



Fiscal Federalism and Resource Control in Nigeria

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Abstract

The study reported in this paper examined the link between fiscal federalism and agitation for resource control in Nigeria focusing on the oil-bearing states. The problem investigated revolves around de-emphasis on the application of derivation in the revenue allocation criterion. Specifically the objective of this study is to verify the efficacy of the resource control as a solution to the problems giving rise to agitation for resource control by the oil bearing states. Data for the study were generated from secondary source and analysis of the data was done through contents analysis method. The study adopted the elite theory as its theoretical framework, the study revealed that the fiscal practice in Nigeria lacks equity and fairness; de-emphasis on derivation principle revision of vertical allocation, resource control is a tool for propaganda and management of resources and a solution to Niger Delta problem. It recommended that transparency in management of funds should be imbibed, emphasis on ecology, continuous effect on collaboration to mention a few.

Keywords: Federalism, Fiscal Federalism, Resource control, Governance & Nigeria

Introduction

This paper is designed to assess the working of fiscal federalism and agitation for resource control by various groups and movements in the Niger Delta region of Nigeria. The paper will examine the history of Nigeria's fiscal federalism and the search for an equitable and acceptable formula for the allocation of resources.

Central to this paper is the evaluation of the use of resources allocation to the Niger Delta states for the development of the states and the welfare of the people of the region. Performance of the state governments of this region would reinforce and strengthen these demands and agitation

for resource control, thus increasing their support base from the national and international community to the agitation for resource control by the people of the Niger Delta Region.

Amalgamation of the Northern and Southern protectorates in 1914 (Nwokedi, 2003:19) gave birth to Nigeria. Various scholars have attuned different reasons that pushed the British colonial government to bring together, various protectorates.

While Tamuno (1998:16) was of the opinion that the British were faced with economic reasons, which is achieving a balanced

budget as the Northern protectorate was operating a deficit budget while the southern protectorate had a surplus, Adebayo A. L. (****:**) and some other scholars advanced administrative and political reasons were responsible for the amalgamation of the northern and southern protectorates. Be as it may, whatever would have been the motive, the country has been in existence for over 100 years (1914-2014) and the union has come to stay.

In as much as Nigeria has been existence for over a hundred years, its existence is not without contentious issues, disagreement and mutual suspicion between the different ethnic groups and nationalities and conflict of interest. But the most contentious issue that has remained in the front burner in Nigeria is the agitation for resource control by the states from the oil rich Niger Delta region. The Minority from the oil rich region of the Niger Delta freely marginalized and short changed in the process of decision making. This has resulted in agitation (Akinola and Adesopo, 2011:251).

Governance is all about the authoritative allocation of resources and values (****). In a society where the main stay of the economy comes from a minority community and the majority are in control of the wheel of governance, certainly, there will be agitation towards finding a proper definition of the relationship between the two groups in terms of sharing responsibility and allocation of resources. This area has received a lot of attention from researchers, scholars and government over the years (Akinola and Adesopo, 2011:251).

Fiscal federalism according to Anyanwu (1997) as cited in Onah and Ibietan

(2010:269) “implies the co-existence of both national and sub-national governments which perform the economic functions required by the society or an association of two or more levels/tiers of government within a country”. The author posits further, that fiscal federalism relies on the assumption “that the method of taking collective decisions is predetermined and that it is relatively efficient”. It therefore suggests that government lends to take decisions on resource allocation, according to the collective preferences of constituents.

Ajibola (2008) as cited by Nkwede, Nwali and Orga (2008) states that the term fiscal federalism “denotes an intergovernmental fiscal relation defining functions and responsibilities among the various tiers of government as well as the financial resources to achieve stated objectives. It is a term used to describe a system of government in which the fiscal responsibilities rest with the various tiers of government in the country. In Nigeria, for instance, the federals, state and local government have the joint responsibility...”

Odigwe and Aibieyi (2015:37) defined fiscal federalism as “...the fiscal relationship and transaction between the three levels of government”. While Okigbo (1969) as cited in Odigwe and Aibieyi (2015:37) refers to fiscal federalism as “...a system which refers to the existence of a country of more than one level of government, each with different expenditure responsibilities and taxing powers”.

Agitation for resource control has been as old as the history of the discovery and exploration of oil in Nigeria. This demand by the oil producing communities which is known as resource control connotes the

access of communities and state governments to Natural resources located within their boundaries and the freedom to develop and utilize these resources without interference from the federal government (Nwokedi, 2003:124).

The continuous struggle by the oil producing states to demand for a better deal in resource allocation, particularly, the call for 100% usage or the principle of derivation has been responsible for the agitation for resource control. This paper is predicated on the need for that and whether the states in the Niger Delta region have been using resources allocated to them judiciously.

Research Questions

This paper intends to find answers to the following questions:

- i. How has the current fiscal federalism addressed development in the Niger Delta states?
- ii. What are the most suitable indices that can be adopted to address the agitation for resource control?

Objectives

The major objective of this paper is to assess how the current Nigerian fiscal federalism has been used for the development of the Niger Delta states. Other objectives include:

- i. Examine the relationship between fiscal federalism and the development of the Niger Delta states.
- ii. To find out the most suitable indices that can be adopted as criteria for revenue allocation to reduce agitation for resource control.

