

Fiscal Federalism and Ethnic Nationalism Agitations in Nigeria, 2011-2017

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Abstract: *The issue of fiscal federalism and the management of the country's resources has been a complex one among the federating multi-ethnic nations within the Nigerian federation. The crux of Nigeria's problems lies in her federating arrangement which started in 1954 till date and has culminated in poor fiscal arrangement, disparity in the sharing of resources among the local, state and federal government, minority domination, and agitation for resource control. This paper attempts to situate the prevalence of ethnic nationalism agitations in Nigeria on her practice of fiscal federalism. This paper is descriptive in nature as data collection were based on secondary sources while the theory of relative deprivation were combined with the "greed versus grievance" theory was employed as its analytic tool. The paper found out that the continuous ill fit resource allocation formula in Nigeria have continued to breed ethnic nationalism agitations.. These agitations for secession could not have ordinarily sprang up, if the sharing formula is perceived fair and favourable to the host of the country's economic mainstay. The study recommends that there is the very need to take a serious look at the issue of perceived marginalization, both politically, economically through a review of the revenue sharing formula of the country by the national law making bodies.*

Keywords: Fiscal Federalism, Ethnic Nationalism, Agitations, Resource Control, Nigeria

1. INTRODUCTION

More than five decades after independence, Nigeria's effort at nation-building has been severely challenged by the protraction of ethnic nationalism agitations. Ethnic nationalism agitations are conceived by scholars as consisting of the political mobilizations and struggles by dissatisfied and aggrieved groups to redress and exact more just and equitable accommodation from the Nigerian nation-state. It is also seen as being multidimensional, involving religious and ideological conflicts, fear of northern domination, the hegemonic contest among the Yoruba, Hausa-Fulani, and the Igbo, as well as the struggles of the ethnic minorities (Nwachukwu, 2005, p.41). In fact, nation-building efforts of successive governments and regimes have been frustrated by these agitations.

The corporate existence of a people and government of a nation is conditioned upon the availability of the things that make life worth living. No country survives without the systematic management of its resources to meet the developmental goals of her people. Scholars agree that in a democracy the issue of government meeting her constitutional role compels her to act positively or negatively to various groups in the country. The economic survival of the people also makes them to interrogate whether a government is intended to subjugate, dominate and exploit them and their resources or to sustain them economically and pursue their common welfare. Public sector economics on the other provides a useful guide on how to divide functional responsibilities between the levels of government and how to allocate corresponding revenue resources (Nwaeke, Oruwari, and Amadi, 2012,68).

According to Mugrave and Musgrave (2004), a country's whole existence depends on the public sector for macro

stabilization, income distribution and resource allocation. This is the obvious reason why Nigeria must start a gradual increase in her growth level. The most striking issue in the Nigerian polity is how to equitably, fairly and justifiably share the country's resources among the competing interests in the federation of Nigeria. However, the federation of Nigeria came as a relationship between the states and its citizens based on certain rights and obligation such that the state making process resulted in the loss of certain rights-previously enjoyed by autonomous ethnic nationalities and communities and the assumption of certain obligations by both the citizens and the larger polity called the state. Ake (1997) stated that the people lost their right to an exclusive exploitation of the resources in their environment for their socio-economic well-being and preservation of the resources in their environment for subsequent generations. Such is the case when subjugating power takes over the natural rights of the aborigenes in order to ensure its effective control of the subjugated territory and build a coherent polity and economy (Owugah, 2008, 709). It is agreed that the subjugating authority assumes the responsibility of ensuring both the well-being as well as the personal and proper security of its citizens. The subjugating power before 1960 was Britain who colonized Nigeria and brought diverse autonomous ethnic nationalities and communities into the larger Nigeria polity. Thus, the present Nigeria state has transited through different political and administrative phases (the colonial, post-independence, military and the various democratic periods) with an appendage of various fiscal arrangement and resource management models. The colonial period was characterized by the penetration of the Europeans in search of trading links with natives and the introduction of a foreign system of worship and education that led to the expropriation of our resources abroad.

