

International Journal of Arts and Humanities (IJAH)

Bahir Dar- Ethiopia

Vol. 5(4), S/No 19, September, 2016: 186-201

ISSN: 2225-8590 (Print) ISSN 2227-5452 (Online)

DOI: <http://dx.doi.org/10.4314/ijah.v5i4.14>

Resource Control and The Politics of Revenue Allocation in Nigerian Federation

Egugbo, Chuks Cletus

Department of Political Science

Olabisi Onabanjo University, Ago-Iwoye

Ogun State, Nigeria

E-mail: egugbo@yahoo.com

Tel: +2347036344872

Abstract

The Nigerian state became a federation in 1954 by virtue of the Lyttleton Constitution. Since then, it has witnessed so much vicissitudes. At inception, agriculture was the mainstay of the country's economy and the principle of derivation featured prominently in revenue allocation. This principle was downplayed when crude oil replaced agricultural products as the mainstay of the economy. This and other factors brought about the resource control agitation. The agitation for resource control by the governors of the South-South states stemmed from the perceived skew nature of federal practice in Nigeria that tilted in favour of the non-oil producing areas particularly the Northern part of the country. This paper recommends amongst others that the federation should be restructured in a way that would ensure that an equitable formula is adopted in sharing revenue and also the minorities should be fully carried along in terms of governance of the country.

Key Words: Federalism, Resource Control, Revenue Allocation, Derivation, Political Economy, Agitation, Constitution, Niger-Delta Region

Introduction

The Nigerian State is presently divided into six geo-political zones for administrative purposes and they are North-West, North-East, North-Central, South-

West, South-East, and South-South. Out of the six geo-political zones, all the states in the South-South namely: Akwa-Ibom, Bayelsa, Cross-river, Delta, Edo and Rivers State are Niger-Delta States, the oil bearing region of the country with Abia and Imo states of the South-East Zone and Ondo state of the South-West Zone. This explains why Fubara (2002) stated that “Niger-Delta as being conceived today is any area producing oil”. The South-South states are minority in Nigeria and this minority status have adversely affected them in revenue allocation in Nigeria since oil became the mainstay of the Nigerian economy.

The structural composition of the Nigerian state presently derived its root from the colonial era. For administrative convenience, the colonial masters bifurcated the country into regions after the amalgamation of the protectorate of Southern and Northern Nigeria in 1914 by Lord Frederick Lugard. In this vein, specifically, Arthur Richards in 1946 divided the country into three regions; the Northern region, Western region and Eastern region. The division was done in such a way that each region comprised of a particular major ethnic group in Nigeria—North for the Hausa-Fulani, West for the Yoruba and the East for the Ibo. This shows that Nigeria is made up of diverse ethnic and religious groups in such a way that there are the ‘majority’ and ‘minority’ ethnic groups. To a large extent, the minority ethnic groups are the oil producing states and the majority ethnic groups are the non-oil producing states. Ironically, the majority ethnic groups determine the nature of revenue allocation in Nigeria. This condition has over the years tended to constitute a cog in the wheel of equitable revenue allocation in Nigeria with its attendant consequences.

According to Obi (1998a), “the revenue allocation system remains one of the critical destabilizing factors in Nigeria’s federal experiment. In the words of Olowononi (1998), “revenue allocation has a very great potential for conflicts, especially between rich and poor regions or state in Nigeria. In fact, it was ethnic conflict which largely explains the origin of centralization of fiscal powers in Nigeria today”. Due largely to the politicization of ethnicity, attempts have been made over the years by the politically dominant ethnic groups to allocate resources in their favour. This scenario has been the major source of conflicts, agitation for resource control by the oil producing states spearheaded by the governors and animosity in the Nigerian federation.

Amucheazi (2001a) opined that “resource control agitation was borne out of deep-seated feeling of marginalization in spite of the hue petroleum wealth that Nigeria has taken from the oil producing region”. The principle of derivation which was the basic formula for sharing revenue when agriculture was the mainstay of the Nigerian economy was consigned to history books as oil replaced agricultural products as the mainstay of the economy. This situation was seen as a conspiracy by the power elite of the three major ethnic groups (Ibo, Yoruba and Hausa-Fulani), particularly, because of the absence of oil in any significant quantity in their regions.

