

African Research Review

An International Multidisciplinary Journal, Ethiopia

Vol. 5 (5), Serial No. 22, October, 2011

ISSN 1994-9057 (Print)

ISSN 2070--0083 (Online)

DOI: <http://dx.doi.org/10.4314/afrrrev.v5i5.3>

The Resource Control Debate: Enthroning Parasitism or Instituting Self-Determination? (Pp. 25-35)

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Abstract

Conceptualized within the context of Nigerian polity, "Resource Control" describes the drive by geo-political zone(s), state(s), region(s), group(s) or any of the federating unit(s) to assert claim, not only of ownership over natural resources found or produced in their territory(ies) but also the right(s) to determine the uses to which such resource(s) (or proceeds therefrom, may be put). Agitation for "Resource Control" is basically a response to perceived cheating, exploitation, alienation and marginalization of agitators by those in power. There are those for (largely from the Nigerian South, and South-South in particular) and those against (largely from the Nigerian North) the principle of "Resource Control". On the basis of this bi-partisan divide, the agitators for "Resource Control" posit that two outcomes await the choice of rejecting or accepting the principle, name: acceptance translates to self-determination for the marginalized and dispossessed; rejection translates to enthronement of parasitism of those that, for long, dominated (and still dominates) political power in Nigeria.

The paper argues that there is nothing fundamentally wrong with the principle of “Resource Control” which is basically a product of the weird brand of federal system in Nigeria (I choose to call it “unitary federalism”). The conclude that the “Resource Control” debate is far from being over, for as long as Nigeria’s warped federal system remains unchanged.

Introduction

Within the Nigerian nation abound diverse natural resources, which over the years have constituted remarkable means for socioeconomic advancement. Such resources, which include cocoa, crude oil, oil palm, rubber, cotton, groundnut and even solid minerals, have played significant roles in fostering rapid growth and development in the primary, secondary and tertiary sectors of the economy.

It is expected that given the abundant resource endowment in Nigeria, which no geopolitical region is deficient of, the pace of integrated development should have been quickened; rather, what is noticed is that there is a crass disparity in the utilization and allocation of desirable benefits from these resources. To be observed in the national space economy is a glaring and growing disparity not only between urban and rural areas of the country but among different geopolitical areas (Adeniyi, 1987). Data presented by Oyebani (1986) depicting the pattern of industrial establishment in Nigeria in 1978, suggest that 97.88% of all manufacturing employees in Nigeria were concentrated only in twenty five cities leaving industrial employment in rural areas to consist below 1.5% of the national total. While no current data is available on the present pattern of industrial distribution, there is nothing to suggest a departure from past trends. The quest for resource control by indigent communities is therefore a direct result of the perceived marginalization and alienation that stem from skewed resource allocation and lopsided development benefits within the Nigerian space – economy, has attracted intense and passionate political discourses across the geopolitical divide, which culminates into different opposing and proposing views.

This paper provides an overview in critically assessing the salient issues that surround the resource control debate in Nigeria. Secondly, an examination will be made of the source of the marginalization and alienation, while identifying how the various perspectives of the resource control debate have sought to enthrone parasitism or instituted self-determination in Nigeria.

The resource concept and resource endowment in Nigeria

Resources, as portrayed by Zimmermann (1933) “are not, but they become”. In other words, resources are regarded as the material elements that exist within the natural human environment, which have utility values. In considering materials as resources, it is imperative that the useful purpose of satisfying human needs in order to enhance the standard of living be achieved. Based on the foregoing, diverse resources abound and can be found within the Nigerian environments which though potentially useful, are still largely undeveloped, in the context of their rational and sustainable utilization to advance the socioeconomic well being of the citizenry.

The Nigerian environment is heavily endowed with a wide range of resources that can be applied to diverse uses to enhance socioeconomic productivity. As seen from Table 1; there is no geopolitical zone of the country that is not amply endowed with materials that can be utilized to facilitate economic growth and development.

