVENUE ALLOCATION IN NIGERIA, JUNE 1999

The revenue allocation formula as contained on the 1999 constitution listed the following six criteria as the basis upon which revenue is to be allocated to states from the federation accounts in that order. On the horizontal level population 40%. Equally of states 20%. Internal revenue generation effort 10% land mass 10% population density 10%, on the vertical level, on the other hand, the federation account is to be shared thus: "Federal government 48.5% "State government 24%, Local government 20%, Special funds 7.5% (Constitution of the federal republic of Nigeria section 162 Sub-section 2 paragraph A).

The following are some of the total revenue which each state receive from the federation account. For example: From June 1999 to May 2002, Adamawa got a total of N25,065,557,08.45, kano 3,544,441,087.67, Borno 2,759,093,020.63, where as a Niger Delta state like Ebonyi got N24,966,494,738.88. in February 2003 Adamawa got 1,179,284,708.61, Ebonyi got 1,063,450,226.83, Kano got 1,855,486,011.87, in 2004, February Adamawa got 1,209,328,965.26, Ebonyi got 1,202,681,220.91. [Office of the Accountant General of the federation Revenue Allocation Committee January 2004]. This disparities between some few Niger Delta states and some Northern states are what the agitators for resource control are talking about) that the revenue allocation formally gives precedence to criteria, which, according to Darah are "blatantly unfair". To Egwn, (2000) Ebonyi, needs a lot of development and she needs to get more money because the cost of erecting a structure like road in Ebonyi is about 5 times what is required to do same in say Sokoto or Zamrafa.

Alamieyeseigha, (2002), said that “.....Bayelsa state, for instance is 85% reverie. The terrain is terrible and bad. This the Niger Delta states see as cheating hence, their clamor for communities to control their resources. Kano has the highest number of local governments and so she has an allocation that is more than those of Delta state, Akwa-Ibom state.

A lot of question was raised that what have the Niger-Delta states done with all 13% derivation which has gone to these communities since the inception of this very present democratic dispensation, the arguments of this states is that the presence of underdevelopment or rather underdevelopment in most of the communalities is because the money which they get from the federation accounts is not enough to solve the numerous problems of the region. And that does the level of development in Delta, Akwa-Ibom, Rivers and Bayeisa for example, Match the billions allocated to these states? Why is it that communities in these states are still walloping in poverty despite the billions? What is happening to the 1.5% of the total money accruing to the federation, which is given to the Niger-Delta development commission (NDDC) for the upliftment and development of the oil producing gas as [OPA], Despite all these it been reported that in eight (8) years more than five Trillion Naira was given to Niger-Delta, but nothing was done with the money instead the elite that are clamoring for resource control Siphoned the huge amount of the money to their private pockets.

4.4. PRESENTATION OF THE RESOURCES CONTROL ARGUMENT

The proponents of resource control are of the position that no matter how much they get from the Nigerian federation, it is not too much; reason is because they produce

the bulk of the nation's resources and contributes over 90% to the gross earning of the country. Yet their community is underdeveloped: They are faced with the twin problem of environmental degradation and the problem of health hazards. Also, Nigeria does not practice true federalism, in a truly federal system; all the components control their own resources and then contribute to the centre. Example, U.S constitution give the states power to control their resource since the taxation is fund in the concurrent list. The states and local authorities' tax every corporation and business in their jurisdiction and use it for their own development; the same they argued also goes for resources. Also democracy allows for decentralization of powers northern states got shariah, so they should also be allowed to get what they wanted. The 13% derivation is not in the spirit of true federation, it is nothing but compensation, it is retribution and repatriation. The Niger-Delta states want to make Abuja, Kaduna's, Kano's and Lagos, of their cities before the oil well dries off. They are not to monopolize everything as they will give at least about 50% to 60% for the federal government and their states to share. At the long run it will be blessing to the entire country since it will bring it diversification of the economy. Other parts will now start tapping their numerous untapped resources and this will make the whole country better for all. After all when the price of cocoa and groundnut were soaring up in the 1950's and 1960's, the North West were enjoying the benefits of the derivation principle.