This paper examined the factors that precipitated resource control agitation and the politics of revenue allocation in the Nigerian federation.

Conceptual Clarification

It is germane at this juncture to attempt a clarification of major concepts in this paper; they are Resource Control and Federation/Federalism. According to Amucheazi (2001b), "Resource Control is a call by the governors of the South-South for the federal government to return to the principle of derivation as a well-established formula for revenue allocation". In the words of former Governor James Ibori of Delta State, "the fight for resource control is all about allowing the Niger-Deltans to control their oil wealth and pay adequate taxes to the central authorities as it is done in a true federation". From the words of former Governor James Ibori of Delta state, the agitation for resource control is not about total ownership of the oil found in the Niger-Delta region but the increment in the derivation fund from 13 percent to about 50 percent without offshore and onshore dichotomy. The agitation for resource control can be said to be a call for the restructuring of the Nigerian Federation in such a way as to ensure fiscal federalism whereby each state would have the autonomy to generate resources and use internally while paying adequate taxes to the central government.

According to Lawal (2006a), to enhance stability in the polity, it becomes imperative to negotiate resource control as "the practice of true federalism and natural law in which the federating units express their rights to privately control the natural resources within their borders and make agreed contributions toward the maintenance of common services of the sovereign nation-state to which they belong" (The Punch, April 16, 2001:21). Lawal goes further to say that the above definition presupposes the existence of a federal system in which the federating units should enjoy the rights to exploit, extract and market the various natural resources of the various federating units by the government of such units independent of the federal government. It is only a certain percentage of the accrued revenue that would be paid to the centre to make it discharge some responsibilities in the interest of the whole country. This exemplifies resource control which the governors of the South-South agitated for.

According to the former Governor Peter Odili of Rivers State, "resource control is not the selfish invention of the present littoral states of Nigeria". He traced the agitation for resource control to the late Awolowo. He said more than fifty years ago, the late Awo, as he was fondly known, expressed his vision of a country in which all Nigerians were free to express themselves and develop their cultures, their language and political system using their own resources, that according to him was the origin of the call for resource control. A Lawyer and Human Right Activist, Mr. Femi Falana, explained that the control of resources by the people in whose domain the resources lie, has been effectively thwarted by the Nigerian Constitution, section 44(3) of the 1999 Constitution provides as follows, "notwithstanding, the foregoing provisions of this

section, the property in and control of minerals, mineral oils and natural resources in, under or upon the territorial waters and Exclusive Economic Zone of Nigeria shall vest in the government of the federation and shall be managed in such manner as may be prescribed by the National Assembly. This shows that for resource control to be achieved as being agitated by the governors of South-South there would be constitutional amendment. But this would be a tall dream because they are a tiny minority in the country's National Assembly, which has majority of its members from the non-oil producing states of the North. This exposes the politics inherent in revenue allocation in the Nigerian Federation.

This brings us to the concept of Federation and Federalism. A Federation, as it were, connotes a country that practices federalism. What then is federalism? On the issue of federalism, K.C. Wheare sees federal practice as a method of dividing powers so that general and regional government are each, within a sphere, coordinate and independent. Jega (1996a) sees federalism as a "system of government that is essentially about the distribution of political and economic decision-making power among constituent units or levels of government". Melson and Wolpe, cited in Jega (1996b), have observed that one of the most pressing political questions in all plural societies is "how to reconcile the demands of communal groups for security and autonomy with the requirements of the nation state for order and unity". To them, federalism is a system of government that seeks to provide an answer to this political question.

According to Jega, because of the nature of a plural society, federalism in it invariably tends to be about competition and struggles over power for access to and control of societal resources. This, in reality, often translates into competition and/or struggles between the powerful and the weak, between the rich and the poor, in the context of the federating units as well as in the sense of the socio-economic and class configurations within the federation. This explains to a large extent the nature of federal practice in Nigeria.