S/N	Geopolitical Zone	Resource Endowment
1	South-South region	Limestone, Uranium**, Manganese**, Lignite*, Lead And Zinc*, Salt, Oil And Gas, Marble, Clay Gypsum**, Iron Ore, Kaolin, Gold**, Dolomite, Phosphate, Bitumen And Barites.
2	South-East region	Lead, Gold, Salt, Coal, Limestone, Clay, Iron Ore, Lignite**, Barites, Gypsum, Oil And Gas, Marcasite.
3	South-West region	Kaolin, Feldspar, Tatum, Granite, Columbite, Marble, Cassiterite, Aquamarine, Dolomite, Syenite, Glass Sand, Clay, Bitumen, Tar, Sillimanite**, Dimension Stones, Gold, Talc, Tantalite, Tourmaline.
4	North-Central region	Emeralds, Tin, Marble, Granite, Tantalite/Columbite, Lead/Zinc, Barites, Iron Ore, Kaolin, Cassitelite, Gold, Dolomite, Bentonite, Pyrochlore, Clay, Coal, Uiofram, Salt, Bismuth, Fluoride, Molybdnite, Gemstone, Oil And Gas, Bauxite, Sapphire.

		Tousmaline, Quartz, Amethyst, Zircon, Llmenite, Galena, Feldspars, Limestone, Mica*, Cooking Coal, Talc, Clay, Salt, Chaslopyrite.
5	North-East region	Kaolin, Bentonite, Magnesite, Barites, Bauxite, Amethyst, Gypsum, Lead/Zinc, Uranium**, Diatomite, Clay, Limestone, Oil And Gas, Gemstone, Gold, Soda Ash**
6	North-West region	Gold, Kaolin, Tomaline, Phosphate, Gypsum, Silica, Sand, Clay, Laterite, Potash, Plakos, Marble, Aquamarine, Ruby, Cassitelite, Tantalite, Topaz Granite, Gold, Salt, Sapphire Rock, Glass Sand, Clay, Asbestos, Serpentine, Amethyst, Kyamite, Graphite**, Silimanite, Mica, Fluorspars, Copper.

*Exist in traces.

**Exist in commercial quantity partially investigated

Source: Modified after Federal Ministry of Solid Minerals, Abuja, 2005.

Resource control and the structure of political governance in Nigeria: historical analysis of trends and problems

The complex and oftentimes contentious issue of resource control, which over the years have taken place in Nigerian political discourse, is largely unresolved. This is heightened by the fact that, although Nigeria as a political entity is legally/geographically structured to be governed on the principles of federalism, it is in practice run as a unitary state with respect to her centralist fiscal policy in revenue allocation. This inherent contradiction lies at the root of the contentious debate over resource control by diverse interest groups across the geopolitical divide.

The above scenario notwithstanding, the issue of resource control can be better appreciated in the context of the structure of governance in which it aptly fits into. The resource control issue is rightfully suited to fall in line with the concept of federalism. Federalism can be linked to a system of government in which the people within defined territories are united and work collectively towards the general interest of the larger territory. In this

case, the various units are autonomous in their functional operations, but ultimately pull together their resources for the general functioning of the central government. Kenneth Wheare (1963), a leading authority in federalism, regards federalism as an arrangement whereby powers are shared between a federal and central authority and a number of regionalized governments in such a way that each unit, including the central authority exist as a government separately and independently from the others.

Implicit in a federal system is the idea of cooperation in which neither the central or regional government is subordinate to the other, but rather functions in cooperation and unity on the basis of collectively agreed principles. This definition thus, provides the realistic basis for understanding the subject matter of resource control.

Resource control as a concept is therefore concerned with the direct management of resources within a geopolitical entity. The pool of revenue from the various federating units to the central unit for the singular purpose of allocation to collective goals and pursuits constitutes the mainstay of resource control and true federalism. A critical analysis of trends within the six geopolitical zones in Nigeria reveals that given the tenets of true federalism, the zones are expected to be autonomous in terms of controlling the revenue derived from the different resource base on the various regions. However, the prevailing increase in the agitations for resource control in may geopolitical regions, but more particular within the South-South, points to a clear violation of the concept of true federalism.

This is more aptly exemplified, when a historic assessment of the development of revenue allocation and derivation in Nigeria is made. During the pre-independence era, the derivation formula for the allocation of revenue accruing from resources was 100%. At this time, regions were solely responsible for the generation of economic goods that could bring about development, while simultaneously being entitled to the maximum benefits that accrued there-from. This provided the much-needed impetus for the regionalized interest in the mass production of economically viable material resources.

