International Journal of Humanities and Social Science Invention
ISSN (Online): 2319 – 7722, ISSN (Print): 2319 – 7714
www.ijhssi.org Volume 2 Issue 2 ǁ February. 2013ǁ PP.53-57

The Implications of Resources Control in Nigeria.

[1]Atoyebi Kehinde .O. [2]lawal, A.S.
[3]Adekunjo Felix .O. [4]kadiri Kayode Ibrahim

[1,2,3,4]*Lagos State University, Ojo Dept. Of Economics.*

ABSTRACT: *This paper critically examines the key issues in Nigerian fiscal federalism with emphasis on the implications of the resource control and how a prudent application of derivation principle will quell the issues inherent in Nigeria fiscal federation generated by "resource control".Our analysis suggest that Nigeria government at all levels, have failed to fulfill their obligations to offer good governance anchored on equitable political arrangements, transparent administrative practices and accountable public conducts indeed, the failure to encourage genuine power sharing has triggered dangerous rivalries between the central government and thirty six states of the federation over revenue from the country's oil and other natural resources.*
The study therefore recommends that the government should designed appropriate policy in favour of the oil rich states based on the principle of resource derivation. The resources allocated to these states must be channeled towards capital project.

Keywords: *Governance, Power cheering, Resource control and Allocation.*

I. INTRODUCTION

Resource control can be broadly defined as the way and manner the government revenue are share among the various tiers of government. In another way round, how the resources available are harnessed and determined.

It has been actually argued that the extent of independent decision making by various tiers of government as to the provision of social and economic services is a function of the portion of the total revenue allocated to them. In a clear time, the greater the portion of total revenue allocated to both state and local governments the greater the degree of autonomy of these governments in carrying out various economic tasks.
Over the years, the sharing of revenue equitably between the federal government and the component states of the federation {states and local governments} has been a tussle of war. Since 1953 to date, every successive government after the Nigerian civil war {1969-1970} has made a bold attempted at reaching acceptable revenue sharing formulae but quite unfortunate that they are short of expectation.

Particularly, of the oil producing areas of the Niger Delta region, this generates over 80% percent of the country's total revenue. The resource control in Nigeria, for instance has created a deep tension between two contending social forces namely those who own the land where the oil resources is located who are being deprived from benefiting from the exploitation of the resources. Second, those who are change of political power, control the state, and are the greatest beneficiaries of the oil wealth.

The distribution of oil resources between these two groups has generated on enduring debates and conflicts between the oil producing communities, the state and its multinational oil partners. In the light of this background, this paper takes a critical look at the revenue allocation in Nigeria from a different angle that focuses on the political economy and the changing nature and patterns of federation. The paper also aims at examining the implications of resource control on a monocultural economy like Nigeria.

The rest of the study is structured as follows: section 2 will focus on the selected excising literate. Section 3 will take a look at the Nigeria federation. In section 4, the politic of resource control will be discussed, while the last section will gives the conclusion and policy implication.

II. SELECTED EXISTING LITERATURE

Detailed and historical validation has provided empirical evidence on the contending issue of resource control. According the Ifedayo (2010), resource control involves the access of communities and state governments to natural resources located within their boundaries and the freedom to develop and utilize these resources without inference from the federal government.

Douglas (2005) observes that it is an "actual control of resortuces by the people who live in communities with these resources for the support of life.

According to Ikporukpo (2002), a common thread linking all the protests is the feeling of the people in spite of their oil resources and the governmental deterioration consequent on the resources exploitation.

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

Ofin-Esin {2005} posited that "the demands for resource control clearly demonstrate that {fiscal federalism} is still an inserted issue. Yet it is an issue we must find a way to resolve if we are to continue as a federation". Ikelegbe {2001}, asserted that "the tempo, activity, cohesion and commitment of the civil groups indicate that, the state-resource authority and the state regional resource distribution world have to be negotiated, redefined and reconstituted if national stability and unity is to be sustained.

According to Akpan Ekpo and Enamidem Ubok-Udom {2003}, the wealth of the nation devolves on its owners, but in their own cace, they have nothing to show for it, except for paradoxical poverty. In addition, they also argue that in the United States of America, the oil producing states control their oil resources and wonder why the same principle could not be applied to Nigeria,

Moreover, existing studies on territorial conflict {Gilpin, 1981} Coackley 1993, Diehl, 1999} have concluded that governments are less likely to seek a peaceful functions or plays a critical role in the country; they will peaceful relinquished lands that do not.