Hypothesis

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H_0 – There is no significant relationship between the current form of fiscal federalism and development in Niger Delta states.

Theoretical Framework

The theoretical framework adapted for this work is the Elitist theory and the theory of relative deprivation which analyses the agitation for a shift in the current fiscal federalism practice in Nigeria and calls for resource control by the people of the Niger Delta states, which is as a result of their dissatisfaction with the slow state of development in the region.

The entire theory started from the works of Gaetano Mosca (1858-1941), Wilfredo Pareto (1848-1923) and Robert Michels (1876-1936). There are various perspectives of the theory. Mosca emphasized the ways in which tiny minorities out organize and control large majorities, adding that “political class” Mosca’s term for the political elites, usually have “certain material, intellectual or even moral superiority” over those they govern (1939:51).

Elite theory is a theory of the state which aimed at defining the power relationship in a society. The theory posits that in a small primary, consisting of members of the economic class, policy makers and the intellectuals has the most power and that this power is independent of a democratic process.

It is clear that the elite class have developed the capacity to remain in power through all means to enable them maintain the status quo.

The elite theory seeks to explain reasons for that competition in the society. Debora

Marshal (2012) outlined the following as the characteristics of the elite theory:

- Only a small number can have authority in any group
- Those in authority are opposed to those with no authority
- Elites share a common value
- Elites are organized
- Elites act together to retain their position

The various perspectives of elite theory include “the classical elite theory, the power elite theory, the economic elite theory, the corporate elite theory, etc.” (Amsden et al, 2012). The theoretical view of the elite theory adapted for this paper is the power elite theory which seeks to explain how the elite control majority of the state power through any means. This ‘power elite’ can effectively dictate the main goals (if not always the practical means and details) for all really important government policy making (as well as dominate the activities of the major mass media and educational/cultural organizations in the society) by virtue of their control over the economic resources of the major business and financial organizations in the country (Johnson, 1994-2005).

i. Relevance of the Theory

The power elite in the Niger Delta region of Nigeria are organized and they share a common purpose. By virtue of their strategic position as members of the minority elite class, resources allocated to the region are left at their mercy to use for the common good of the people. There is however doubts as to the extent to which those resources allocated to the south-south region have been justifiably used to develop the region by the governing elite. This is

more so that “the divide and rule by the elite thus inhibit any genuine effort to advance human cause in form of qualitative education, shelter, basic infrastructure and other social amenities which are grossly inadequate in the Niger Delta” (Onah and Ibieta, 2010). This is why the people of the region are agitating for a change of criteria to be used for fiscal allocation.

Madunagu (2005) aptly stated this clearly: “...that the dominant fraction of the Nigerian ruling class do not use the loot from the Niger Delta for the benefit of their people” although these poor people whose names are involved in vain are often enlisted to fight their imaginary enemies.

Fiscal issues require consultation with the people and all segments of the nation. But in Nigeria, the opinion of the elite always supersedes that of the majority. Thus, the people of the Niger Delta region, like other parts of Nigeria, are always short changed by their elite who benefit in the long run from the decisions that involve fiscal issues.

ii. The Theory of Relative Deprivation

The theory of relative deprivation was first put forward by the American sociologist, Robert K. Martin. He first used the theory of relative deprivation in order to understand social deviance using French sociologist Emile Durkheim concept of anomie (HOPE). Walter Runciman (1966) outlined four preconditions of relative deprivation:

- Person A does not have X
- Person A knows of other persons that have X
- Person A wants to have X
- Person A thinks having X is realistic

Runciman distinguished between the egotistic and fraternal relative deprivation. Egotistic relative deprivation is caused by unfavourable social position when compared to other better off members of a group. Fraternal relative deprivation however, can be seen as racial or ethnic discrimination. Egotistic deprivation mostly refers to the individual's attitude towards others while fraternal relative deprivation refers to a group feeling of deprivation which is likely to result in the creation and growth of a large scale social movement.

Deprivation theory means that people who are deprived of things deemed valuable in the society – whether money, justice, status or privilege – join a social movement with the hope of redressing their grievances. Relative deprivation is what people think they should have relative to what others have. Relative deprivation theory refers to the idea that feelings of deprivation and discontent are related to a desired point of a reference (i.e. reference groups). Feelings of discontent and deprivation arise when desires become legitimate expectation and those desires are blocked by the society.

Social satisfaction is the opposite of relative deprivation. Relative deprivation is generally considered to be the central variable in the explanation of social movement and is used to explain the quest for social change that inspires movements. Social movements emerge from collective feelings of relative deprivation. Relative deprivation theory is applied to socio-political, economic and organizational problems.

iii. Application of the Theory

The application of the theory of deprivation to the agitation for change in the fiscal

federalism can be linked to fraternal relative deprivation from two perspectives.

The first perspective is the feeling by the people of the Niger Delta region, that they have been deprived of resources that should have been given to them as revenue from the federal government. Another feeling of deprivation from the region is the belief that the dominant criterion to be used in revenue allocation/fiscal relationship is percentage of derivation. And where it is not used, they feel deprived. Thus, the agitation will continue.

