

Natural Resource Distribution, Agitation for Resource Control Right and the Practice of Federalism in Nigeria

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INTRODUCTION / HISTORICAL BACKGROUND

The building of the entity called Nigeria today began on May 1, 1906 when the colonies and protectorates of both Lagos and the Southern Nigeria were amalgamated by Sir Walter Egerton. The second phase was the amalgamation (based on the Selbourne Committee's recommendation) of the Southern and Northern Colonies and Protectorates on January 1, 1914 by Frederick Lugard to form what is known as Nigeria today. Before this period, inhabitants were scattered all over the place in different tribes and kingdoms existing under traditional political and administrative institutions through which their affairs were conducted and regulated. These traditional politico-administrative systems and institutions varied from one part of the country to another because of well over 400 ethnic groups (Kirk-Greene, 1967) that are inhabiting the land area. The three dominant ethnic groups are the Hausa-Fulani in the North, Yoruba in the West, Ibo in the East and the Edo in the Mid-west. The diverse nature of these ethnic groups has always been a curse for Nigeria because the relationship has always been a thorny one, the foundation of what was built by the said amalgamation(s). This relationship is being traced to the amalgamation partly because of the irreconcilable differences in vision, religion, ethnic traits, culture, resource-endowment, character, linguistic and development of the ethnics. The second reason can be seen in the fact that the hallmark of such co-existence is the idea of a treaty and unfortunately the Nigerian state was built without one.

As a result of the amalgamation, the north and the south were divided into provinces to facilitate the administration of the country, each under a Provincial Resident. He was acting then as mere representative of a higher authority. Thus, between 1914 and 1946, one could say that a unitary system of administration was in force in Nigeria. This was the situation until the 1946 Constitution (otherwise called Richard

Constitution) was drawn regionalising the country into Western, Northern and Eastern regions for administrative convenience. The earlier governors merely zoned Nigeria into three, namely the Northern, Western, and Eastern provinces but did not constitute them into regional governments. The Nigerian Nationalists picked some holes in the Constitution which led to the Ibadan General Conference of 1950 as inaugurated by Sir John Macpherson who succeeded Governor Richards in 1948. The conference consisted of representatives of many sections and interests in the country to deliberate on the type of government they wanted. This led to the Macpherson Constitution of 1951 retaining the regional governments and creating Regional Houses of Assembly to work with the Regional Executive Councils made up of the Lieutenant-Governors and their top officials. One of the serious defects in the constitution was in frequent frictions between the Governors and the elected members of the House of Assembly. This also led to the 1953 London Constitutional Conference as attended by top Nigerian political functionaries and the British Government. The Conference formed the foundation for drawing up the 1954 Constitution, establishing a federal system of government, with the three regions forming the units of the federation. Olisa et al. (1991) listed the principal provisions of the constitution as including:

- a. A federal system of government with the three regions forming the units of the federation.
- b. Matters on which the central and regional governments could legislate on were classified into three: an Exclusive legislative list, a Concurrent legislative list, and a Residual legislative list. The Exclusive list was for the Federal Government only, the Concurrent list for both federal and regional governments and the Residual list was only for the regions.
- c. Membership of the Central legislative (i.e.

House of Representative) was also increased from 148 to 184 and members were now to be elected directly by voters and no more on the floor of the regional House of Assembly.

- d. Three regional Premiers were created.
- e. Regional Public Services, regional judiciaries and regional marketing boards were created.
- f. The Central Chief Executive became designated Governor-General while the former regional lieutenant-governors became governors.
- g. Lagos was separated from the former Western Region and renamed Federal Capital Territory.
- h. The two Cameroons, i.e. Northern and Southern, still remained part of Nigeria but as a semi-federal territory.

In addition to all above, it was decided at the Constitutional Conference that any of the regions could be given self-government in 1956 if it requested for it. By 1957, the Western and Eastern Regions had become self-governing at their requests. The Northern Region on the other hand wanted self-government in 1959.