The nature of the states under dispute therefore predicts how the dispute will end. Also, empirical endence in federal states shows that the federal states with diversified industrial economy tends towards decentralization of fiscal powers and control of critical national resources, whereas federal states with weak monocultural economy tends towards centralization of fiscal powers and control of resources.

However, in both models the central government collects the largest share of natural resources. It also enjoys a wide range of jurisdictional powers over critical national resources and uses taxation powers to limit the powers of the federating unit, jurisdictional power over any resources in their locality.

It is equally important to note that in federal states, if the essence of federalism is a tool for managing conflicts in plural societies and correcting vertical imbalances generated by revenue and expenditure assignments are to be achieved the federating units cannot be economically and politically stronger then central government {Okediji 2006; Osaghae 1991; Eliagwu 1979; Aaron and Samuel 2005}

III. NIGERIA FEDERALISM

The origin of the federal system in Nigeria can be traced to the amalgamation of the southern and northern protectorates in 1914. The federal structure began to form in 1939 under Sir Bernard Bourdillion who divided the southern protectorates into two. The practice of federalism in Nigeria was officially adopted through the Lyttleton constitution of 1954 as it was the first genuine federal constitution of the country.

Until now, N8igeria federalism has thus not been able to adequately promote national integration and development as the country continue to face various protestations and agitations by group against the current federal structure.

Concerning fiscal federalism, the access to political power at the centre becomes crucial factor in resource distribution and revenue allocation. In such situation, the 'group' that controls political power at the centre ultimately controls revenue allocation and this has the opportunity of apportioning a large share to its own advantage to the detriment of the wealth producers. This scenario is exemplified by the consistent and systematic relegation of derivation as the principle of revenue allocation since 1951.

Historically, between 1948 and the year 2005, Nigeria had nine commissions, six military decrees, one act of legislature and two supreme court judgements defining intergovernmental fiscal relationships between the component parts of the federation. (Ofon-Esun 2005).

In 2010, we had one further Act of parliament via the 2010 constitution Amendment. Before the success in 2010. Specifically in 2005, the political reform conference become stalemated due to the action of south-south delegates who back out over the issue of resources control.

Pre-independence period: This is the first phase of fiscal federation in Nigeria between the period of 1948-1952. This phase was marked by a centralized financial arrangement in which the excess in the budget of the central government was allocated to regional governments on the principle of generation.

The second phase was form {1952-1954} where autonomous revenue and tax jurisdictions for the regional government was introduced in addition to the operation of the principle of derivation. A major different from the first phase is that the emphasis on the deviation principle in the sharing of federally collected revenue. This placed the northern and western regions given the boom in their export commodities.

Post Independence Military Period, - This marked the fourth phase of fiscal federalism in Nigeria from 1960-1966. This phase sought to reduce the emphasis on financial independence based on the principle of federation. The 1960/63 constitutions provided for 50 percent derivation in respect of revenues from mineral resources.

It was on this phase that the distributable pool account was instituted. Specified tax proceeds collected by the federal government was paid into this account and then distributed to the regions based on the following criteria: Continuity in government services, Minimum responsibilities of each government, Size of the population of the region, The balanced development of the federation.

The fifth phase was characterized by increasing centralization as the states became increasingly more dependent on the centre. A number of historical occurrences and events were exploited to promote the centralization presence of military rulers. This centralization philosophy of the military at the stage found its way into the 1999 constitution handed down by the military. It is equally important that the phase record civilian demonstrate regime within the period {1979-1983} which was immediately followed by the military.

3.3 THE DEMOCRATIC PERIOD

This phase started from 1999 to date where military government was totally replaced by the democratic government. In this phase the federal government introduced the Onshye-Offshore dichotomy, implying that oil found in the sea cannot be described to the adjoining state; the aim is to reduce the allocatable revenue to the oil producing states, which was seen as too huge by Obasanjo if derivation formula was applied and then a threat to the corporate existence of the federation.

It should be noted that the National Revenue Mobilization Allocation and Fiscal Commission {NRMAFC} which was inaugurated in 1990 became effective during the period. It was actually recorded in 2004, that the Federal Ministry of Finance in a letter to the Commission gave the federal government a share of 54.68% and a grant of 20% to the states. The NRMAFC disagreed with Ministry of its non- compliance with the provisions of section 164{1} of the 1999 constitution.