Theoretical Framework

Resource Control and Revenue Allocation are within the domain of Political Economy and as such this study adopts Political Economy as the theoretical framework. According to Aja (1998), "Political Economy is an organic unity or synthesis of political and economic forces which help to determine the inner laws influencing production and organization of labour in national economics, and even, the structure of world economic system". Jega (1996c) views political economy as "a subject and as a method of study that deals with the dynamics of the inter-relatedness of political and economic processes in a social formation". According to Jega (1996d), "Nigerian federation has become a huge structural and systematic device, in which contending (ruling) class forces are entangled in a desperate competition and struggle over national

(particularly federal) resources. Federalism has become the structural context for the class struggles and competition between factions of the ruling classes, of diverse nationalities, that comprise the Nigerian socio-economic formation". Nigerian federalism as from the 1970's has been characterised by what is known as 'fiscal centralism'. This marked the era when revenue from mineral resources particularly crude oil became centralized only to be distributed to the federating units as deemed appropriate by those in positions of authority. As the saying goes "in a democracy, the majority would have their way while the minority would have their say".

In Nigeria, the oil producing regions constitutes the minority and hence is not favourably disposed to design a revenue allocation system that would be in their favour. This explains why there was systematic reduction in the principle of derivation as a method of sharing revenue in the country. Therefore, the struggle for resource control by the governors of the South-South, the oil producing region is a consequence of the reduction in the derivation principle. The demand for resource control by the states was raised in the year 2000 by the Governors of South-South zone. The demand received mixed reactions particularly in government circles. Some governors particularly from the non-oil producing states of the North accused their South-South counterparts of trying to monopolize the oil revenue for selfish purposes. Of course the proponents of resource control do not have such intentions. According to Amucheazi (2001c), "resource control need not imply monopoly of resources. Proponents were in fact calling for a return to the principle of derivation a well-established formula for revenue allocation in a federation. Those who accuse them of trying to monopolize oil revenue are either not well informed or are just mischievous, and by their unwarranted attacks have helped to increase the existing tension in the political system. This explains why Obi (1998b) opines that "oil is central to the politics of inter-governmental relations in Nigeria".

Lawal (2006b) is of the view that "the possession of the nation's oil wealth by the minority groups of the Niger-Delta has led to series of agitations for better compensation". Ovwasa cited in Lawal (2006c) posits that the derivation principle was stoutly defended and applied in the 1950's and the early 1960's by the dominant power blocs—Western and Northern region—that benefited from it. During that period, the bulk of the country's revenue came from cash crops such as cocoa in the West and groundnut from the North.

Factors That Precipitated the Agitation for The Resource Control by the Niger-Deltans

The agitation for resource control by the Niger-Delta people was borne out of perceived cheating, marginalization and deprivation they have suffered in the hands of the majority ethnic groups, who have dominated the corridors of power at the centre since Nigeria's independence on 1st October, 1960.

One of the factors that precipitated the resource control agitation by the Governors of the South-South could be seen in the abandonment or de-emphasis on derivation as a principle of revenue sharing in the Nigerian federation. The economic objectives of the 1999 Constitution as amended are found on the control of the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of societal justice, equality of states and opportunity. To this end, section 162(1) of the 1999 Constitution established a "Federation Account" to which all revenues collected by the federal government are paid. Section 162(2) then enacts the principles of allocation, which include population density, equality of states, internal revenue generation, landmass and terrain. The provision is however, subject to an overriding proviso, which states in part; "provided that the principle of derivation shall be constantly reflected in any approved formula as being not less than thirteen percent of the revenue accruing to the federation account directly from any natural resources". This provision clearly entrenched the principle of derivation of not less than thirteen percent of revenue accruing to the Federation Accounts directly from any natural resources as an overriding allocation principle of the Federation Account. This is a deliberate constitutional mechanism intended to ensure a more equitable distribution of the national revenue among the federating governments in general and states in particular which bear the burden of the exploitation of their natural resources for the common wealth of the nation. According to former Governor James Ibori of Delta state, "it is unfortunate that this well-intended provision has been subjected to every manner of interpretation, administrative manipulations and needless politicization to unjustly deny the states of the South-South zone their respective constitutional dues of the federation revenue.

What infuriated the South-South people was contrary to the provision of the 1999 Constitution as amended which stipulated an allocation criteria of the minimum of the thirteen percent derivation principle, which was supposed to commence on the 29th of May 1999, close to about one year in office of President Olusegun Obasanjo, the principle of derivation was pegged at one percent leaving an outstanding balance of twelve percent each month of the ten months in favour of the recipient states. Therefore, apart from the reduction in the derivation principle in sharing revenue in Nigeria, the delay in the implementation of the 13 percent provided for the 1999 Constitution as amended instigated the Governors of South-South to agitate for resource control.