The nature of intergovernmental fiscal relations in nations practising federalism as a system of government is essential to the survival of that system. In federal states of the world, the issue of revenue sharing is always contentious in nature. According to Olalokun (1979, 109): ‘in most if not all federal countries, one of the most constant sources of intergovernmental wrangles centres on the problem of securing adequate financial resources on the part of the lower levels of government to discharge essential political and constitutional responsibilities’ Revenue sharing among the component units of Nigerian federation has, from the inception, been replete with agitations, controversies and outright rejections due to the nature of the politics that is involved in it. The process of revenue sharing is inundated with conflicting criteria that were, often times, rejected by majority of the states in Nigeria. For instance, prior to 1977 Aboyade Technical Committee on revenue allocation formula, the principle of population had been characterised by illogicality on which revenue sharing was based. Also, it is difficult to measure the principle of even development in any meaningful way. The principle of national interest defies any particular interpretation, which is subjected to series of interpretations by the prevailing circumstances occurring in the federation (Arowolo, 2011).

The agitation for fiscal federalism intensifies the need for balanced development among the components that make up Nigeria and as such made the socio-economic position of the Nigerian state underdeveloped, dependent and fragile (Amadi & Oruwari, 2008). It is on this basis that this paper examines how the practice of fiscal federalism in Nigeria contributed to the prevalence of ethnic nationalism agitations between 2000 and 2015.

2. CONCEPTUAL EXPLICATIONS: FISCAL FEDERALISM

The concept of fiscal federalism suggests that the allocation of responsibilities of the various tiers of government should be such that the central government would be responsible for the provision of national public goods and pursuit of equity and stabilization goals of government. Sub-national government should then be responsible for the provision of local public goods. The sharing of government revenue among the various tiers of government should also complement the sharing of government functions, and taxes that are geared towards the pursuit of central government functions should be centrally collected. This system of collection also tends to be appropriate where there are substantial economies of scale in tax collection, where the desire for tax uniformity is high and where the distribution of the tax base is highly uneven or highly mobile across jurisdiction (Taiwo, 2004).

Fiscal federalism is concerned with “understanding which functions and instruments are best centralized and which are best placed in the sphere of decentralized levels of government” (Oates, 1999:1120). In other words, it is the study of how competencies (expenditure side) and fiscal instruments (revenue side) are allocated across different

(vertical) layers of the administration. An important part of its subject matter is the system of transfer payments or grants by which a central government shares its revenues with lower levels of government.

Fiscal Federalism is characterised by the fiscal relations between central and lower levels of government. That is, it is manifest by the financial aspects of the devolvement of authority from the national to the regional and local levels. Fiscal federalism covers two interconnected areas. The first is the division of competence in decision making about public expenditures and public revenue between the different levels of government (national, regional and local). The second is the degree of freedom of decision making enjoyed by regional and local authorities in the assessment of local taxes as well as in the determination of their expenditures (Kesner-Skreb, 2009:235).

Fiscal Federalism also refers to the allocation of resources and responsibilities such as tax powers and expenditure responsibilities. In fact, fiscal federalism is a general normative framework for the assignment of functions to the different levels of government and appropriate fiscal instruments for carrying out these functions. Sharma (2005:38), sees fiscal federalism as a set of guiding principles, a guiding concept that helps in designing financial relations between the national and sub-national levels of the government, fiscal decentralization on the other hand as a process of applying such principles. Collaboratively, fiscal federalism refers to the allocation of tax-raising powers and expenditure responsibilities between levels of governments (Akindele and Olaopa, 2002). Fiscal federalism concerns the division of public sector functions and finances among different tiers of government (Ozo-Eson, 2005:1). In undertaking this division, the emphasis is on the need to focus on the necessity for improving the performance of the public sector and the provision of their services by ensuring a proper alignment of responsibilities and fiscal instruments.

Adejare (1997, 39), affirms that fiscal matters transcend the purview of economics. They have done this in most cases, especially in pluralistic societies with assumed political, religious and social dimensions and their inherent conflicting situations. The issue of fiscal federalism is an intrinsic element in a federation, which is dependent on, but not synonymous with fiscal decentralisation. While bringing out the differences between the two complimentary but different concepts of fiscal federalism and fiscal decentralization, Sharma (1995), opines that ‘fiscal federalism constitutes a set of guiding principles, a guiding concept that helps in designing financial relations between the national and sub-national levels of government; fiscal decentralisation, on the other hand, is a process of applying such principles.