One other relevance of the theory is the feeling by the masses and social activists that the meagre resources allocated to the region are misappropriated by the power elite, thus, the birth of social movements to achieve the demands of the people. It can be seen as constructed by the relative deprivation theory that social movements such as the Movement for the Emancipation of the Niger Delta (MEND) and Niger Delta Avengers (NDA) are given birth to.

Conceptual Clarification

(a) Federalism

Federalism, like most concepts in social sciences, are difficult to be pinned down to an acceptable definition that is generally acceptable to the community of scholars. Several scholars have however, attempted to define the concept. In this direction, Odioin (2011) has this to say: "There is no universally accepted definition of the word federalism; the concept of federalism has received broad scholarly attention. To this end, each scholar defines it according to their perception. Thus, the meaning of federalism is surrounded by what Dare called "state of uncertainty and vagueness"

(Odion, 2011). He goes further to posit that: “Early writers on the concept of federalism such as Jean Bodin, Olto, Cosmanus among others, viewed federalism as a voluntary form of political union of independent authorities” (Odion, 2011). It was equally reported by him that “Macmahon, and Riker among others viewed federalism as a mutual interactions between and direct contact with, at least two levels of government” (Odion, 2011).

Despite all these submissions by various scholars, some scholars submitted a definition that described what federalism is:

“Federal systems emerge in two broad ways both of which have epochal implications for development. First are the coming-together federal systems. Second are the holding-together systems. The first is voluntary and often a response to certain socio-economic or political needs and or challenges facing the component units at a particular historical moment. Some have referred to this type of system as collaborative/cooperative federalism” (Oladele, 2014).

In the submission above by Oladele (2014), the author posited that there are two reasons for the emergence of any federal state, i.e. voluntary process and the second reason is a holding together.

In the case of Nigeria, looking at our historical evolution as a nation, particularly the view that the British Colonial Government decided to bring us together for both administrative and economic purposes, it will be safe to say that based on the submission by Oladele (2014), that our kind of federalism is holding together.

The most acceptable definition of federalism was offered by K. C. Wheare (1963) who

described federalism as “the method of dividing powers so that the general and regional governments are each within co-ordinate independent”. From the examination of the definition by K. C. Wheare, it is clear that there must be more than one level of government and each tier must have its defined powers within which it operates, and that all the tiers of government must have direct access to regulate citizens. When any tier of government is denied access to regulate the citizen’s activities directly, it ceases to be federalism but becomes instead, a confederate system or something else.

Based on the definition of a federation by K. C. Wheare (1963), the following were arrived at by Odion (2011):

- a) There must be at least two levels of governments and there must be constitutional division of powers among the levels of governments.
- b) Each level of government must be co-ordinate and independent.
- c) Each level of government must be financially independent. He argued that this will afford each level of government the opportunity of performing their functions without depending or appealing to the others for financial assistance.
- d) There must be Supreme Court of the independent judiciary. He argued that in terms of power sharing, there is likely to be conflict hence, there must be independent judiciary to resolve the case.
- e) In terms of the amendment of the constitution, no levels of

government should have undue power over the amendment process.

Another definition of federalism was offered by A. V. Dicey (1908), who posited that there are three (3) leading characteristics of federalism. These include

- a) The distribution of powers among government bodies (each with limited and co-ordinate powers).
- b) Supremacy of the constitution and
- c) The (independent) authority of the government to integrate the constitution.

Neniyaba (2013), citing The Microsoft Encarta Dictionaries, summed up the definition of federalism thus: "...a political system in which several States ...defer some powers to a central government while retaining a limited measure of self-government."

(b) Federalism in Nigeria

In view of the imperative of federalism as defined by K. C. Wheare, we have three (3) tiers of government in Nigeria: The Federal, State and Local Governments. Each has its powers defined specifically by the constitution. Meanwhile, going by the definition given by A. V. Dicey, Nigeria has different organs of government (i.e. the executive, legislative), a supreme constitution which guides the operations and working of the tiers of the government and an independent judiciary.

The history of federalism in Nigeria can be traced to the amalgamation of the southern and northern protectorates in 1914. From then onward, the process of power sharing began between the centre and the regional governments. Even though one cannot

conclude that that was truly a federal state, it was a semblance of it (Odion, 2011).

The year 1914 was a historical milestone for the emergence of federalism in Nigeria, with the Richard Constitution of 1946 creating three (3) regions (Odion, 2011). Even though the first constitution can be described as another effort toward federalism and the creation of independent legislative power for the regional government.

But it was 1954 that ushered in true federalism where power was clearly shared between the two tiers of the government: i.e. regional and central governments and a Supreme Court were established to resolve conflict between the central and regional governments (Odion, 2011).

Even the independent constitution cannot wear the federal character. It was the inclusion of military in politics in 1966 that attempted to change Nigeria's federal character to a unitary system, reflecting the military structure. This was stated clearly by Odion (2011) thus: "The founding fathers of Nigeria adopted the federal system as the most viable option of protecting the core interest of the federating units. This was demonstrated in the federal constitution, especially in the 1963 federal republican constitution, that clearly defined the jurisdictions of the federating units. For example, each of the federating units had its own constitution, one of the key properties of federalism."