Table 1: Changes in the Derivation Component of Revenue Allocation

Period	Share of Derivation (%)
1960-1970	50
1970-1975	45
1975-1980	20
1980-1983	2
1984-1992	1.5
1992-2000	3
2000 till date	13

Source: Compiled from Jega 2007, pp. 203-245, Mbanefoh & Egwaikhide, 1999, pp. 213-231

Another factor accountable for the agitation for resource control by the Niger-Delta people could be seen in the area of the untold suffering and hardship meted out on the people of the area, necessitated by the exploration and exploitation activities of oil companies operating in the area. They suffer from pollution, oil spills, acid rain etc.

Furthermore, the agitation for resource control stemmed from the marginalization in employment opportunities particularly in oil companies and also political appointment. Because of their minority condition in Nigeria political equation, the people from majority ethnic groups exercise their dominance by influencing the employment of their own people. Most oil companies use the Niger-Delta region as an exploitable environment for money-making while they spend the money elsewhere. This explains why most of their headquarters are situated in areas far away from where they operate and make money.

Late Chief D.S.P. Alamiyeseigha, former executive Governor of Bayelsa state expressed this view in a lecture he delivered at the institute of African Studies, University of Ibadan on Tuesday March 15, 2015. According to him, “the oil industry provided no jobs for the people of the region, rather, people from other parts of the country were brought in to take most of the jobs with the regular excuse that qualified people in the area were in short supply. After more than forty-five years, the same discredited excuse is still in use”. The former governor goes further to say that “one of the ironies in today’s Nigeria, for instance, is that graduates from the Niger-Delta who undertake the National Youth Service Programmes in other parts of the country end up unemployed, while graduates from other parts of the country who serve in choice multi-national oil companies in the youth service secure jobs promptly at the end of the service year”.

The agitation for resource control stems from what Ojo (2009a) calls the “asymmetric power relationships between and among the disparate component units of the federation. The federation is rife with mutual accusations and counter-accusations

of domination and marginalization”. The South is aggrieved by what it calls Political domination by the North. Except between 2010 and 2015 when President Goodluck Jonathan from Bayelsa state, one of the South-South states, nobody from the South-South had assumed office as the president of the country. One can argue that the series of agitations by the South-South people made it possible for Jonathan to become the President of Nigeria.

Table 2: Empirical Indication of Power (Presidency) between 1960-2016

No.	Dates	Identities	States	Zones
1	1 Oct. 1960—14 Jan. 1966	T.F. Balewa	Bauchi	North-East
2	15 Jan. 1966—29 July 1966	J.T. Ironsi	Abia	South-East
3	30 July 1966—28 July 1975	Y.T Gowon	Plateau	North-Central
4	29 July 1975—13 Feb. 1976	M.R. Muhammed	Kano	North-West
5	14 Feb. 1976—30 Sept. 1979	O. Obasanjo	Ogun	South-West
6	1 Oct. 1979 – 31 Dec. 1983	U.A.S. Shagari	Sokoto	North-West
7	31 Dec. 1983 – 26 Aug. 1985	M. Buhari	Katsina	North-West
8	27 Aug. 1985 – 27 Aug. 1993	I.B. Babangida	Niger	North-Central
9	26 Aug. 1993 – 17 Nov. 1993	E.A. Shonekan	Ogun	South-West
10	18 Nov. 1993 – 8 June 1998	Sani Abacha	Kano	North-West
11	9 June 1998 – 28 May 1999	A. Abubakar	Niger	North-Central
12	29 May 1999 – 29 May 2007	O. Obasanjo	Ogun	South-West
13	29 May 2007 – 5 May 2010	U.M. Yar’Adua	Katsina	North-West
14	6 May 2010 – 29 May 2015	G.E.A. Jonathan	Bayelsa	South-South
15	29 May 2015 – till date	M. Buhari	Katsina	North-West

Source: Sunday Tribune, 7th August, 1994, Ibadan, pp7-9 and updated by the Author.

Table 2 buttresses the position that Nigeria’s federation is tilted in favour of the North, at least in terms of political power (Ojo, 2009 b).