Summarily, the trend of the principles of fiscal federalism presupposes the fundamental importance of improved public sector performance geared towards accountability and responsibility with the deliberate intention of improving governance at all strata of government.

3. ETHNIC NATIONALISM

It will be apt at this juncture to have a good understanding of the meaning of nationalism that is derivative of nation, which means 'a group of people who feel themselves to be a community bound together by ties of history, culture and common ancestry' (Kellas 1998: 3). Thus, nationalism is the sense of political togetherness that invokes spirit of patriotism and 'we feeling' in people towards their country and one another and which distinguishes a group from other groups. As an ideology, nationalism holds that the nation should be the primary political identity of individuals (Negedu & Atabor, 2015: 74). This is in line with Ernest Geller's position that 'nationalism is primarily a political principle, which holds that the political and the national unit should be congruent' (McLean & Mcmillan, 2009:357). Nationalism is also one of the most disputed and controversial concepts in social sciences. This is due to the fact that the concept is heavily laden with ideological, religious, ethnic, racial and socio-economic emotional undercurrents. Indeed, nationalism has become a very powerful force in modern history. It could be described as a double-edged sword; it represents two ideological divides – domination and struggle for freedom. That is, nationalism arouses strong feelings – for some, it is tantamount to racism, but for others nationalist sentiment creates solidarity and stability, which are preconditions for freedom (Hoffman & Graham, 2009: 264). These two opposing notions of nationalism are informed by history, and as we shall show later, while it is central to the nationalist struggles to free Nigeria from the shackles of colonialism and attempt to galvanise all its ethnic groups together to form a coherent state, it is also the basis for the current nationalist agitations trying to tear the state apart. Thus, what is believed to be moral justification to maintain the sanctity of the state by a group could be termed as an act of domination by their others who strive to forcefully regain their freedom.

Thus, core to ethnic nationalism is the fact that each ethnic group has right to self-determination. While this right varies, it is usually expressed in two forms (Olayode, 2010: 4) and mostly élite induced. At the controllable level, ethnic nationalist agitation may involve a call to restructure a state in such ways that more power and resources are redistributed downward to sub-national politico-administrative units, which may or may not coincide with dominant ethnic boundaries. This is clearly typified by the current demands from several ethnic/regional groups in Nigeria – vigorously being championed by the southern part of the country – for the restructuring of its federal system in a way to strip of the national government of some powers and investing same in the component states and local government. At the other extreme, ethnic nationalism involves calls for the secession of a group from a state to form own sovereign state. It could even result to outright dissolution of the state and the formation of new states from the debris of the defunct state.

However, central to the principle of self-determination is that of the right of a people to choose their political status and determine own socio-cultural and economic development. The way the right is expressed may have varied outcomes and how governments react to the claims by a people or nation. Thus, while claims to cultural autonomy may be more readily recognized by states, claims to independence are more likely to be rejected by them (Olayode 2010: 4).

4. THEORETICAL NEXUS

This study is anchored on a combination of the frustration-aggression theory and greed versus grievance theory. The choice of combining these theoretical perspectives as two prominent armed conflict theories that can be used to explain ethnic nationalism agitations is twofold: (1) the former explains how prevention or deprivation of one, a group or groups from achieving their goals leads to frustration, which often leads to aggression. (2) Group or groups can become combatant not because they are aggrieved, but due to desire for personal self-enrichment and lust for more economic benefits.

The frustration-aggression theory largely implies that aggression is often a result of frustration. This theory was proposed by psychologists Dollard, Doob, Miller, Mower, and Sears in their 1939 book entitled: *Frustration and Aggression*. Frustration is the feeling of irritation and annoyance when something blocks you from achieving a goal or deprive you what you think that is your right. Aggression is a malicious behaviour or attitude towards someone or something, usually triggered by frustration.

The "greed versus grievance" theory provides opposing arguments on the cause of ethnic nationalism agitations. Paul Collier and Anke Hoeffler (1979), the proponents of the greed argument posit that armed conflicts are caused by a combatant's desire for self-enrichment. These motivations are manifested in multiple ways, including economic gain through control of goods and resources or by increased power within a given region.