The basis of the current federal structure in Nigeria is the 1990 constitution as amended. In spite of the clear definition of powers and roles of each tier and arm of government by the 1999 constitution (see 162 (2)), there has continued to be agitations by various

interest groups in the areas of power devolution, fiscal federalism and Shari'ah implementation. However, the issue of agitation for resource control is the focus of this paper.

(c)Fiscal Federalism

Fiscal federalism refers to the allocation of government spending among various tiers of government in federalism. Federalism has Fiscal, political and administrative dimensions. Fiscal federalism is concerned mainly with the allocation of government spending powers and resources to the various levels/tiers of government. In contrast, political federalism concerns itself with structure and processes of the exercise of powers by a variety of institutions-at national, regional and in some cases, at local. At its most basic level, fiscal federalism attempts to define the division of governmental functions, and the financial relationship between, different levels of government (usually how federal or central governments fund state and local governments).Imagine a Leave it to Beaver scenario: fiscal federalism might involve Dad (the federal government) making money, then handing it over to Mom (the state government) to distribute as she sees fit based on the needs of the family (the people) to buy groceries, pay the rent, give the kids allowances, go to the doctor, and so on (programs like government housing and health care).

Fiscal federalism can best be appreciated from the definition of Musgrave (1959) and Oates (1972) "...“fiscal federalism” concerns the division of public sector functions and finances among different tiers of government. In undertaking this division, Economics emphasizes the need to focus on the necessity for improving the performance of the public sector and the provision of their services by ensuring a

levels - in a way that it ensures the sustenance of the federal arrangement (Adesopo, 2015).

Fiscal federalism/fiscal relationships can all exist even in a unitary system. (*can't find 12)

The most difficult challenge of the fiscal relationship in a federal state is the attempt to find a common ground for the definition of functions among the tiers of government with fiscal resources.

Fiscal federalism functions better in a federal system of government; it is all about the fiscal relationship between tiers of the government. Julia Maypole posits that:

proper alignment of responsibilities and fiscal instruments (Ozo-Eson, 2005)."

But as earlier observed, even in unitary states, there has been a growing need for fiscal federalism because of decentralization in the running of the unitary states as stated by Vito Tanzi here: "Even in non-federal states, there has been a growing movement towards greater fiscal decentralisation in recent years. Some analysts have attributed this to globalisation and deepening democratisation the world over on the one hand and increasing incomes on the other"(Tanzi, 1996).

The essence of fiscal federalism is for the tiers of government to provide effective and efficient social welfare services to the citizens. Here lie the core reasons for the existence of government. Fundamentally, this is the reason for the competition by the tiers of the government for the maximization of resources. Ozo-Eson (2005) stated that "Once we allow for a multi-level government setting, this role of

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the state in maximising social welfare then provides the basic ingredients for the theory of fiscal federalism. Each tier of government is then seen as seeking to maximise the social welfare of the citizens within its jurisdiction. This multi-layered quest becomes very important where public goods exist, the consumption of which is not national in character, but localised. In such circumstances, local outputs targeted at local demands by respective local jurisdictions clearly provide higher social welfare than central provision” (Ozo-Eson, 2005).

Herbes cited in Odigwe and Aibieyi (2015) stated that fiscal federalism is the fiscal relationship and transaction between the three levels of governments. While Okigbo (1969) as cited in Odigwe and Aibieyi (2015) defines fiscal federalism as a framework for allocating responsibilities to different levels of government and the necessary instrument for carrying out these functions. That is to say that there are two sides in the issues of fiscal responsibility, the allocation of assignments/responsibility and fiscal instrument to enable each tier of government to accomplish its assignments.

Sharma (1995) posited that federalism constitutes a set of guiding principles, a guiding concept that assists in the design of financial relations between the national and the sub-national governments. In essence, fiscal federalism is a system of revenue generation, allocation and redistribution among tiers of government based on assignment of responsibility.

(d) Fiscal Federalism in Nigeria

The evolution of federalism in from the 1946 constitution signalled the emergence of fiscal federalism. The process has continued to evolve with so much emphasis on the

demand from various nationalities and regions in the country. The process of constitutional development of this nation has been characterised with various agitations, particularly the call for changes in the principles of fiscal relations. Ozo-Esan (2005) has identified five phases of the development of fiscal federalism in Nigeria thus:

The first phase of the development of fiscal federalism in Nigeria occurred during the 1948-1952 period. This phase was marked by a centralised financial arrangement in which the excess in the budget of the central government was allocated to regional governments on the principle of derivation. The expenditure needs of the central government thus took precedence. In the second phase (1952-54) autonomous revenue and tax jurisdiction for the regional governments was introduced in addition to the operation of the principle of derivation for the sharing of federally collected revenue. The basic elements of the second phase were carried over to the third phase (1954-59). A major distinguishing factor of this phase was the emphasis on the derivation principle in the sharing of federally collected revenue. In general, this was the period of state-cantered fiscal federalism. It has remained the reference point by present day proponents of either higher emphasis on derivation or resource control, especially minorities of the oil-producing areas. Some advocates of resource control actually equate it with a 100 per cent derivation. Back to the historically phased development of fiscal federalism in Nigeria, the fourth phase (1960-66), which remains the main pillars of fiscal federalism to date, was the product of post-independence politics. This phase sought to reduce the earlier emphasis on regional financial independence based on the

principle of derivation. It was argued that the financial stability of the federal government was necessary for the stability of the regions. Following from this, the 1960/63 constitutions provided for 50 percent derivation in respect of revenues from all minerals. The fifth phase, beginning from 1966 has been characterized by increasing