4.5 COUNTER-ARGUMENT

The North and West were once the main stay of the country and these regions never clamor for resource control.

Prof Aluko, argued there are no oil producing communities in Nigeria, but what we have are oil-endowed communities. This argument, is that the Niger-delta states did not put the oil there, but God in His infinite wisdom decided to put oil in their backyard not only this cocoa, cotton, groundnuts, rubber palm kernel are agricultural produce, these are crops which human effort have got to be applied on them before they can grow, so if the Northern states, Western state or the Eastern states call themselves producers, they are correct and so deserve to have the principle of derivation to take precedence in the revenue allocation criteria.

The South-South states on the other hand don't cultivate oil, in fact the federal government has indeed set up same structures to see to the upliftment of the living standard of the people in the area. Example of the oil minerals producing area development commission (OMPADEC) was set up by the Babangida administration to help bring it development to these areas. Elaigwn (1996).

And during Obasanjo (2000) Niger-Delta Development Commission (NDDC) was put in place for the upliftment of the living standard of people in the region. A lot of money has gone into the development of these regions but the elites of these region have siphoned and embezzled the money. Before the discovery of oil in Nigeria, the country relied on money from agricultural produce and the bulk of these, was provided by the North and West.

Oyovbaire, [1985], said we can vividly remember the groundnut pyramid in Kano, cotton production in Zaria, and of course the booming cocoa market. How do we explain resource control now?

Do we now tall these states that once fed the country provided even for the now "resource control clamoring state". That they should go are die because they do not have oil? In the 1950's to the 1970's before the oil boom, state, like Jos produced for the country tin and columbite. Enugu produced for the country coal, at one time coal export was Nigeria's major mineral commodity and the major foreign exchange earner for the country. There were also reported cases of environmental degradation pollution and allots of heaths hazards. Associated with the exploration of these resources, these state now also start clamoring for compensation in the version of the government should remit oil money she made from them back to them? Do states like Sokoto, Gombe, Jos and Enugu who have deposit of limestone also demand a full control of this? The various agitations by numbers of the benefit of the elites in the region and the clamour for resource control has so far been beneficial to the elites of this region (Dumoye 2002). event in the Niger-Delta by the militancy group have been proven that the elites in this region only use the neglect and underdevelopment nature of the communities as a bargaining point to make demands on the Nigerian state, when such demands yield dividends. They pocket the whole lot while the poor masses continue to wallop in poverty.

Government has indeed pumped money into these regions starting with the petroleum Act of (1969) which was enacted in order to compensate the communities in whose domain oil exploration takes place.

Then we had 1.5% (this was increased to 3% in 1992) for OMPADEC, the Niger-Delta development commission Act of 2001 which is also to use 1.5% of the total earring of the country in the development of oil producing communities the) section 162 sub-

section 2 of the 1999 constitution, provided for 13% deviation for resource endowed communities, whose resource accrues revenue to the federation account.

The Niger-Delta's call for resource control is nothing but a gambit which has political motives which is still unfolding. The federal government, as a matter of fact, is the uniting force of the Nigerian people because of the mutual suspicion and ethnic mistrust which the communities in Nigeria have on each other. According to Dumoye (2002), the ethnic nationalist are more in competition than cooperation among themselves, hence if given the chance they will break up. Therefore, resources of each ethnic group at this time will only bring about a repeat of the 1967-1970 episode in the political life of the disintegration of the country. Resource control will not bring about unity or peace but threat to the corporate existence of the country and can even lead to disintegration of the country. Even in the U.S, taxing jurisdictions is jointly shared between federal government and state/local governments on the other hand, (Dumoye, 2002). According to Ronald, (1984) the Federal Government share revenue to the state and local (1978) presented that the state governments and local governments have power to tax in their jurisdiction because of the responsibilities, which they carry. However, in the case of sensitive and important resources like oil for example in the case of Texas, which is oil endowed state, the federal uses her implied power to share substantively from the exploration of the mineral, though the mineral is in the jurisdiction of the state of Texas. (Darah, 2002). Not only these, if we look at the revenue allocation to each state from 2006 to 2008, we can attest that such amount of money if are not more than enough will never be other wise to South-South states, for example: In February, 2006 Bayelsa, got 7.899,470,135.31, Delta got 6,817,931,192.35, Ebonyi got