However, the post independence period witnessed a downward trend in the application of derivation principles for economically productive states and communities. The steady decline in the derivation dropped to almost zero percent in the 1990s. The thirteen percent derivation, currently being applied

in Nigeria, and suggesting an upward increase, was established after much agitations and amendments by the 1999 Constitution.

A vital point to note is that despite the reduction in the derivation formula from 100% to 50%, in the immediate post independence era as was enshrined in the 1960 Independence and 1963 Republic Constitutions, the enthusiasm for rapid socioeconomic development was high. This culminated in the increased production and export of such crops as oil palm and rubber in the South-Eastern and Mid-Western regions, groundnuts in the Northern region and cocoa in the Western region. In addition to this, was the heightened interest in the exploitation of solid minerals such as in the north together with the export of hides and skins to boost economic productivity and development within the region as the accruing revenue was available to sustenance of the regions and provinces.

The early warning signs that aided in regressing the regional development strides achieved in early post independence era was manifested in the Petroleum Act of 1969 (Cap 250) which introduced a new dimension to the resource control dilemma. The Act provided for a central control/ownership of oil exploration (both onshore and offshore) by the federation government. The enforcement of the Petroleum Act of 1969 was a point breaker in the cohesion of communities and states in their ability to act collectively and mobilize resources for development, hence the control and subjugation of the communities and states by the federal government. In other words, regions and communities were sidelined in the derivation of accruing revenue, only to be given that which the federation government and by extension the states felt was significant. The consequence of this centralization in derivation and revenue sharing was that the communities, which hitherto were economically viable and productive, became dependents on the spillovers of accruing revenue in the face of marginalization and reduced derivation benefits.

The establishment of the 1978 Land Use Act only aided in exacerbating the deprivation status of the constituents of the states. The Act vested the ownership of all lands within Nigeria to the State and Federal Government. the consequence of the Land Use Act was the automatic strangulation of all relevant federalizing units (communities, regions, and states) while placing tremendous powers on the central government. the implementation of the Act has been fraught with much abuse due to the overbearing actions of some central governments (federal and states) in land exploration in ways that

negate individual and community rights as well as advance the interest of few political actors in central places.

The 1991 Constitution compounded the problem of resource control in that it made provisions for the entire oil and solid mineral resources in the country to come under the control of the federal government. Hence all minerals, mineral oil and natural gas under or upon the territorial water and the exclusive economic zone were vested in the hands of central government. The implementation of this legal framework in the control of resources in Nigeria is the result monopoly of resources allocation and derivation by the federal government and the dependence of the appendage units (states and local governments) on whatever is given. This is grossly at variance with true federalism and makes the structure of governance in Nigeria more of a unitary type in which all resources are controlled by a central body.

The reality of this system of governance reflected in the resource control regime is the lack of infrastructural development and the enhanced deterioration of existing economic structures. For example, the historical profile of the production of export crops such as cocoa, groundnut and oil etc show a decline and subsequent lack of interest and enthusiasm in the continued production and exportation of these crops. This decline was further propelled by the oil boom which equally was under the control of the central government and generated sufficient revenue which made other viable and productive sectors of the Nigerian economy to be overlooked. In addition to this, the revenue, which accrued from crude oil sales, was shared to areas where oil was not being produced. The resultant effect of this on the resource control issue within the Nigerian economic environment is that, the beneficiaries of the oil revenue were not necessarily the major oil producing states. This became the bedrock of discontentment and agitation for resource control as demanded by the major oil producing communities in Nigeria.

The resource control debate

The issue of resource control, which has attracted much interest in present times, is more or less an agitation, not based strictly on marginalization and decay, but rather on the need for a more equitable and justifiable distribution of revenue derivable from the nation's resource endowment. The strive for resource control has generated controversies and heated debates from different sections of the Nigerian state. the major divide in the debate is between North and the South, particularly within the South-South Niger Delta geopolitical zone.