The fiscal federalism in Nigeria has been a thorny issue and a very complex matter, depending on which side of the coin you review the issue. Due to the complexity of fiscal federalism, the Federal Government since 1946 has set up revenue mobilisation commission to look into the nation's fiscal matters and this various commissions and committees set to midwife the process according to Offiong (2012) include:

- The sir Sydney Philipson commission of 1946
- Hick Philipson commission of 1951
- Sir Louis Chicks Philipson commission of
- Sir Jeremy Raiseman commission of
- Bins Commission of 1964
- Okigbo commission of 1980
- Dina commission 1968
- Abayode technical commission of 1977
- NRMAFC 1988

Other related decrees in the first military era and presidential system include:

- Decree 13 1970
- Decree No 9, 1971
- Decree No 6, 1975
- Parliament Act of 1981
- Revenue Amendment Decree No 36 of 1984 (Buhari's regime)
- Danjuma commission of 1989
- Armed Forces Ruling Council (AFCRC) January 1990 Approval

centralization as the states have become increasingly more dependent on the centre. This period has coincided largely with the military's stranglehold on Nigerian politics. The centrist command structure of the military was brought to bear on inter government fiscal relationships (Ozo-Eson, 2005).

- Armed Forces Ruling Council promulgation Decree of 1991
- Armed Forces Ruling Council of January 1992

Having seen all the work done to address the issue of fiscal federalism that led to the declaration of the provisions of Sec. 162 Sub-section 2 of the 1999 constitution, yet minority groups from the Niger Delta region have continued to agitate believing that they are marginalized by the other regions and the centre. Ayodele (2003) in his work asserted that in the assignment of expenditure and responsibilities among the tiers of government in Nigeria seems to be in accord with the theory and norms of public finance, but revenue collection and sharing to the other hands is heavily concentrated in the hands of the federal government in the vertical relationship among the 3 tiers of government. He further posits that in the horizontal allocation of revenue, too little is allocated to the minority oil producing communities. Agreeing with Ayodele's position, Adesopo and Asaju (2004) citing Ashwe (1986) posit that "...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."

This sense of deprivation exhibited by the people of the Niger Delta region is the foundation of the current state of agitation

for resource control, hence the application of the Theory of Deprivation in this work. The fiscal federalism in Nigeria has not taken a regional or ethnic coloration but a class struggle. Nenyiaba (2013) citing Amuta (2009) asserts that the Nigerian middle class is "...a class standing in the middle of the road between the excesses of the emergent oligarchy and the increasing misery of the myriad poor". According to Ojediran (2009), "...oil money, enjoyed mostly by a few in a highly skewed income distribution environment, breeds amnesia and blunts pain...the eight largest exporters of oil, imports all of its petroleum product needs...over 70% of the population are poor...the country's true federalism...has been lost to oil.... How can a nation be blind to what other oil producers have done with oil money?" These submissions have gone a long way to prove the validity of the use of the Elitist Theory as one of the theoretical frameworks in this work.

(e) Resource Control and Revenue Allocation

Resource control has been the most contentious issue in the recent political history of Nigeria and the demand by the Niger Delta states for the adoption of a derivation criteria as the major principal criteria to be used in revenue allocation has threatened the fabric of our existence as a nation. As a lot of formulas have been used, derivation has remained in the allocation principles but there has always been a demand for an increase in the percentage allocation from 40% - 100%. But all the agitation is mostly as a result of either the diversion of revenue allocated to the states in the region by the elites or lack of federal presence in the region.

Adesopo and Asaju (2004) succinctly define resource control thus: "Resource control is all about allowing the littoral States and other southern States of Nigeria (where the nation's resources are derived) to manage the revenue accruing from the oil and other natural resources in line with the tenets of true federalism by contributing an agreed percentage towards the maintenance of common services of the government at the centre as the case was in the first Nigerian republic." Explaining the term, Nenyiaba (2013) quoting Ikpat and Ibanga (2010) asserts that the States make economic decisions regarding exploration, exploitation and sale of own resources with a favourable federal regulatory system while also paying necessary taxes to the Federal Government. The operation of revenue allocation has been subject to various challenges right from the onset, particularly in the areas of assignment of responsibility among the tiers of government. In Nigeria, one of such areas is fiscal powers to collect revenue in the discharge of its constitutional responsibilities. Another area of challenge is development of an acceptable equitable formula for allocating centrally collected revenue. The situation is such that even in issues of vertical and horizontal formula for revenue allocation, there is mutual distrust between the centre and the federation units and among the federation units. According to Ewetan (2012) "More importantly, the horizontal distribution principles have remained contentious and have been described as unfair by some political zones. The emphasis on population is the most important issue, resulting from complaints that population figures were manipulated in favour of some states.