There were series of constitutional modifications before finally gaining her independence on October 1st, 1960. Since this time, because of the ethnic diversity, Nigeria has been battling with a lot of constitutional and political problems. The struggle for power and the issue of ethnic rivalry were among other compelling problems that led to the fall of the republics put in place after independence. While some ethnic nationals complain of unjust neglect and discrimination by the Federal Government, some others complain of marginalisation in the areas of appointment of people into federal positions, distribution of political institutions, location of basic infrastructures, exploitation of natural resources, non-true federalism (being practised) denying ethnic groups (or states) enough political space to feel free, unique and important in the evolution of truly cooperative federalism, and lastly the share of Central Pool Account (Popularly called Federation Account) and tax jurisdiction to mention a few. All these and some others summed together led to the calls for a fundamental restructuring of Nigeria and the restoration of true federal principles to curb the

attendant conflicts, and of recent the agitation for Resource Control right.

NATURAL RESOURCE DISTRIBUTION AND AGITATION FOR RESOURCE CONTROL RIGHT

The word "resource" can simply be interpreted to mean the wealth, supplies of goods, raw materials, minerals, etc., which a person or a country has or can use for development or production (Advanced Learner's Dictionary of Current English, 1962: 838). Resources can be classified broadly into Human and Natural Resources. Going by the areas of interest, our concern shall be in the latter. In a narrower sense, natural resources can be defined as all those things available to man as "gifts of nature". Natural resources are either renewable or non-renewable but include mineral resources, water resources, agricultural resources, forest resources, and atmospheric resources. According to Barlowe (1978: 228) resources, or what he referred to as land resources, can be classified based on the relative renewability of the resource, and thereby obtaining three principal resources: fund resources, flow resources, and a composite group of resources that has some characteristics of both fund and flow resources. The fund (or stock) resources which Barlowe described as including resources like metals, mineral fuels, coal, stone, and so on, are the most relevant to this work. The total supply of these resources is relatively fixed and non-renewable/non-replaceable, he added. The concept of flow resources applies to resources such as precipitation, the water in streams and lakes, sunlight, wind, tides, and climate, the flow of which continues whether or not the resources are used. These are said to be renewable, but must be used as they become available; and failure to do so amounts to permanent loss of the value they could have had. Under the composite group of resources are subclasses like biological resources, soil resources and man-made improvements such as buildings, reservoirs, or highways, he added. All the links between economic activity and the natural environment involve the use of natural resources. At another instance Barlowe described Natural resources as productive assets which support eco-

Table 1: State by State assessment of Nigeria's natural resources

<i>State</i>	<i>Solid Minerals</i>	<i>Agric./Agro Allied</i>	<i>Oil & Gas</i>	<i>Industrial Potentials</i>
Abia	Brine, Iron ore, Lignite Kaolin, Clay	Cowpeas, Soyabeans, Rice, Maize, Cassava, Oil Palm Cocoa, Rubber, Fruits	Petroleum & Gas	Ceramic, Cosmetic Plastic, Petroleum & Gas Industries
Abuja	Marble, Kaolin, Clay, tin, Lead, Zinc	Yam, Cassava, Maize Beans and Fruits	-	Food Processing and manufact. Industries
Adamawa	Barytes, Salt, Calciumlaterites, Marble, Gypsum, Clay	Guinea-Corn, Sugarcane, Yam, Cassava, Maize, Millet, rice, Milk, Cheese, Cotton, Groundnuts	-	Agricultural processing industries
Akwa Ibom	Clay, Glass, Sand beutonite	Coconut, Cocoa, Rubber, Raffia palm, Coffee, Oil Palm	Crude oil and Natural gas	Agricultural processing, Oil & Gas industries
Anambra	Kaolin, Limestone, Marble	Rice, Yam, Cassava	Crude oil reserve	Oil & Gas industries
Bauchi	Limestone, Columbite, Iron ore, Tin, Kaolin	Sugarcane, Maize, Groundnuts, Millet, Guinea corn, Cotton, Rice	Crude oil (under survey)	Limestone, Ceramic industry
Bayelsa	-	Plantain, Banana, Cassava, Yam, Cocoyam	Crude oil and gas	Oil & Petrochemical
Benue	Tin, Columbite, Kaolin, Gypsum	Yam, Rice, Maize, Sorghum, Millet and Fruits	-	Food canning/cement
Borno	Gypsum, Iron ore, Feldspar, Limestone, clay	Millet, Wheat, Arabic gum, Hides & Skins	-	Soda ash, leather industries
Cross river	Limestone, Baryte, Uranium, Bentonite	Rubber, Cocoa, Oil Palm, Cassava, rice, fruits	-	Agric & Fishing
Delta	Lignite, Gypsum, Tar Sand, Silica	Palm oil, Kernel, Cassava, Rubber and Timber	Crude Oil and Gas	Petrochemical, Oil & Wood processing.
Ebonyi	Salt, Limestone, Lead, Zinc, Gypsum	Yam, Rice, Cassava, Maize, Soyabeans	-	Mining, food processing
Edo	Gypsum, Tar sand, Lignite, Marble	Cassava, Yam, Gari, Plantain, Rubber	Oil & Gas reserve	Oil & Gas Industries, Cement, Food & Rubber processing
Ekiti	Tantalite, Quarta, Kaolin, Sand, Clay, Gold, Feldspar	Cocoa, Timber, Palm produce	-	Food & canning, wood processing
Enugu	Coal, Clay, Limestone, Silica, Iron ore, Lead	Oil Palm, Cassava, Rice, Maize, Yam	-	Ceramic, Pottery, Mining
Gombe	Gypsum, Columbite, Lead, Zinc, tin, Iron ore, Clay	Maize, Beans, Groundnuts, Millet, Cotton, Rice, Sugarcane	-	Cotton, cement work
Imo	Limestone, Lead, Zinc, Ore, Kaolin, Clay	Oil palm, Cassava, Cashew	Crude oil	Food processing, oil & gas Industry.
Jigawa	Kaolin, Tourmaline, Copper, Iron ore, clay	Groundnut, Cassava, Wheat, Millet	-	Agro & Food based, Mining, Limestone work