According to Tyoden (1996), “what has placed the issue of revenue allocation on the agenda of minority struggles in this country has been not only the emergence of oil—mainly found in the areas occupied by Southern minorities—as the major source of national revenue but also perhaps more importantly the dissatisfaction with the amount accruing to these areas in the process of revenue allocation. This dissatisfaction revolves around four inter-related issues.

- The de-emphasis on derivation as a principle for revenue allocation in the country which has consequently reduced the amount of national resources going to the oil producing areas as of right.
- The lack of infrastructural development in the oil producing area.
- The absence of social amenities and the consequent poor standard of living of the people in the oil producing states; and
- The systematic destruction of the environment and ecosystem in the oil producing areas resulting from oil exploration activities”.

From the foregoing, it becomes glaring, the reasons the Niger-Delta people engaged in agitation for resource control.

The Politicization of Resource Control and Revenue Allocation in Nigeria

The politicization of resource control and revenue allocation in Nigeria stems from the fact that revenue is very important in a federation. On this note, Professor J.A.A. Ayoade opines that “it is an understatement to say that money talks in a federation, infact money screams”. The resource control agitation generated mixed feelings right from the onset; because there are some group of people who belief that, if the resource control agitation is granted, it will drastically affect their revenue base and for that they have gone all out to oppose it in total disregard to equity, natural justice and the practice of true federalism. According to Burkhead and Miner (1971), federalism is characterized by the interplay of political power struggles between the various interest groups that make up the constituent units. Among the contending forces are those that are favourably disposed to fiscal centralization or de-centralization because it serves their economic and political interests.

Below, we are to examine the various ways in which the resource control agitation and revenue allocation were politicized.

Offshore/Onshore Dichotomy Debacle

The dichotomy between revenue from on-shore and off-shore oil production came into being in 1971 during the reign of Gowon as Nigeria’s Military Head of State. With the dichotomy, revenue which, on the principle of derivation, had accrued to these states on whose shores oil was produced, now went to the federal government. This can be viewed as a calculated attempt by people from the majority ethnic group whose numerical strength provides them the opportunity to occupy government positions at the centre to deny the minority oil rich communities their God-given wealth. This amounts to sheer cheating and oppression.

According to former Governor James O. Ibori of Delta State; “the dichotomy between onshore and offshore oil and gas deposits is artificial and not in the best

interest of our people. It is artificial because it is unnatural and not connected with the expropriation intention behind the Exclusive Economic Zone Act. As we may recall, the Act was passed in 1978, delimiting the Exclusive Economic Zone of our country extended it up to 200 nautical miles, seawards from the coast. It then proceeded to vest in the federal government the sovereign exclusive rights with respects to the exploration and exploitation of the natural resources of the seabed, subsoil and superjacent water of the exclusive zone. The Act is not justified by the underlying wisdom of the 1960 and 1963 Constitutions both of which enacted that the continental shelf of a region shall be deemed to be part of the region. This expropriation of our people and governments of their riparian natural rights has unfortunately been given constitutional confirmation. The 1999 Constitution, like its immediate 1979 precursor, preserves the property rights of the individual against expropriation, save the entire property in and control of all minerals, mineral oils and natural gas in, under, or upon the territorial waters and Exclusive Economic Zone of Nigeria which are vested in the Federal Government". The resource control agitation by the Niger-Delta people revolves around expunging the law in our statute books which directly or indirectly frustrates the realization of their dreams.

The agitation for resource control over-heated the polity and the federal government sought a political solution. Consequently, the Attorney General of the federation and the then minister of justice, late Chief Bola Ige filed a suit on behalf of the federal government, at the Supreme Court in respect of the matter of resource control in 2001. The Supreme Court was specifically implored to interpret the constitution of the Federal Republic of Nigeria and determine the seaward boundary of the littoral states. This was to clarify whether the littoral states are entitled to the 13 percent derivation application to the revenue from natural resources of Nigeria's territorial waters, continental shelf and exclusive economic zone. There arose disputes between the federal governments, on the one hand and the eight littoral states of Akwa-Ibom, Bayelsa, Cross-River, Delta, Lagos, Ogun, Ondo and Rivers on the other hand as to the Southern (or seaward) boundary of each of these states. The federal government contends that the Southern (or seaward) boundary of these states is the low water mark of the land surface of such state or, the seaward limit of inland waters within the state, as the case is required. The federal government, therefore, maintains that natural resources located within the continental shelf of Nigeria are not derivable from any state of the federation, the eight littoral states do not agree with the federal government's contentions. Each claim that its territory extends beyond the low water mark onto the territorial water and even onto the continental shelf and the exclusive economic zone. They maintained that natural resources derived from both onshore and offshore are derivable from the respective territory and in respect, therefore, each is entitled to the "not less than 13 percent" allocation as provided in the provision of subsection (2) of section 162 of the 1999 Constitution as amended.