1,315,216,660.75, Rivers got 10,074,821,640.80, compared to let say Kebbi state 1,484,295,941.15, Bauchi unit 1,792,666,276.47 and Adamawa, 1,472, 258,842.09, in 2007 February, Rivers got 10,380,168,292.05, Delta 6,427,204,890.40 Bayelsa, got 5,624,281,952.46 and Ebonyi 1,539,886,847.38 while Kebbi got 1,648,664,608.05 Nassarawa got 1,405,746,550.69 and Borno got 2,007,731,579.53. In February 2008, Rivers got 12,509,447, 069.69, Delta got 5, 829, 331 329. 45, Bayelsa got 5, 808, 277, 72262 while kebbi got 1,810,856, 715.13 Gombe got 1,594,569,208.60 and Adamawa got 1,885,167,137.63. Source: office of the Accountant General the Federation.

This simply shows that due to this clamoring for resource control all the 13% derivation for the South-South states was given much consideration annually when it comes to allocation. For example, how can a state like, Rivers be given 12,509,447,069.67 while, Kebbi got 1,810,856,715.13, a difference of more than eleven Billion just in a year.

Apart from the chicks commission of 1953 and the Raisman commission of 1958, what we have in Nigeria is fiscal centralization. That is, the aggravation of revenue allocation and generation powers to federal government.

- (a) The federal government from 1946 till date controls all the major revenue yielding taxes in the country ranging from export duties to import duties, mining rents, custom duties, oil royalties, company tax and 80% of the value added tax. The states and local governments are left with the other little tax to utilize.
- (b) Nigeria's federal system is one in which levels of government are not coordinated. By the very nature of Nigeria federal arrangement, the centre is

designed to control power so as to hold the country together and ensure the cooperate existence of the country. Federalism in Nigeria was not a voluntary union by the people but imposed by an external superintending force, whose role, the federal government now plays.

- (c) The long years of military intervention in Nigeria has further consolidated the continuous aggravation of power to the federal government and this has affected revenue allocation on the country. The ministry has a command structures so the revenue allocation formula should be.
- (d) All the revenue allocation formula in the country has always been in favor of the federal government.
- (e) The principle of derivation and external revenue effort from the period when oil was beginning to be produced in commercial quantity started losing prominence. The various revenue allocation formulas after the Raisman Commission of 1958 de-emphasized the derivation principle.
- (f) Population and social needs after the military took over had dominated the criteria for revenue allocation in the country.
- (g) Oil is central to the survival of Nigerian state because Nigeria is a mono-cultural economy, hence oil is a double edged sword, i.e is the major source of revenue for the country and in the other hand, as from the early 1990's an instrument in the hands of the oil producing states to make demands on the Nigerian state.
- (h) The states and local governments depend on monthly subventions from the federal government in order to meet their needs and carry out their responsibilities.

- (i) The tenet of federalism does not obtain in the federal system as constituted and practiced in Nigeria.
- (j) States like Enugu and Jos, has also suffered environmental degradation and pollution in the past.
- (k) It is not true that these areas, (Niger-Delta) are neglected by the government. The government set up OMPADEC in 1991 and gave the body billions of Naira to develop these areas. Also, the NDDC, was set up for the same purpose, also billions of Naira have been released to the body, so the government have indeed expended billions on these areas, even not of recent, in the year (2008) federal government was trying to create, Ministry for Niger-Delta, so, the assertion that they are neglected and underdevelopment by the government is not correct.

Verification of Hypothesis

"The type of federalism! a country practice determine how her revenue are generated and allocated" Finding .(C) confirms this hypothesis. Federalism as practiced in Nigeria is one in which the British colonial masters conquered US separated and independent people and formed them into a country and then imposed upon them a centralized system. In the Nigeria federal system, the centre holds sways hence, a validitation of the hypothesis.