Furthermore, the progressive decline of weights on derivation principle for revenue

sharing has also been criticized. The basis of emphasis on derivation was to make the units maximize the yield from available tax sources as well as promote fiscal discipline among the sub national governments. The issue of landmass and terrain undermines the interest of the states with small landmass. The trend of progressive opinion is that this criterion of landmass should be excluded from the revenue allocation system. As it is now, Nigerian fiscal federalism is fraught with so many problems.”

Methodology

The research designed for this study is survey research. The purpose is to enable the researcher generalize from a sample population so that inferences can be made. The use of survey design can be justified on the bases of economy, reliability and rapid turnaround in data collection. The data collected centres on the impact of fiscal federalism and agitations for resource control in Nigeria on development in Nigeria. The response of the respondents are measured on the five point scale of strongly agree (SA), Agree (A), Undecided (U), Disagree (D) and Strongly Disagree (SD).

The population for the study are the academic staff and post graduate students of the Ibrahim Badamasi Babangida University, Lapai. The choice of this population can be justified by the fact of their acquaintance with fiscal federalism and agitations for resource control in Nigeria and its impact on national development as well as accessibility. The use of large population with the knowledge of fiscal federalism and agitations for resource control in Nigeria would have been much more serious and

cumbersome. The total population of the study is 6723 persons consisting of 1513 academic staff and 5219 postgraduate students (management information system). The sample size is determined by using Yamane’s formula as expressed by Israel (1992) thus:

$$n = \frac{N}{1 + N(e)^2}$$

where n = sample size

n/ = total population

e= level of significance (95%)

$$n = \frac{6,723}{1 + 6,723(0.05)^2}$$

$$n = \frac{6,723}{1 + 6,723(0.0025)}$$

$$n = \frac{6,723}{1 + 16.8075}$$

$$n = \frac{17.8075}{6,723}$$

$$n = 377.5$$

n=378 representing 5.6% of the total population.

The sampling technique is simple random sampling. Both primary and secondary sources of data were explored. The primary source of data is questionnaire. This can be justified on the bases of its reliability, convenience, perseverance, anonymity and lower rate of reactivity. The secondary source inter-alia consists of books, government and fiscal federalism and agitations for resource control in Nigeria publications, the internet and unpublished materials. This secondary source complicates the primary source.

Both description and inferential statistical tools include the use of frequency tables, simple percentages and mean scores for analysing and interpreting data. The inferential statistics used in spearman’s rank collection. It is one of the non-parametric tools of analysis that seeks to ascertain the degree of relationship between two variables

'X' and 'Y' where 'X' are independent and dependent variables respectively. The spearman's formula for rank correlation is given by:

$$r_s = 1 - \frac{6 \sum d^2}{N(N^2 - 1)}$$

When; d= the difference between the ranks of corresponding values of X and Y.

N= the number of pairs of value (X,Y) in data.

Source; Spiegel and Stephens (1999)

Their value obtained from using the test for the test of hypothesis thus below;

$$T = \frac{\sqrt{N-2}}{r(1-r^2)}$$

Where; N= number of values of X and Y.

The value obtained is compared with the value of distribution at 95% (0.05) level of significance (oct) and given degree of freedom is equal the number of the pairs of values of X and Y, the independent variable and Y, the dependent variable.

The decision rule in using rsm for testing hypothesis is as follows;

- (1.) Accept null hypothesis (H1) if rs calculated value is less than the critical value and reject the alternative hypothesis (H1)
- (2.) Accept alternative hypothesis (H1) if rs calculated value is greater than critical value and reject the null hypothesis (HO).

Discussion of Result and Findings

In this study, the researcher defines the relationship between fiscal Federalism and development in Niger Delta. Issues relating to fiscal Federalism evaluated include fiscal decentralization, revenue decentralization, fiscal irresponsibility, inter-governmental relations and fiscal imbalance. Issues relating to development include; conflict prevention, Economic growth and stability, level of health care delivered, level of educational improvement and infrastructure development as well as poverty reduction.

In times of questionnaire administration 378 questioners equivalent to the ample size were administered to the sample respondent. The responses are measured in five point liked skills of strongly Agree, agree, undecided, disagree and strongly disagree. The questionnaire consists of 3 parts. Part one contains bio data of respondent, part two relate to the issue of physical federalism and section three relates to issues if development.

Out of the three hundred and seventy eight (378) administered, 330 were returned giving 87.3 rates of returns however 310 were duly completed giving 82.0% rate of response. To this end, analysis of data for this study is based on 310 respondents.

Bio Data of Respondent

The demographic characteristics of respondent were elicited in this study. This is in times of status of sample, gender distribution and educational qualification.

Table 4.1 below shows the distributions

Table 7.1 Bio Data of Respondents

s/no	INDICES	VARIABLES	FREQUENCY	PERCENTAGE
1.	STATUS OF SAMPLE	Academic staff	81	26%
		Postgraduate students	229	74%
		Total	310	100%
2.	GENDER	Male	194	62.6%
		Female	116	37.4%
		Total	310	100%
3.	EDUCATIONAL QUALIFICATION	First Degree	150	48.4%
		Postgraduate Diploma	80	25.8%
		Master's degree	62	20%
		Ph.D.	18	9%
		Total	310	100%

Source; survey Research.