On April 5, 2001, the Supreme Court while delivering judgement fundamentally restructured the federation account and gave the federal government control of off-shore revenue. The court held that only proceeds from oil on land (on-shore) of the littoral states concerned could form the basis for ascertaining how much should accrue to the states on derivation as contained in the 1999 Constitution.

With the judgement, Akwa-Ibom and Ondo States, whose oil had been only offshore, were confronted with the possibility of getting zero allocation from the federation account. Faced with criticism, Obasanjo set up a Presidential Committee headed by Chief Tony Anenih, the Minister for works and Housing, to find a political solution to the crisis arising from the Supreme Court judgement, submitting its report in June 2002, the committee asked the government in the interim to allocate some money to Akwa-Ibom and Ondo States worst hit by the judgement. The committee however said only a constitutional amendment and enactment of a new law will bring a lasting solution. As a result of this, President Olusegun Obasanjo sent a bill to the National Assembly to abrogate the offshore/onshore dichotomy which was passed by the National Assembly with a sense of urgency. This brought down the tension in the oil producing states occasioned by the resource control agitation.

Non-Oil Producing States and Resource Control Agitation in Nigeria

The issue of resource control which has financial implication is a very sensitive one so much so that whenever it is raised, it is always accompanied by uproar, dissensions, tension and contention. This has been a remarkable phenomenon in the practice of federalism in Nigeria.

The situation in the National Political Reform Conference attests to this fact. The people of South-South have insisted on the upward review of the 13% derivation fund to 25%, as expected the non-oil producing state particularly those from the North have consistently opposed the upward review up to the tune of 25%. A committee set up to look into the issue by the National Political Reform Conference which was headed by Professor Joe Irukwu and Alhaji Umaru Dikko had submitted its report recommending the upward review of the derivation fund from 13% to 17%. This act infuriated the delegates from South-South and they staged a walk out from the conference.

Professor Kimse Okoko, who spoke on behalf of the delegates from the South-South zone, alleged that the zone was oppressed and unfairly treated in what he described as a fundamental issue that brought the delegates to the conference (Vanguard, 13th June, 2005). It was a clear case of opposition to the issue of resource control when during the case of offshore/onshore debacle; the Northerners were in support of the federal government as against the people of South-South. This stems from the fact that, if the demands of the people of South-South are met, it would adversely affect their political-economy and as such they do everything at their disposal

to frustrate the effort of the Niger-Delta to fight for what rightly belong to them. According to Professor Itse Sagay (2002), “the attitude of the non-oil producing states toward the plight of the coastal states, during the hearing of the resource control case was unsympathetic and hostile”. One could rightly state that most of the non-oil producing states simply plunged their knives into the already open and bleeding wounds of the Southern minority of the Niger-Delta.

There are clear evidences of what Sagay refers to as celebrating injustice for the plight of the coastal states and peoples is well documented. Pollution of the environment, poisoning of the atmosphere, lands and waters, deprivation of livelihood, emergence of new types of cancers and other deadly diseases brought about by oil operations, the list of travails and devastation is endless.

Predictably, all of the Northern States that filed statements of defence at the Supreme Court aligned themselves with the position of Federal Government, which insists that oil revenue accruing from exploration of the coastal waters should be deemed to belong to the Nigerian State and as such, should not be subject to derivation formula. That stance was also upheld by the various Northern governors in their personal capacities. For instance, the Gombe State governor, Alhaji Abubakar Habu Hashidu, once said that: “the territorial waters belong to the 36 states and the 774 local government areas of the country. Without the country, there will be no water; and without the country, states will not be in existence”.