According to Berkowitz (1989), the assumption of Frustration-Aggression theory is that aggression is caused by frustration. Its main hypothesis is that 'the occurrence of aggressive behaviour always presupposes the existence of frustration and contrariwise, that the existence of frustration always leads to some form of aggression'. In this case, the frustrated individuals or groups usually target their aggression against those they perceive as the cause of their frustration Gurr (1990), argues that, just as frustration leads to aggression, so does it drive collective violence/aggression. However, relative deprivation can lead to aggression depending on the expectation of the aggressive group(s), as Gurr argues that aggression occurs based on the degree of disparity between people's expectations and what they get.

The frustration of certain ethnic nationalities had its origin particularly during the military regimes in Nigeria. The return of Nigeria to democracy opened a floodgate for

agitations. Unfortunately, the frustration of the people in the certain regions of the country has manifested in different ways. For instance, barely six months into the democratic dispensation, to be precise, on November 20, 1999, Odi, an oil-bearing community in Bayelsa State was razed to the ground by troops ordered in by the President Obasanjo (Courson, 2009).

Unlike the Niger delta region that is faced with frustration due to environmental degradation which has caused waters in the region not to have fishes as they should be, farming lands not to be fertile as they should be. This is as a result of the activities of the oil companies in the region. However, they often feel that the revenue sharing formula of the federal government does not favour them and that the government as well as oil companies have not actually resolved to engage in comprehensive and systemic infrastructural development in the region. Enyidah-OkeyOrdu (2017), summarizes the situation this way:

While the oil companies exploited and marginalized the Niger Delta region, the militants emerged with violence and aggression to disrupt oil production, installations and allied facilities in an effort to compel the federal government and oil companies to meet their demands for human capacity building and general infrastructural developments as well as compensations for the widespread exploitations and environmental pollutions that are going on in this region.

As has rightly put forward by the chief proponent of relative deprivation theory, Ted Gur (1970),

“measuring relative deprivation allows an objective compare between the situation of the individual or group compared to the rest of the society”.

In this sense, the ethnic nationalism agitations as seen in Nigeria is bone out of the disparity noticed when a comparism is done between the various ethnic make-ups in Nigeria. In the view of some social science scholars' especially political scientists, towards that relative deprivation is inextricably linked with poverty and social exclusion. To them, relative deprivation is a potential cause of social movement and deviance leading in extreme situations to political violence, such as riots, terrorism, civil unrests. This justifies the rise of ethnic resurgence in Nigeria with political marginalization as its immediate cause. Social

movements and deviance need could entail the agitation for secession by some secessionist group through peaceful or violent means. In this regard, Badiora (2015), argued that when expectation outstrips achievement—regardless of the absolute levels of economic consumption or the provision of political rights—frustration is generated, and this collective frustration turns to anger, aggression and violence.

5. FISCAL FEDERALISM IN NIGERIA: A HISTORICAL OVERVIEW

The continuum of Nigeria's fiscal federalism is transient' of the pie-independent and post independent fiscal structures. Post independent fiscal structure is further slated into military and civilian (democratic) fiscal systems.

In the pre independent period spanning through 1861 to 1886.-Nigeria's administration was colonial with all three territories of colony of Lagos, the Niger coast protectorate and Niger territories of southern Nigeria in 1914 characterized a federal system of administration with Lieutenant governors in Lagos and Kaduna for each territories and an overall governor-general in Lagos for the central government. From that time the fiscal arrangement was that revenue and expenditure of the two governments in Northern Nigeria were merged as single budget (Tukur, 2005, 17). The period witnessed three budgets; central, northern and southern Nigeria printed in a single volume-a budget book. The revenue formed single fund to service aggregate demand.