Hypothesis B

"Resource control can only succeed in a country which practices the tenets of federalism, which presupposed that levels of government should be contributing, coordinated and financially autonomous from one another", Findings a, b, c, d, e

confirms this hypothesis. In the Nigerian federal system, the federal government is superior to the other levels and the components are financially dependent on the federal government, who is the controller and distributor of the revenue base of the country.

Hypothesis

"Given the history of fiscal federalism in Nigeria, resource control by the component units is not politically easy to succeed". Findings e, f, I, and J confirm this hypothesis.

CHAPTER FIVE

5.1 SUMMARY OF THE WORK

The aim of this work is to look critically at the issue of resource control and the federal system as practiced in Nigeria and to see if the type of federalism that we practice in Nigeria will allow for the practice or operation of resource control by the component units. Furthermore this work is set forth to look at the problems that confront the operation of resource control and the prospects if any for resource control as championed by the south-south geo-political zone. In order to deal with the issue squarely, chapter one, (under aims and objectives) explained the following: examine the revenue allocation formula in Nigeria, examine the sharing for the tax burden and taxing jurisdiction between the federal, state and local governments, examine and evaluate the contention of those clamoring for resource control and lastly see the feasibility or obstacle to resource control in Nigeria. It was glaring that the south-south states were not happy with the revenue allocation formula as contained in the 1999 constitution, most especially the provision in section: 162, particularly as it concerns the calculation of 13% derivation fund accruing to them in the oil produced on shore. They decry the inshore/offshore dichotomy and wanted it abrogation hence the clamor for the right to control their oil. Chapter four, presented the argument of the proponents of resource control and the real motives behind the clamor resource control which is a political gambit. The south-south states add more pressure to the existing clamoring for resource when Core Northern states introduced the Shariah legal system unabated. Resource control is politics, it is nothing but a mere clamor by the south-south states to get a better deal from the next revenue allocation formula and all indications points to this direction. The Obasanjo,

administration, has sent a bill to the National Assembly seeking an extension of the on-shore from 10 nautical miles, to 12 nautical miles from the low water mark and conceding some oil wells to the oil producing states in the process. This bill has been sent to the National Assembly and deliberation on it has since then remain silence.

Federalism and resource control in Nigeria, has for long hindered the developmental process of the country. This is because the federalism that Nigeria is practicing, did not reflect the true tenet of. Federalism as it is practiced in developed countries. The reason for this, has to be seen from the way Nigeria was created. That is different: societies, kingdoms, empires that are incomparable to one another were amalgamated. For that, the practice of federalism in Nigeria, was said to be marriage of inconveniency and as such, resulted into serious clamor for resource control in the south-south region.

5.2 RECOMMENDATIONS

Nigeria is not yet developed to the stage in which component units will be given power to control their resources. This will inevitably lead to disintegration of the country as the various ethnic groups in the country are yet to see themselves as one and united, the unity and cooperate existence of the country lies with the federal government. In the light of the above, here are some recommendations to serve as a panacea to the problems of resources control in Nigeria.

- (1) A restructuring of Nigeria federal system to conform with the tenets of true federalism. This should be down by designing the model that best suit this country (Nigeria) not adopting western model of federalism as practiced like in U.S.

- (2) A reduction of the responsibility and function of the federal government and reduction of the federal governments share in the federation accounts.
- (3) The principle of derivation and internal generation effort should take precedence in the horizontal division or sharing of revenue among local and state governments.
- (4) The principle of derivation as contained in section 162, sub-section 2, of the 1999 constitution should be increased to 25% and should apply to all resources that contribute to the federation accounts both natural like agricultural produce, fishing e.t.c. and infrastructure. (1999 constitution: section 162 sub section 2).
- (5) Sound education is also necessary for the Nigerians especially the militants groups in the south-south region who knows nothing other than movement towards the emancipation of the Niger-Delta ignoring other parts of the country.
- (6) There is a need to sensitize or provide Nigerians with education of brotherhood which can be done either in mass media or to collaborate with: Chiefs, Emirs etc. or it should be serve as general studies both at the secondary and tertiary institutions.
- (7) Nigerians should be committed in electing leaders that have feeling of humanity at heart (Justice, Transparency, etc.) and avoid those that are corrupt, ignorant and capitalist oriented, not only this, masses or Nigerians have to join their hands and be honest to whatever they engage themselves in if true federalism is to be achieved in Nigeria.