Table 1: Contd.....

<i>State</i>	<i>Solid Minerals</i>	<i>Agric./Agro Allied</i>	<i>Oil & Gas</i>	<i>Industrial Potentials</i>
Kaduna	Gold, Gemstone, Talc, Zinc, Clay, Iron ore	Wheat, Millet, Rice, Beans, Potatoes	-	Food processing, Fertilizer industries.
Kano	Tin, Zinc, Lead, Clay, Copper, Kaolin	Onions, Groundnut, Rice, Maize, Wheat	-	Food processing work
Katsina	Marble, Kaolin, Feldspar, Iron ore	Guinea Corn, Groundnut, Millet, Wheat, Maize, rice, Cotton	-	Flourmill, meat processing
Kebbi	Kaolin, Salt, Clay, Limestone, Iron ore	Millet, Guinea corn, Maize, Ginger, Bears fruits	-	Groundnut mills, leather industries.
Kogi	Limestone, Clay, Gold, Iron ore, Coal Marble	Yam, Cassava, Rice, Maize, Coffee, Cashew	-	Ore mining, Cement industries.
Kwara	Iron ore, Marble, limestone, Clay, Feldspar	Yam, Cassava, maize	-	Mining, Food processing
Lagos	Iron ore, Marble, Limestone, Clay, Feldspar	Fish, Coconut	Crude oil	Food processing, oil & gas, paper mill
Nasarawa	Iron ore, Marble, Coal, Lead, Zinc Tin	Rice, Yam, Maize, Cotton	-	Agro Allied industries
Niger	Glass, Gold, Iron ore	Corn, Rice, Yam	-	Energy, Mining
Ogun	Limestone, Chalk, Clay, Kaolin, Phosphate, Tar Sand	Rice, Maize, Beans, palm produce, Cocoa, Rubber	-	Food processing, Mining
Ondo	Bitumen, Limestone, Kaolin, Iron ore	Timber, Palm, produce Cocoa, Kolanut	Crude oil	Oil & Gas, Wood, Food processing
Osun	Gold, Clay, Limestone, Kaolin, Granite	Cocoa, Kolanut, Rice, Maize	-	Food processing
Oyo	Dolomite, Kaolin, Marble, Iron ore, Clay, Gemstone	Cocoa, Palm produce, Kolanut, Cashew, Maize, Cassava	-	Mining, Food processing
Rivers	Silica, Sand, Clay	Palm oil, Fish, Cassava, Fruits	Crude oil & Natural gas	Oil industries, petrochemicals, glass works
Sokoto	Kaolin, Gypsum, Salt, Marble, Limestone, Gold	Rice, Wheat, Millet, Groundnut	-	Food processing, Cement industry
Taraba	Baryte, Bauxite, Iron ore	Rice, Guinea Corn, Yam, Cassava, Fruits	-	Food processing, canning
Yobe	Arabic Gum, Gypsum, Limestone, Clay, Kaolin	Cotton, Groundnut, Millet, Maize	-	Food processing
Zamfara	Gold, Mica	Rice Maize, Guinea Corn	-	Food processing.