Analysis from the above tables shows that majority of the respondents totalling 229 representing 74% are post graduates students. The dominant respondents were male totalling 194 representing 62.6%. The data also revealed that the respondents' level of education cut across first degree Postgraduate Diploma, Master's Degree and Ph.D.

Measurement of Fiscal Federalism

Respondents were asked to respond to some questions on whether they agree or disagree in relation to some issues relating to fiscal federalism. Their responses are presented on Table 4.2 below

Table 7.2: Respondents' Opinion on Fiscal Federalism

Variable no	Issues Relating to Fiscal Federalism	SA	A	U	D	SD	Total
4	The degree of Fiscal Decentralization in terms of expenditure favours the Federal Government at the instance of the states in the Niger Delta	16	36	8	160	70	310
		5.16	11.6	2.5	51.6	22.5	100%
5	Revenue decentralization is unfavourable to the oil producing states in the Niger Delta	32	28	10	140	100	310
		10.5	9.0	3.2	45.4	32.2	100%
6	The existence of fiscal irresponsibility is glaring in fiscal federalism arrangement	26	12	10	109	80	310
		8.3	3.8	3.2	61.2	25.8	100%
7	Share of revenue is not favourable to the Niger Delta States	46	25	6	190	80	310
		14.8	8.6	1.6	61.2	32.2	100%
8	Fiscal federalism counters effective intergovernmental relations in the Niger Delta	38	22	10	130	110	310
		12.2	7.0	3.2	41.9	35.4	100%
9	The state of fiscal imbalance encourages agitation for resource control in the Niger Delta	120	80	10	60	40	310
		38.7	25.8	3.2	19.3	12.9	100%

Source: Survey Research

Analysis from Table 4.2 clearly shows that the degree of fiscal decentralization does not favour the states in the Niger Delta region. 230 respondents representing 74.1% attested to this. Also, 240 respondents representing 77.18% claimed that Revenue decentralization is unfavourable to the oil producing states. Similarly, as high as 270 respondents representing 87% claimed that the existence of fiscal irresponsibility is

glaring in fiscal federalism arrangement. 240 respondents representing 80.3% did not agree that the fiscal federalism encourages effective intergovernmental relationships in the Niger Delta. Finally, about 200 respondents representing 64.5% claimed that the state of fiscal imbalance encourages agitation for resource control in the Niger Delta.

Measurement of development in the Niger Delta

Respondents were also asked some questions to determine the level of

development in the oil producing states of the Niger Delta. Their responses are presented on the table below.

Table 7.3: Respondents' opinion on Development in the Niger Delta

Variable no	Issues Relating to Fiscal Federalism	SA	A	U	D	SD	Total
10	Fiscal federalism plays a significant role in the conflict prevention management and peace in the Niger Delta	20 6.15	48 15.48	16 5.16	160 51.6	66 51.29	310 100%
11	As a result of Fiscal Federalism there is enhancement in economic growth and stability in the Niger Delta	12 3.87	36 11.61	8 2.58	172 55.46	82 26.48	310 100%
12	The level of Health Care Deliver in the Niger Delta is high	20 6.45	48 15.48	12 3.87	174 56.13	56 15.6	310 100%
13	The level of Educational Development in the Niger Delta Region is high	33 10.65	81 26.13	9 2.58	189 60.32	44 14.2	310 100%
14	There is Infrastructural Development in the Niger Delta Region	38 12.2	22 7.0	10 3.2	130 41.9	110 35.4	310 100%
15	The rate of poverty reduction in the Niger Delta Region is high	10 3.23	26 8.39	12 3.87	64 20.68	198 63.67	310 100%

Source: Survey Research

Table 4.3 above clearly shows that not much was achieved in the area of development of the Niger Delta region. 226 respondents representing 82.8% claimed that fiscal federalism has not played any significant role in conflict management and peace in the Niger Delta.

Also, 254 respondents representing 65% attested that fiscal federalism has not enhanced economic growth and stability in the Niger Delta region. Again, 230 respondents representing 74.9% claimed the level of health care delivery is low while 188 respondents representing 60.4% believed that the level of educational development in the region is low. In the same vein, 229 respondents accounting for 61% claimed that there is absence of infrastructural development while as much as 264 respondents representing 84.3% are of the opinion that the level of Poverty Reduction in the Niger Delta Region is low. All these analysis shows that there is no meaningful

development in the Niger Delta region due to the fiscal federalism practice, hence the need for the agitation for resource control in the Niger Delta states.

Statistical Test of Hypothesis

The null hypothesis formulated for this study is this:

H_0 : There is no significant relationship between Fiscal federalism and Development in the Niger Delta Region.

The independent variable here is Fiscal Federalism while the dependent variable is Development in the Niger Delta region. Cumulative responses for both the independent variable (fiscal federalism) and the dependent variable (Development in the Niger Delta region) were presented on tables 4.5 and 4.6 respectively.