IV. RESOURCE CONTROL AND NIGERIA FEDERALISM

The issue of resource control in Nigeria has posed different challenges to the nation as a whole. It has been harmoniously challenge by civil society groups and communities in the Niger Delta over the control of oil and distribution of its benefits among the constituents unit of the federation.

Their activities have been characterised by popular mobilization, social protest opposition, advocacy and criticism in favour of reform, change and accountability in the exploration, exploitation, management of the oil resources found in their territory. The climax point of their grievances, agitation and protests are that they want a fair share of the past neglect, marginalization, injustice and inequity they had suffered in the hands of both the state and the multinational oil companies in the exploitation of the oil resources.

Over the years, the federal government have tried to address the problems of the region through administrative agencies such as NDDS, OMPADEC and NDDC. As a result of corruption and lack of commitment on the part of the government multinational companies these efforts amounted to nothing [Frynas, 2000; Akpan,2004}.

Thus, the civil society has made a concerted effort by transforming the Niger Delta grievances from a mere demand for development from the multinational oil companies and the state into a political and comprehensive agitation that challenges the authority and legitimacy of the state, over the control and allocation of the national resources. The failure of the state to find a political solution to the problem has led to a very plausible demand for resource control and self determination within the federation {Ikelegbe 2001}.

Specifically, it is impotent to note that, in all federations, the degree to which the central government allows the constituent units jurisdictional power over a particular resources depend on the importance of the resources to fiscal outlay as a percentage of the gross national product.

In addition, the inability of the central government to meet its statutory obligation: defences, foreign policy, education, health; industrial development etc. For instance, in the united states, oil producing states enjoy certain jurisdictional powers over the oil found in their locality, because oil is not a crucial national resource. Unlike Nigeria, the country possesses huge resources but tack leadership to harness these resources for the development of the country. The federal government relies on the oil resources to perform its civil obligations as contained in the exclusive legislative list; defence, education, roads, electricity, health, foreign policy, power and steel among others.

Nigeria, being a major player today in most international, regional and sub-regional organizations such as the United Nations [UN} The Africa Union {AU} and The Economic Community Of West African States {ECOWAS} is due to combination of factors, the most prominent being her financial capacity.

There are very many instances where the Nigeria government have used her financial strength to swing and influence many international and regional decisions in favour of her national interest and that of the African continent in general. Thus, an agitation for the federal government to surrender, her jurisdictional power over the oil resources to the oil producing states may be disastrous for the federation.

There are other unintended implications. Those states that depend on federally collected revenues will no longer be to pay their recurrent expenditures and capital projects. The very rich states might decide to opt out of the federation. The sacrifice of allowing states to control their resources would be too much to bear.

Overall, Nigeria would automatically becomes a confederal state, since the oil producing states would be stronger than the central government. In order to avoid this scenario, the federal government will continue to strengthen its control over oil revenues since it is a desire national resource and this would go along way to protect the core unity of the federation

The over dependency oil could be reduced if the economy is seriously diversified, otherwise it is equally impossible to allow the oil producing states some jurisdictional powers over their resources given the nature of Nigeria's political economy and the centralising pattern of federalism the country is currently adopting.

In another way round, those advocating for an adjustment in state regional ethnic distribution of the oil may be on the right path. This is because the sharing of revenues among the states can be done on the basis of equity and justice especially in favour of the oil producing states. This may help the reduce the social and political unrest in the Niger Delta region but may not totally solve the problem.

V. CONCLUSION

This paper descriptively examines the implications of resource control in Nigeria. The available evidence in the extant literature established that no federation allows or share the control of her critical national resources with the constituent units.

Our study suggests that Nigeria's centralizing federalism is peculiar due to the monocultural nature of the economy for which there is over 90 percent dependence on oil revenue.

The state and the component units depend on oil revenue for survival. Therefore, to allow regional resource control would be disastrous for the nation that is crippling with the problems of nation building.

Also, our study suggest that for an immediate reduction of the crises in the Niger Delta region, the state and the multinational oil partners should formulate appropriate policy that would favour the oil producing communities. In addition, the state should give more weight to the principle of derivation in allocating the oil wealth to the component units of the nation.

On a final note, the infrastructural development of Niger Delta region will depend on how available the derivation resources are structured and allocated. Even, when the resources are allocated, the Federal government can ensure that the greater proportion of allocation to states/ local government based derivation is committed to capital projects.

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