Source: *The Week*, April 30, 2001 Page 13

conomic development and sustain human populations.

In terms of mineral resources potential, Nigeria is one of the richest countries in Africa (Table 1) with known deposits of tin, columbite, tantalite, wolfram, gold, lead-zinc, limestone, kaolin, clay, shale, marble, radio-active minerals,

baryles, cassiterite, coal, lignite, petroleum, natural gas and hydro-electric power (Aluko, 1971). Many of these are classified and assessed state-by-state as presented on the above table.

The abundance of these and many others, especially petroleum, has become a double-edged sword being the mainstay of the Nigerian

economy on one hand, and source of ethnic conflicts as well as environmental problems on the other hand. No doubt, on the one hand, it provides the necessary resources for the country, while on the other hand it is creating social, political and environmental problems. As it is causing environmental problems for the oil producing communities, the country has not witnessed peace for decades especially in the struggle for economic power among the constituent units derivable from the control of petroleum resources between the producing communities on the one hand and the state / federal (government) and the non-producing areas on the other hand. These and many others have led to the agitation for resource control right by the southern states, as spearheaded by their governors.

In Nigerian context, the term "Resource Control" means the right of a community to a measure of control of its natural resources, the usage relating more to crude oil. Resource control is all about the demand by the littoral states and other southern states of Nigeria (where the nation's resources are derived) to be allowed to be controlling/ managing the revenue accruing from the oil and other natural resources in line with the tenets of true federalism. By this, each state would have a full control of its resources and contribute an agreed percentage towards the maintenance of common services of the government at the centre as the case was in the first republic and as it is being practised in the places like Canada, Switzerland, France, and even United States of America where Nigeria copied her system of governance.

The agitation has become a major subject of debate today, especially since the Supreme Court's judgement on the politicised on-shore/off-shore dichotomy. The standing points of the Northern and Southern regions on the subject of resource control have been different. While the southerners, as represented by their seventeen (17) governors are agitating for its enforcement, the Northerners, also as represented by their governors have strongly opposed the move. While the southerners' agitation is guided by their realisation of the need to practise true federalism (granting autonomy to constituent units, fiscal inclusive), they are also of the view that the practice of a highly centralised fiscal federalism is a feature of the military that has been enforced over the years by military coercion

which is not relevant in a democratic set-up. That the core oil producing areas are the least developed part of the country is yet another reason. On the other hand, the Northerners believe it will be a move towards disintegrating Nigeria. By this, they differ in their definition of true federalism. They are of the belief that the two regions are interdependent and complementary, more so that they have also contributed immensely to the economic base of the country when the economy was agrarian in nature. On the whole, the move was described as unconstitutional as it could result in breaking up the country as some federating units could become so powerful as to declaring independence for themselves, thereby threatening the peace and stability of the country.

Using Dunmoye (2002: 51) as guide, the clamour for resource control can be said to be traceable to

- (a) the injustice and inequality that characterise the distribution of natural resources, particularly oil revenue
- (b) the jettisoning of derivation as a fundamental principle of revenue allocation which reduced the amount of funds going to the pauperised oil producing areas as of right
- (c) the lack of infrastructural development in Nigeria at large, but in the oil producing areas in particular
- (d) the introduction of sharia judicial system by a few Northern states which was seen by the Southern states as a major test for the federal constitution. Demand for resource control is, therefore, an indirect constitutional cum economic response to the introduction of sharia.
- (e) the systematic destruction of the ecosystem in the oil producing areas which led to environmental degradation, pollution, acid rain and the attendant unemployment and mass poverty.
- (f) failure of the multinational oil companies to contribute to the social and economic development of the oil producing states.
- (g) the activities of ethnic militants made up of unemployed youths in the oil producing communities who are exerting pressure on their political and traditional leaders, thus necessitating political actions.
- (h) the new democratic dispensation which allows for overt airing of grievances which were violently suppressed under military

rule.