Table 7.5: Cumulative responses for Fiscal Federalism (Independent Variable)

Strongly Agree (SA)	26	8.3
Agree (A)	12	3.8
Undecided (U)	2	0.6
Disagree (D)	190	61.2
Strongly disagree (SD)	80	25.8
Total	310	100%

Source: Survey research

For the purpose of carrying out Spearman Rank Correlation test, the above l=values

Table 7.6: Cumulative responses for Development in the Niger Delta (Dependent Variable)

Strongly Agree (SA)	22	7.1
Agree (A)	54	17.4
Undecided (U)	3	0.97
Disagree (D)	187	60.32
Strongly disagree (SD)	44	14.2
Total	310	100%

Source: Survey research

were cross tabulated using SP&S to produce the table below:

Table 7.7: FF*DND Cross tabulation (insert)**

DND * FF Crosstabulation						
		FF				
		SD	D	U	A	SA
SD	Count	44	0	0	0	0
	Expected Count	11.4	27.0	.3	1.7	3.7
	% within DND	100.0%	0.0%	0.0%	0.0%	0.0%
	% within FF	55.0%	0.0%	0.0%	0.0%	0.0%
	% of Total	14.2%	0.0%	0.0%	0.0%	0.0%
D	Count	36	151	0	0	0
	Expected Count	48.3	114.6	1.2	7.2	15.7
	% within DND	19.3%	80.7%	0.0%	0.0%	0.0%
	% within FF	45.0%	79.5%	0.0%	0.0%	0.0%
	% of Total	11.6%	48.7%	0.0%	0.0%	0.0%
U	Count	0	3	0	0	0
	Expected Count	.8	1.8	.0	.1	.3
	% within DND	0.0%	100.0%	0.0%	0.0%	0.0%
	% within FF	0.0%	1.6%	0.0%	0.0%	0.0%
	% of Total	0.0%	1.0%	0.0%	0.0%	0.0%
A	Count	0	36	2	12	4
	Expected Count	13.9	33.1	.3	2.1	4.5
	% within DND	0.0%	66.7%	3.7%	22.2%	7.4%
	% within FF	0.0%	18.9%	100.0%	100.0%	15.4%
	% of Total	0.0%	11.6%	0.6%	3.9%	1.3%
SA	Count	0	0	0	0	22
	Expected Count	5.7	13.5	.1	.9	1.8
	% within DND	0.0%	0.0%	0.0%	0.0%	100.0%
	% within FF	0.0%	0.0%	0.0%	0.0%	84.6%
	% of Total	0.0%	0.0%	0.0%	0.0%	7.1%
Total	Count	80	190	2	12	26
	Expected Count	80.0	190.0	2.0	12.0	26.0
	% within DND	25.8%	61.3%	0.6%	3.9%	8.4%
	% within FF	100.0%	100.0%	100.0%	100.0%	100.0%
% of Total		25.8%	61.3%	0.6%	3.9%	8.4%

From the cross tabulation above, the computer produced the correlation output on Table 4.8 below.

Table 4.8: Correlation output

Correlations			
		FF	DND
FF	Pearson Correlation	1	.805**
	Sig. (2-tailed)		.000
	N	310	310
DND	Pearson Correlation	.805**	1
	Sig. (2-tailed)	.000	
	N	310	310

**. Correlation is significant at the 0.01 level (2-tailed).

From the table above, the value of Spearman rank correlation is 0.773. This value is subject to t-test of significance at 95% and 6° of freedom.

$$\begin{aligned}
 t &= r \frac{\sqrt{N-2}}{\sqrt{1-r^2}} \\
 &= 0.773 \frac{\sqrt{6-2}}{\sqrt{1-0.773^2}} \\
 &= 0.773 \frac{\sqrt{4}}{1-0.6} \\
 &= 0.773 \frac{\sqrt{4}}{\sqrt{0.4}} \\
 &= 0.773 \frac{2}{0.6} \\
 &= 0.773 \times 3.3 \\
 &= 2.55 \text{ concentrated value}
 \end{aligned}$$

The critical value is 0.829. From this, the converted value is greater the critical value and as such, the null hypothesis is rejected. This brings the conclusion that a relationship exists between fiscal federalism and development in the Niger Delta region. Greater and improved fiscal federalism practice will definitely bring about development in the Niger Delta states where as unfavourable fiscal federalism practice will definitely erode the region from any development hence the agitations for resource control

Conclusions and Recommendations

This research work tested the relationship between the current form of fiscal federalism in Nigeria and development in the Niger Delta states. It identified that there is a strong relationship between fiscal federalism and development in the Niger Delta region. This based on the fact that the

current degree of fiscal federalism does favour the region and the current irresponsibility observed in the region has not encouraged economic growth, improved healthcare services and high infrastructural development. And that improved fiscal federalism plays a significant role in conflict management and prevention. The current fiscal federalism is responsible for increased agitation for resource control and power devolution.

In order to reduce the level of increase in agitation for resource control, I offer the following recommendations:

- There is need for urgent review of the current revenue that will positively redress issues of assignment of responsibility and allocation of revenue both vertically and horizontally and the new formula must take special notice of the principle of derivation.
- Federal government must adhere to the need for economic diversification to reduce over-dependence on oil as the major source of revenue and earner of foreign exchange. In this direction, agricultural productivity must be given prominence.
- For leadership to be held accountable and responsible for their actions in public office, the electoral process must be strengthened for elections to be free

and fair for all, and government must build robust and dynamic institutions that are capable of resisting abuse of privilege in public and exposing all forms of corruption.

- The federal government should give more attention to Niger Delta states in infrastructural development, provision of qualitative health services and educational facilities.

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