At the Political Reform Conference, it was a case of Northern opposition to resource control. Since they are not well endowed with natural resources particularly minerals and crude oil, they want to continue to benefit greatly from the wealth of the Southern minority oil producing states. The chairman of the Northern Governors Forum, Ibrahim Shekarau opposed the increment in the derivation fund on the ground that the governors of the South-South have not done much to justify the 13% derivation given to them. He said: “there has not been an honest, sincere and deliberate programme in those (oil producing) areas to make people have dividends of their money, the little that is being given to them”. Everyone agrees that the authorities in the Niger-Delta like their counterparts in other parts of the country have not done enough to utilize allocated resources for development. But it is also true that the alienation of the people from their resources for development has created and reinforced a confusingly long chain of predators between them and the federally allocated resources, and created loopholes under which authorities external to the people can hide and fitter away their natural advantages. (Guardian, 19th April, 2005 & Guardian 1st June, 2005).

The history of revenue sharing in Nigeria since the emergence of oil as the main economic mainstay of Nigeria has been the history of non-oil producing states opposing the oil producing states in their bid to agitate for the elevation of derivation

as an established formula for revenue sharing. Eme Ekekwe in his book, 'Class and State in Nigeria', he articulated how the defunct Bendel (present day Delta and Edo states) and Rivers state made their case on derivation to the Presidential Commission on Revenue Allocation in 1979, the Bendel State Government declared: "the principle of derivation is a hollowed one...in the revenue allocation formula of this nation. The Bendel State Government holds the view that considerable weight should continue to be given to the criterion.... Therefore, there would be no justification in not giving due weight to the principle of derivation in the present exercise".

The Rivers State Government was equally strongly in support of derivation regaining its dominant role. In fact, says Eme Ekekwe, it sees in the de-emphasis of derivation a diabolical attempt by the major ethnic groups to cheat the minor groups. As the state's governor put it; "derivation as a principle of revenue allocation has continued to be deliberately suppressed since crude oil became the mainstay of the country's wealth and simply because the main contributors of the oil wealth are minorities". Otherwise, the Rivers State Government does not appear to know any other rational reason why derivation, which even has a basis in Africa social-political system should not be given pride of place in Nigeria, thus argued Eme Ekekwe. In the Rivers State submission to the Presidential Commission, the state government painfully declared: "we do not know of any Federation in the whole world which the principle of derivation is not extended in the sharing of revenues". At this instance, most non-oil producing states were seriously against the position of the oil producing states on derivation. State like Sokoto then argued that derivation should not enter the picture of revenue allocation. It argued that "since the bulk of the Nigerian revenue come from mining activities in which the states of their location have no investment except for the land, it will be inequitable to recognize the principle of derivation in sharing the proceeds of such national economic activity. Thus, continued Sokoto state government, throughout the history of revenue allocation, the derivation principle hampered the development of equity and poisoned inter-government relationship and generated inter-regional animosities and disputes.....hampered the development of a true sense of national unity. The nation must move away from this danger. That was the position of the Sokoto State Government. Gongola, Kwara and Oyo States also argued before the Presidential Commission that derivation should be discarded because it was essentially negative for national development and unity (Eme Ekekwe, 1986).

Whether they were fighting for or against the derivation principle, each state was seeking ways to get more revenue for itself. The less derivation is emphasized, the more revenue would be allocated to the non-oil producing states such as Sokoto and Kwara, among others. Bendel and Rivers, which received in 1974-75 some 24 percent and 17 percent respectively, of allocated revenue, would want to maximize further their positions as oil producers. Other states know that the more revenue that goes to Bendel and Rivers, the less themselves get.

From the foregoing, it becomes very obvious to understand why the Northerners opposed the increment in the derivation fund to at least 25% at the National Political Reform Conference. The Northerners rights from the onset have been surviving to a large extent with the revenue from the South and later the oil rich minority states of the South-South. According to Jide Osuntokun, for the North to benefit from the revenue of the South, was one of the reasons that necessitated the amalgamation of the North and South in 1914. He said that “Southern Nigeria was rich in agricultural and natural resources, especially pal kernels, palm-oil, cocoa and timber. Enormous customs revenue also accrued to the Southern administration from the heavy duties imposed on liquor or ‘trade gin’ which was largely consumed in the South since its importation to the North was prohibited by the Government in deference to Islamic religion. This heavy indirect taxation was justified on old Victorian morality of abhorrence of alcohol and on sound economic grounds that, if Southerners were prepared to indulge in alcoholic consumption, they should be made to pay for their sin. This was the more acceptable since Southern Nigerians did not pay direct taxes as was then the practice under the Beit-el-mal (native treasury) system in the North. According to Osuntokun, the point to note was that while Southern Nigeria proved itself as a viable economic frontier, Northern Nigeria in spite of its vastness was a classic example of ‘uneconomic’ imperialism, at least up till the time of amalgamation.