- (i) the impending election of 2003, with the demand for resource control as an instrument of political mobilisation in the oil producing South-South geo- political zone.

All these factors above (combined) were said to have made the agitation controversial and constitutional. The neglect of the oil mineral producing areas as well as the near jettisoning of the derivation principle in revenue sharing are said to be tantamount to acute injustice.

These standing points have put the federal government in a state of dilemma. The agitation for resource control right created dangerous dimensions to the survival of the nation, more so that the division is primarily along geo- ethnic lines. This led the federal government to institute a suit at the Supreme Court, joining all the states of the federation as defendants for the interpretation of section 162 of the 1999 Constitution of the Federal Republic of Nigeria. Several issues were raised both by the plaintiff and the defendants, especially the eight (8) Littoral states (i.e states bounded by the sea) of Akwa- Ibom, Bayelsa, Cross River, Delta, Lagos, Ogun, Ondo and Rivers as to the southern (or seaward) boundary of each of these states. Counter- claims were also raised by some states which led to the following among other issues:

- whether it is lawful for federal Government to first make first charges before sharing the balance.
- whether it is lawful for the federal Government to appropriate 1% of the Federation Account to the Federal Capital Territory (FCT)
- whether it is lawful for the allocation intended for local governments or for purpose of primary education be paid to any person or authority other than the state government
- what the procedure is for making provision for the formula for distributing the amount standing to the credit of the Federation Account pursuant to section 162 of the constitution.

The judgment of the Supreme Court further complicated the problems of the Nigerian federation. Though the Federal government was the plaintiff in the Resource Control suit, its prayers were granted by the Supreme Court declaring it as the rightful owner of the resources in littoral waters, through its on-shore / off-shore

dichotomy, the Federal government on the whole is the greatest loser. The two areas that come to mind here include outlawing of the 1% it has been unilaterally allocating to the FCT and the power to make first charges from the Federation Account. Apart from these, the judgment with respect to the on-shore / off-shore dichotomy further worsen the fragile relationship between the oil producing states and the Federal / non-oil producing states. The danger of the judgment on the Nigerian Federation was thereafter realised and political solution to the problem was conceived by the Federal Government. This was capped with a bill sponsored to the Legislative houses to abrogate the on-shore / off-shore dichotomy. The bill was speedily passed by the houses abrogating the dichotomy. After months of passing the bill, the President is yet to append his signature to become operational (the situation as at April 2003).

GRANTING RESOURCE CONTROL RIGHT AND THE PRACTICE OF FEDERALISM IN NIGERIA

The concern of this work is to support the granting of resource control right to the constituent units within the Nigerian federation.

The Nigerian federation is made up of over 400 ethnic groups (Kirk-Greene) and as at the time when Nigerian federation was designed via 1954 Constitution, it was a baby of necessity. This is so because a federation is usually viewed as a form of governmental institutional structure deliberately designed to cope with twin, but difficult task of maintaining unity while also preserving diversity (Jinadu, 1979: 15). The federal model is particularly appropriate to countries with diverse cultures, (and religions, ethnic traits, vision, resource-endowment, character and so on) (like Nigeria), and one of its essential elements is that it institutionalises social divisions by creating mechanisms for the articulation of such diversity in the hope of forging unity through diversity (Olowu, 1995).

Simply given, federalism is the method of dividing powers so that the general and regional governments are each, with a sphere, coordinate and independent (Wheare, 1963: 10). He then listed the following as attributes of federalism: the division of powers among the levels of government; written constitution showing this division; each component government must be

independent within its own sphere of competence; the constitution not amendable by one level of government alone, and lastly, the existence of a supreme court to act as an umpire. Although out of about twenty-two (22) federations in the world, none can be said to have conformed completely to Kenneth Wheare's model, one can deduce from the foregoing that non-centralisation of powers, be it political, administrative or fiscal, goes with a federal system of government. Political federalism is concerned with the division of powers among the tiers of government where the tiers are each within a sphere, coordinate and interdependent (Oates, 1972: 16; Asobie, 1998: 15). On the other hand, Administrative federalism has to do with the delegation of functions to lower levels of government. The third form, which is the most relevant to this work, is fiscal federalism, also referred to as intergovernmental fiscal relations between and among the units of government in a federal system. In the words of Oates (1972: 16-20) and Tanzi (1995: 297), fiscal federalism is about the allocation of government spending and resources to the tiers of government. It is all about fiscal decentralisation which occurs when lower levels of government have statutory powers to raise (some) taxes and carry out spending activities within specified legal criteria, to prevent vitiating a viable federation.