Naturally enough the budget was practically convenient retaining some features of dualism. Formal revenue allocation started in 1946 and with the internal authority by regions under the Richards constitution and responsibilities shared. The objective was to make available to all levels of government independent sources revenue which would be adequate to undertake their constitutional functions and responsibilities. This period sought for acceptable formulae in conformity with changing realities. The Phillipson commission of 1946 was the first pre-independent report on fiscal allocation with three principles of derivation, even progress and population. However, only the population principle was applied. Regional revenues were divided into two classes; declared revenues and non-declared revenues. Declared revenues where those collected by regions and non declared revenues collected by the central government. Those of the federal government were shared among the regions as: Northern Region - 46% Western Region - 30% and eastern Region-24%. The second pre-independent report of Hicks-Phillipson 1951 introduced another principle of independent revenue, derivation, need and national interest. The third was Chicks Commission of 1953 with the principle of only derivation which recommended 50% of revenue to the federal government and the remaining 50% to the then regions. In 1958 Raisman Commission recommended the creation of distributable pool account. What went into distributable pool account was to be shared among the regions using general principles, continuity of government

service, minimum responsibilities, population and balanced developments as for the, North-40%, West 24%, East 31% and southern Cameroons then, 5% and as they left their share was split among the regions with 2.1% to the North, 1.3% to the west and 1.6% to the East (Arowolo, 2011).

According to Adilije (2008), the regions provided an excuse to avoid a truly federal structure based on ethnic states, rather than regions with multiethnic configurations that provided regional majorities with opportunity to dominate, marginalize and exploit regional minorities and sub minorities. The post independent revenue allocation review by the Binns Commission recommended revenue from the distributable pool account to be shared among the north, east and the west to 42%, 30% and 20% respectively.. No wonder finance is the most important factor that determines the extent of autonomy allowed to sub national governmental units in all governmental arrangements and the degree of peace and cohabitation among the governmental levels and citizens in a federation in particular (Marcellus, 2008).

On January 15th 1966, Nigeria fell into the hands of the military. The inclusion of the Midwestern Region and the fragmentation of Nigeria into states created another system of fiscal federalism. Though rejected by the then military government on the ground that its range went beyond the military then. In 1968, Dina interim committee changed the distributive pool account to state Joint Account. There was also the creation of special grants account, permanent planning and fiscal commission. In addition was horizontal standards, balanced development and derivation. On a vertical formula, royalties from onshore mining was 10% for states of origin, 10% for federal government states joint account was 70% and special grants 5% with rents from on-shore operations to states on the basis of derivation at 100%. In 1977 the Aboyede Technical Committee recommended for vertical allocation on the basis of 57% for the federal government, 30% for the states, local governments 10% and 3% for special grants accounts. The military was more blessed with excess oil revenues but there was basically some problems i.e the glaring disparity in the social and welfare responsibilities of the new states and the basis of their finances. To this effect they restructured the expenditure of the states through the transfer of power to the centre (AAriyo, 1999).

By this the states depended on revenue collected and distributed through the centre. But Marcellus (2008), argues that political observers believe that the lion share of the national revenue given to the federal government runs against the grain of the current global trend in federalism where the expectation is that the states and the local governments will increasingly constitute the nub of economic development and centres for the provision of social amenities and infrastructure. However, it could be said that the real test of fiscal federalism for Nigeria could be traced to the return of democratic rule from October 1999 but it must be admitted that since the 1992 revenue

allocation, the system of resource allocation has not undergone major metamorphosis in terms of fair review except the whims and caprices of the government in power that adjusts the revenue sharing formula to suit its interest (Tukur, 2005, 33). For instance after a lot of conflicts including litigation with intense debates in the National Assembly extensive lobbying and complicated manouvres, a new revenue allocation arrangement was enacted into law under the Allocation of Revenue Act No. 1 of 1982 with 55% for federal government, 30.5% for states, 10% for local governments, 4.5% for oil producing communities (1% for ecological problem; 20% on derivation principle and 1.5 directly for mineral producing areas).

Nigeria and India's are famous for high percentage of vertical imbalance in favour of the federal government. India's 12th Finance Commission recommended 30.50% for both states and local government and 69.50% for the central government from tax revenue collected between 2005 and 2010 (Rao, 2007, 334). In Nigeria the latest allocation formula as amended by the executive order in 2002 are such that federal government- 52%, states - 26.72%-and local governments - 20.60% with an entitlement of 13% derivation from the oil producing states. However, this seems inconsistent with the current trends in federalism where governments share of revenue is not channeled through the states and local government (Marcellus, 2008, 597) such foregoing demonstrates that in an emerging democracy, the planning and management of fiscal relations between the federal and states will invariably have to depend on the prevailing concept of the federalism at a particular period in the economy as it is the federal constitution that expressly distribute revenues and taxing power. The present fiscal arrangement has manifested in weak fiscal capacity of the state and local governments. In a true federalism it would be better to bank any ration of sharing than for every part to contribute to the federal resources. The fact is that the communities where oil originates in Nigeria does attract any attention from the federal and even the state governments in the face of these existing 'pattern of derivation. These are the reasons for calls for resource control.