This condition has made the North to be dependent on the South economically. Being that the Northerners have been in power for many years since Nigeria’s independence in 1960, they have been able to manipulate the instruments of the state to structure Nigeria in a way that favours them economically and otherwise. This explains why all the laws on minerals and crude oil do not favour the people whose land these minerals and crude oil is gotten from.

Conclusion

For a peaceful and progressive country, there must be the willingness by the country’s political leaders to bring everybody on board in the administration of the country. No section of the country should be made to feel inferior or marginalized in the scheme of things. There should be equitable distribution of revenue from the Federation Account to reflect sharing based on level of contribution to the Federation Account. The country should ensure the diversification of the economy. This will not only boost the economy of the country but would also bring about employment generation with its attendant advantages.

References

- Aja, A. A. (1998). *Fundamentals of modern political economy and international economic relations ... changing with times*. Owerri: Data-Globe, Nigeria. (Chapter 1)
- Amucheazi, E. (2001). Resource control and the future of Nigerian federation. Unpublished seminar paper.
- Attahiru, M. J. (1996). The political economy of Nigerian federalism. In Isawa, J. Elaigwu & Akindele, R. A. (eds.) *Foundation of Nigerian federalism (1960-1995)* (pp. 88-89). Jos, Institute of Governance and Social Research (IGSR)
- Bedford, F. (2002). The politics of the Niger-Delta. Proceeding of the fourth memorial programme in honour of Prof. Claude Ake (pp. 28). Port-Harcourt, Centre for Advanced Social Science.
- Ekekwe, E. (1986). *Class and state in Nigeria*. England: Longman Group Limited. (Chapter 9)
- Falana, F. (2000). Resource control: Which way forward? *Oil Times, living with oil*, Vol.1, No 19.
- FRN (1999). *Constitution of the Federal Republic of Nigeria* as amended.
- Ibori, J. O. (2000). South-South zone: The Delta State agenda. A keynote address at a meeting of Governors and National Assembly Members from the South-South states in Nigeria at Government House, Asaba, on Friday 31st March. Lagos, Jermie Publishers (Nig) Ltd.
- Lawal, E. (2006). Revenue allocation processes as antecedents to politics of resource control in Nigeria federalism. In Hassan, A. Saliu et al (eds.). *The national question and some selected topical issues on Nigeria* (pp. 18-19). Ibadan: Vantage Publishers Ltd.
- Obi, C. I. (1998). The impact of oil on Nigeria's revenue allocation system: Problems and prospect for national reconstruction. In Amuwo, K. et al (eds.) *Federalism and political restructuring in Nigeria* (pp. 261). Ibadan: Spectrum Books Limited.
- Odili, P. (2004). How Obafemi Awolowo pushed for resource control. *Vanguard Newspaper*, Friday, May 7, pp. 15 & 17.
- Ojo, E. O. (2009). Mechanism of national integration in a multi-ethnic federal state: The Nigerian experience. Ibadan: John Archers Publisher Ltd. (Chapter 3)

- Olowononi, G. D. (1998). Revenue Allocation and Economics of Federalism. In Amuwo, K. et al (eds.) *Federalism and political restructuring in Nigeria* (pp.247). Ibadan: Spectrum Publishers Ltd.
- Sagay, I. (2001). Federalism, constitution and resource control. *Pointer Newspaper* (Thursday 15, October pp. 18)
- Tyoden, S. G. (1996). The minorities factor in Nigeria Federalism. In Elaigwu, I. & Akindele, R. A. (eds.). *Foundations of Nigeria federalism 1960-1995* (pp. 254). Jos: Institute of Governance and Social Research (IGSR).