If this non-centralisation feature of federalism is anything to go by, the posture of Nigerian government(s) by which powers including its fiscal allies cum the control of natural resources (situated in the states/communities), are centralised to the federal level attracts attention. This centralisation, which began on January 15, 1966 at the termination of the first republic, resulted in excess liquidity at the centre and which has in turn kindled being keen for power and influence among the regional blocs and power caucuses.

Decentralising the Control of Natural Resources

To this point, we have successfully introduced the theme of this work. Attempt shall be made from this point to justify the need to grant the control of natural resources to the constituent units where they are located. As Dunmoye (2002) has rightly said, there is no gainsaying the fact that the oil producing states have the constitutional right to demand for resource control. It is

a political as well as a constitutional issue, he added. It is also a kind of situation whereby the Nigerian fragile federation is finding itself in a level field for re-examination. Since that 1966, the kind of federalism we have been practising in Nigeria has been unitary in nature ; with the federal government holding other units as mere vassals with virtually no power for self-determination. The decentralisation of control over natural resources will solve this problem.

The Nigerian economy has been monolithic in nature despite the varieties of natural resources that are found across the country (see appendix). The sustainability of Nigeria is in danger by depending on one product (oil) to sustain her economy as this oil is not inexhaustible. Even, that it is now being depended upon solely is because of its importance in the world economy. Also, that it is assuming such a position in the world economy today does not mean it will continue to be so more so that the developed countries improve upon their technology almost every day. This reminds us of a point in the history of Nigeria when it was Tin, Cotton, Cocoa, Groundnut, Oil palm and Rubber, today it is crude oil, and only God knows what it will be tomorrow upon which Nigeria will depend. Granting control of resources to the constituent units will mean encouraging each unit to exploit and develop the resources in each area. It will mean diversifying the economy, which the world bodies like World Bank, have been suggesting to Nigeria as a solution to her economic problem. The present arrangement under which the future of the country is tied to the "petrodollar" revenue is not healthy.

Apart from this, the very day the control of resources is granted to the constituent units means the beginning of true federalism in Nigeria as agreed upon in 1954. The present control pattern is not in line with what the agreement says as the federal government is arrogating too much power to itself. In a nutshell, federalism will be one of the principal winners the very day such control is granted. The Nigeria's bastardised federalism has worsened its affliction with the "Dutch disease"-a condition in which a country that is rich resource-wise has continued to be lazy and imprudent.

Granting the right to control resources to the constituent units is a move towards ensuring economic viability of most of the units under the two lower tiers. The present intergovern-

mental fiscal relations, otherwise known as fiscal federalism, have always been in favour of the federal government, especially since 1970 when Decree Number 13 was promulgated. In other words, the lower tiers of government have been experiencing both vertical and horizontal fiscal imbalances as well as fiscal mismatch between their expenditure responsibilities and their revenue raising capabilities (Ashwe, 1986: 82). These combined together have been threatening the economic viability of the state and local governments which only decentralised right to control resources can solve. The present arrangement whereby the two lower levels of government are almost depending only on the revenue allocated to them from the Federation Account is unhealthy. This is apart from the fact that what they even receive from the said Federation Account is grossly inadequate to match their constitutionally assigned responsibilities. This is the reason why it has been difficult to arrive at an acceptable revenue sharing formula. To date, nineteen attempts have been made in the history of Nigeria to evolve a formula acceptable to all but to no avail more so that the Federal Government has, especially from 1970, always been placing enormous resources at its disposal under the guise of national unity. To worsen the situation, the Military government introduced in 1989 what is known as "First Charges", meaning a portion of the Federation Account which is first deducted before sharing the balance with the other levels. Closely related to this is tax assignment or tax jurisdiction which is basically about the level of government that should tax what and how. This has three main attributes, namely; power to legislate and set rates, the power of administration, and the right to revenue collected. In the words of Olowononi (1994: 194) the major revenue heads account for about 80 per cent of total national recurrent revenues falling under the legislative and administrative jurisdiction of the federal government while the less productive and less buoyant sources are devolved to the fiscal jurisdiction of state and local governments. These two, i.e revenue sharing and tax assignment/jurisdiction, are major sources of conflict and basis (partly) for the recent agitation of some federating units for resource control.