REFERENCES

- Adebayo, A. (1969). *Nigeria Federal finance* Hutchinson press, London.
- Adebayo, A. (1969). *Nigeria Federal Financial*. Hutchinson Press, London. Africa Today, September 2001 Edition, No. 9, Vol. 15
- Akinyemi, B. et.al (1979). *Reading on Federalism*. Nigerian Institute of International Affairs, Lagos.
- Alaigunu, I.S. (1994). "The Nigerian Federalism, its Foundations and Future Perspectives" A publication of the National council on Inter-Governmental Relation (NCIR). Abuja, Nigeria.
- Amuwo, K. and Harcourt, G. (1978). *Federalism and Political Restructuring in Nigerian* Spectrum books, Ibadan.
- Analysis Vol.1, July 2002.
- Analysis Vol.1, No.2, August 2002.
- Awa, E.O. (1964). *Federal Government in Nigeria*. University of California Press, California.
- Constitution of the Federal Republic of Nigeria, 1999.
- Darah, G.G (2001) "Niger-Delta" The case for Federalism and Resource Control, being a Lecture Delivered at the launching of Ilorin Vanguard, London Branch on 12th of August.
- Dumoye, A.R. (2002) "Resource Control: Which way Forward". In the New Slattern of Social, *Science, academy of Nigeria*, Vol. 5, No.1, March.
- Elaigun S. et al (1996) federalism and nation building in Nigeria a NCIR 7B Gashasha Estate of Ibrahim Babangida Drives, Presidential Villa way, Asokoro Abuja.
- Elaigun, I.S et al. (1996). *Federalism and Nation Building LQ Nigeria (The Challenges of the 21st)* Publication of the. National Council on Inter-Governmental Relations (NCIR) Abuja.
- Elazor, D.J. (1966). *American Federalism: A view from the state*. Crowed publishers, New York.
- Etziont, A. (1962) "A paradigm for the Study of political Unification" in *World Pointers*, Vol. 15, NO. 1 October 1962.
- Friedrich, Z.C,(1963)"new tendencies in Federal Theory and practice". S. paper Presented at the Sixth World conference on International political science Association.

- Graham, F.J. (1963). *Fiscal Adjustment and Economic Development: A case Study of NOVASCOTIE* University of Toronto Press, Toronto.
- Hazem, B. and Glacome, L. (1987). *The Rentier Economy*. Croom Helm Publishers, Malaysia.
- Livingstone, S.W. (1952) "A note on the Nature of federalism", *Political Science Quarterly*, Vol. LXD, N0.2, March 1952.
- Oyovbaire, S.E (1985). *Federalism in Nigeria* Macmillan publishers Lagos.
- Oyovbaire, S.E. (1985). *Federalism in Nigeria*. Macmillan Publishers, Lagos\Phillips, A. "Nigeria Federal Financial Experience" in *Journal of Modern African Studies*, Vol. 9, N0.3.
- Phillips, A. (1971) "Nigeria Federal Financial experience" by *Journal of modern African studies*, Vol. 9, No. 3 1971.
- Pious- M.R (1986). *American politics and Governing*. McGraw-Hill Book Company, New York.
- Pynn, E.R (1984). *American Polities: Challenging Expectations*: Cole Publishing Company.
- Ronald (1984, *Administration in Federal System*, London Hutchinson educational limited.
- Sagay (2001), "*How a true federal system should run*" the nation Lagos, Vintage press limited.
- Whxare K.C (1946). *The federal government first edition*. Oxford University, press, London.
- Yehezkel Kaurmann (1960), *Federalism theory and Application* vol. 1 HSRC RGN Published vitgrewery