6. ROLE OF FISCAL FEDERALISM ON ETHNIC NATIONALISM AGITATIONS IN NIGERIA

The Nigerian state emerged as a product of British colonial design, primarily for the purpose of material resources, rather than deliberate attempt to foster political integration and economic emancipation of the indigenous populace (Uranta, and Ibiamu, 2011, 191). The union of the Northern and Southern Nigeria without due cognizance to the socio-cultural relationships of the people culminated into federalism in the country. Over the years, the issue of fiscal federalism has remained dominant and most contentious in Nigeria's polity. This is because of its multi-dimensional perspectives. Over the years, fiscal federalism in Nigeria has crystallised and remained dynamic as a result of its multiplicity in terms of ethnic composition and pluralism

vis-à-vis socio-cultural dimensions. It is naturally expected, therefore, that interactions in terms of fiscal relations will be characterised by hostile competition, unending struggle and survival of the fittest syndrome. The centralised nature of the military hierarchical structure and the exploitative tendencies of the colonial government placed the federal government at an advantage in post colonial Nigeria. Invariably, the financial hegemony enjoyed by the Federal Government over the thirty six (36) states and seven hundred and seventy four (774) local governments has created disaffection in the Nigerian federation. It reinforces the structural vulnerability of the component units while simultaneously intensifying the pressures for better federal economic patronage.

The dynamics of federalism makes it imperative for nations operating federal system of government to review periodically and come out with equitable and workable tax system and revenue allocation principles in such federations (Arowolo, 2011). From the Nigerian perspective, several attempts were made in the direction of achieving a harmonious sharing formula of its national economic resources among the component units of the federation. Despite all these efforts, there are still inherent challenging issues that are posing serious problems to the Nigerian federalism. Among these critical issues are over-dependence on oil revenue, conflicts over revenue sharing formula, centralising tendency of fiscal relations in Nigeria and the agitation for resource control, among others.

According to Arowolo (2011), oil was first discovered in commercial quantity in Nigeria at Oloibi, Bayelsa State, by the then Shell-BP in May 1956. Two years later, exploration of oil commenced by the oil multinational companies and this marked the watershed of the political economy of the Nigerian federation. The phenomenon of oil exploration made oil to be the mainstay of Nigerian economy and placed her as the world seventh largest oil exporter. This development made oil the central issue in fiscal federalism. Nigeria had earned over 250 billion dollars in revenue from oil (Sagay, 2008).

It is paradoxical, however, that the exploration of oil in Nigeria and its high yielding revenue has impacted negatively on the Nigerian economy. Thus, it qualifies the situation to be referred to as 'resource curse'. It led to the undermining of the development of the hitherto buoyant agricultural sector and other viable sectors such as industry, mining and human capital development. Inevitably, it de-energised the competitive spirit that would have stimulated economic growth in these neglected sectors over the years in Nigeria (Arowolo, 2011).

In addition, over-dependence on oil revenue also impacted negatively and posed serious challenges to the issues of fiscal federalism in the country. It has with time led to the evolving of a leech syndrome among the component units of the federation. Inevitably, it made the states dependent on the hand-outs from the Federation Account. The leech nature of most of the states makes them an economic appendage of the central government and has eroded the autonomy of the

federating units. This, in a way, established a master-servant relationship between the Federal Government and the component units. Revenue allocation is a process that is concerned with the sharing of the national resources and receipts from among the tiers of government in the federation.