The growth of the activities of ethnic militants and ethnic conflicts is no news in the history of Nigeria today. The growth is traceable

to their disaffection with the practice of federalism and its corollary fiscal federalism in Nigeria as well as the systematic destruction of the ecosystem in the oil producing areas which led to environmental degradation, pollution, and such other related problems. The present democratic government of president Olusegun Obasanjo was shaken to its marrow by the militants' activities on assumption of office in 1999 which led to passing into law the Niger Delta Development Commission (NDDC) Bill sometimes in year 2000. The multi-national oil companies also bear their own brunt of the militants' activities, meaning a threat to the Nigerian economy. The agitation, by implication, concerns financial autonomy, which can only be tackled by granting control right of resources to the constituent units. This is more so that the federal government has failed as a state in addressing infrastructural development in Nigeria at large and in the oil producing communities in particular.

In the political sphere, the stability of our political entity called Nigeria is being threatened because of the centre that is too powerful politically and economically. This is so because of the ethnic groups that are always desperate to enthrone their kinsmen as president. This situation is understandable, the direction of the flow of national wealth is often dictated by the way of political power. In order to enjoy the national cake often depends on the power base. Granting resource control rights to the units is a step towards reducing the 'mad rush' as it will mean a weaker centre, granting the units freedom to develop at their pace rather than existing at the mercy of the federal government. This will be a way out more so that a section of the country is working towards jettisoning the rotational system (agreed upon) along the six (6) geo-political zones.

So far, we have been able to justify the need to permit the constituent (lower) units to exploit and develop the natural resources in their areas and contribute an agreed percentage of the revenue so generated to the federal government.

In the alternative, the federal government must take the following steps:

- (a) The pre-military era of 1966 when derivation principle was prominent in the revenue sharing must be returned to. This is necessary as the agitation for resource control right is an indirect way of demanding for

enhanced derivation principle. This should not be controversial at all as it seems to be the best of all the principles for now because there is no region that is not blessed with at least one natural resource or the other if only the units will be willing to exploit them.

- (b) The agitation for resource control is a response to the failure of the state or federal government in providing and developing social infrastructures. The state should wake up to its legitimate social roles by embarking on infrastructural development (fairly distributed) and people-oriented policies and programmes.
- (c) There is need to re-examine the fiscal relations among the tiers of government, especially that is highly centralised to the centre as can be seen in the share of Federation Account, assignment of tax jurisdiction and the combination of these that affects (negatively) both the revenue and expenditure structures of the two lower levels. The present arrangement is lopsided and is likely to threaten the viability of many states. The revenue formula must be revised to give the deserved attention to the oil producing states. A situation whereby everything is being done by a section of the country to eliminate "Derivation" as a factor for sharing revenue only to encourage the use of more controversial factors like population and land mass is highly disheartening and unhealthy.
- (d) From (c) above, there is need to stop forthwith the practice of deducting "First Charges" which the military introduced in 1989 by which the federal military government unilaterally allocated a substantial portion of it to itself for purposes described as national projects before the rest of the revenues are paid into the distributable pool (Federation Account). Such deductions have been described in many quarters as abuse of office in a federation. The Supreme Court judgement on resource control suit also outlawed the act.
- (e) Also, from (c) above, buying the ideas of Osagie in one of his presentations in 1992 the content of the Federation Account needs be reviewed because there are still many leakages. For example, (i) the gas production and export should be accounted for separately from the sale of crude oil, (ii) the sur-

pluses recorded by the CBN and other parastatals like NNPC, NITEL, NEPA, etc, and dividends accruing from public sector investments should be paid into the Federation Account and lastly (iii) the Federation Account should be properly credited when the Federal Government uses crude oil to pay for capital projects executed by the foreign contractors (common to military regimes).

- (f) Also from (c) above, there is need to revisit the revenue sharing (Horizontal) principles like the present Equality (40%), Population (30%), Landmass (10%), Level of social development (10%) and Internal revenue Effort (10%). The belief in many quarters is that the principle of Equality of states is meaningless except as a political or legal concept. This is so because the states are not equal in any economic sense (Philips, 1975 & 1980). To use a principle that does not have any sound economic jurisdiction and to attach a weight of 40 per cent to it seems to be the greatest flaw of the existing revenue sharing scheme (Ashwe, 1986). The emphasis on population is the most important and controversial issue resulting from complaints that population census figures were manipulated in favour of some states. In the case of Landmass and Terrain principle the complaint is that the principle undermines the interest of the states with small landmass. The thinking in many quarters is that this criterion makes no sense and politically motivated. The main complaint as per the use of Social Development Effort as a factor is that the weight assigned to it is on the low side. Apart from this, the suggestion is that the criterion should be taken as proxy for direct enrolment in educational institutions. It was added that other proxies for social development factor such as health and water should not be entertained as states are normally expected to provide for these amenities from all their revenue sources including internally generated revenue. Lastly, the weight of 10 per cent attached to Internal Revenue Effort is said to be on the low side if the government is serious about encouraging the lower levels of government to improve on their revenue drive.
- (g) There is the need for the Federal Government

to provide financial support to the lower levels in the area of education. It is well known that Education (primary and secondary) is one of the largest areas of expenditure by both the state and local governments, especially in the southern part of the country. Federal support for education is a way of reducing the expenditure responsibilities of the lower levels of government, which will mean a healthier fiscal arrangement. Apart from the fact that the present poor quality of our education will be reversed, the lower levels of government will be opportuned to provide other essential services.

- (h) The federal government must mandate the multi-national oil companies to be playing their social responsibilities and include the disclosure of such social undertakings during the year in their annual reports (Adesopo, 2001: 197). This will encourage them to contribute to the social and economic development of the oil producing states/communities, which in a way will pacify the militants pressuring their governors for resource control right. This step will also cause the companies to be concerned about the environmental implications of their operations. More often than not, the regular oil spillages being experienced in the oil communities are due to carelessness on the part of the companies which have resulted in the destruction of crops, economic trees and fish, and the attendant mass poverty. There is need for the oil producing companies to adopt the safest means of exploiting and producing oil and gas. This may have to be enforced by entrenching it in the Constitution or the Companies and Allied Matters Act (CAMA) be amended accordingly as it is being practised in many other countries like Denmark, The Netherlands and Scandinavian countries (Gray et al, 1996:169). In addition, the oil producing companies must form the habit of ploughing back a certain percentage of their earnings for development of the areas of operation for peace and growth of their business. Due to mass poverty among the hosting communities, the companies must float Fund Credit Schemes to encourage and provide support for financing indigenous entrepreneurs operating in the area.

- (i) There is need for the federal government to outlaw the existence of the sharia judicial system alongside the Nigerian constitution. This is necessary as the demand of the Southern Governors for resource control right was (partly) developed in their quest to balance the demand and subsequent introduction of Sharia judicial system in some Northern States.

CONCLUSION

Attempt has been made to discuss the main subject. Attempt has also been made to justify the need to grant resource control right to the lower constituent units mainly because of the varieties of natural resources found across the length and breadth of Nigeria and such other related factors mentioned. In addition to these, alternative solutions were offered. On the whole, there is need for institutional solution to these problems which entails the convocation of a National sovereign conference to discuss the state of the nation, especially as it generally affects the practice of federalism in Nigeria.

KEYWORDS Resource Control Right. Constituent Units. Nigeria's Political/Economic Structure.

ABSTRACT This paper draws our attention to the need to give that controversial issue, termed "Resource Control" in Nigerian context, a chance within her polity. This paper draws its conclusion partly from the large deposit of varieties of natural mineral resources across the length and breadth of Nigeria lying fallow and more importantly the need to practise what the concept of federalism, including its corollary fiscal federalism, says in the real sense of it. The true situation of Nigerian federation constrains autonomy of the lower levels of government from where the agitation for a right to control resources mainly originated. In the interim, a number of alternative solutions were offered.

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