It is imperative to emphasise that as long as states continue to depend on the Federal Government for their economic development and survival, the wrangling and controversy surrounding the issue of revenue allocation will remain persistent and a recurrent problem in Nigerian fiscal federalism. Also posing challenges to Nigeria's fiscal federalism is the centralising and hegemonic tendencies of the Federal Government. The radical change from agrarian economy to oil-driven economy further propelled centralism and hegemony of the central government over the states in Nigeria. Various military regimes through series of military fiat and decrees consolidated the hegemonic power of the central government. Thus, ranging from decrees such as Petroleum Tax Decree 13 of 1970 and the 1975 Amendment Decree to Decree 13 of 1970 further undermined the principle of derivation and arrogated power of control over mining rents, royalties from on-shore and off-shore exploration to the Federal Government (Sagay, 2008).

It is aptly acknowledged that the driving force behind federalism in principle as a concept is the principle of autonomy, absence of hierarchical authorities and absence of centralism that pervades the relations of federal government and various component units in Nigeria. Also disturbing is the agitation for resource control that has taken criminal dimension. There are multifarious cases of kidnapping, vandalism, desperations and high scale violence (Arowolo, 2011).

Ariyo (1999), succinctly talks of social fiscal federalism putting the modification of institutions and indigenous culture to order. This order condition the prerequisite for socio-cultural and geographical contiguity of the Nigerian state. The attempt to solve the twin problem of tax jurisdiction and revenue allocation is a pronouncement for equity and efficiency. So, power distribution and divisions between the levels of government such that federal/state financial relationships revolves around who impose what kind of tax, and who takes what kind of shares of revenues raised by the governments. The guiding theory for resources allocation in Nigeria in recent times has been based on population, independent revenue, derivation, need, national interest, minimum responsibilities, population and balanced development, equality of access to development opportunities, national minimum standard, absorptive capacity, independent revenue and fiscal efficiency.

Okhonmina (2008), opines that since that time the south-south region has struggled to have adequate federal allocation from the oil resource that has had profound negative impact on the local environment. Also, federal elites have employed the political tool to manipulate resource allocation in Nigeria so much so that it is

counterproductive to the growth and development of the Nigerian federation and has been irresponsible to the socio-economic and political aspirations of the Niger Delta. So the resource control option, as historically valid is logical and tenable seeking the potency for transformation. The reason is that manipulating resources breeds inequality, so inequality is a system of a grower disorder. It is a consequence of an unjust philosophy of human interaction and of the economic machinery that distorts conceptualization (Brian, 2014, 68). It is likened to the farmer growing that which we eat for our humble sustenance as an essential service but his reward is not proportionate to his value. In the face of externalities the people are being jobbed and the dignity of meaningful labour is being slaughtered on the profane alter of financialism's domination of our economic lives. Hence, Hayek (2004), contended that those who value liberty should prefer social pressure directed against deviant behaviour to outright bans; meaning simply, behaviour of which many people disapprove but which does not violate anyone else's right to life or property. Gene (2004), noted that negotiating between parties affected allows them to use the particular circumstances of time and place with which they alone are familiar to arrive at a solution. It is therefore only when people demonstrate their preferences by exchanging can we say with any certainty that both parties felt that they would be better off in the subsequent state than in the prior one (Rothbard, 1997,79).

7. CONCLUSION AND RECOMMENDATIONS

The issue of fiscal federalism and the in sharing of the country's resources has been a complex one among the multi-ethnic groups of the country, Nigeria. The fact that communities surrendered their sovereignty to become one of a confederating unit is not an impetus for more advantageous group to trample on their God given wealth.

Being traumatized under a central system of share of resources that derogates their opportunity and right to ownership and development negligence, accompanied with unemployment and inequality, the people continue to remain poor and thus subservient to the aristocratic and opportunist rulers who continue to implement uncompromising resource sharing formula. In this regard therefore, and to complement existential realities, the down trodden minorities agitate for equitable distribution thought resource control and management. This paper found out that the continued imbalance in resource allocation formula in Nigeria have continued to breed ethnic nationalism agitations with the belief that such regions or ethnic make ups with abundance of these natural disaster should be allowed to secede. These agitations for secession could not have ordinarily sprang up, if the sharing formula is perceived favourable to the host component units that make up the country. Based on the findings, the study recommends that there is the very need to take a serious look at the issue of perceived marginalization, both politically, economically and otherwise. Hence, the need to review the revenue sharing formula of the country

taking into cognizance the yearnings of those ethnic minorities and their agitations by the law making bodies in the country.

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