The southern perspective

From the southern perspective, each federating unit within the country should be given autonomy in the control of resources found within its territory. This is assumed to be in line with the immediate post independence arrangement where various sections were given a freehand to exploit the available resources while retaining 50% of revenue derivable there-from, and remitting 50% to the central government as tax and royalties. A critical analysis of the southern view would point to the fact, that while the southern segment of the Nigerian polity is not adversely opposed to revenue allocation, their demand is for a fair share in revenue allocation, considered achievable only where some autonomy in resource control is embedded in the constitution. The other line of argument in support of this perspective is that the revenue, if equitably allocated, will enhance indigenous capacity building and infrastructural development without the long wait from the dictates of the central government. The third is that fiscal federalism will promote financial discipline and a more prudent management of the economy of each federating unit as the discipline and rigour put to generating resources for development will translate into a management regime that is more responsive and accountable to the people. The points highlighted above will equally encourage the return to the era of export commodity expansion and dependence, while promoting a shift from the dependence on crude oil alone, a situation made more critical by its non-renewable status.

Given the present scenario of the stipulated 13% derivation formula in resource allocation where a large fraction of the revenue is derived from oil producing areas on regular basis, it would appear that a parasitic relationship is in existence. This is because, any relationship in which the provider (host) stands at a disadvantaged position within the context of the relationship, as is the case with the Niger Delta region, is not only unrealistic, but unfair and morally unjustifiable. The implication of the South-South agitation for resource control is the abolition of the Petroleum and Land Use Acts and review of the Nigerian Constitution to reflect true fiscal federalism.

The northern perspective

From the northern perspective, the issue of resource control as propagated by the South-South would adversely results in the reintroduction of derivation principle in revenue allocation, which is considered to be in opposition to the provisions of the 1991 Constitution. By this, a preference is clearly expressed in maintaining the status quo which favours revenue allocation based on other socioeconomic parameters as population size and landmass rather than

the resource endowment and generative abilities of a region. Emphasis is therefore placed on the control and centralization of resources by the federal government, and more particularly, oil revenue which the Nigerian state is currently dependent on.

The thinking by many in the north is that the clamour for resource control is an invitation to the disintegration of the country, as they fear that this may be the unspoken agenda by many of its protagonist. The considered preference by the North is for a stronger central government that would be more responsive to promoting development in all parts of the country (Udeme, 2004). Proponents of resource control are not the least convinced by the above expressed arguments. They allude to the fact that the hegemonic control of the central government by the northern political establishment throughout much of the nation's political history has conferred an undue advantage to the region in terms of resource allocation.

The North it is argued has been the beneficiary of a revenue allocation formula structured to give advantage to factors such as population and landmass rather than the generative power of revenue from the diverse empowerment units of regions and states that make up the federation. The revenue sharing formula supported by the northern establishment they maintain has been to the advantage of the non-oil producing sectors. As a result, the non-oil sector of the nation's economy has for long undergone a steady decline, which rightly should still be currently viable if given the proper investment opportunities and relevance.

Echoes from the South suggest that the Northern perspective portray imageries of an otherwise viable region, which is equally endowed with the material resources that can serve to promote growth and development, but prefer to reap in areas that they have invested little or no effort. A retrospective assessment of the economic activities prior to the oil-boom and the current emphasis on oil generated revenue reinforce such imageries. This is based on arguments that when revenue allocation was based on derivation, commensurate with regional resource endowment, such as the 50% derivation of 1963, there were no controversies over resource control. This was because all the sectors were favoured, hence they had the resources they could control and the revenue derived was not disproportionately reallocated to other regions.

The way forward

The present agitation for resource control in the Nigerian geopolitical firmaments is a trump call on the need for the enthronement of federalism in the nation's socio-political system. This is because a federal system should be devoid of hierarchies of authorities in which the central government dictates the sub-regions; rather the ideal situation should entails a mutual cooperation between the federal and other tiers of government in fiscal and economic terms for the holistic and meaningful development of the nation, particularly at the grassroots levels.

In line with the above, the way forward in resolving the resource control quagmire is for the unbiased and critical review of the various sections of the Nigerian Constitution that impedes the emergence of federalism such as the Petroleum Act of 1969 and the Land Use Decree of 1978, to allow for the reflection of the federalism in fiscal and economic terms. This is because going by the legal definition of federalism, states and communities ought to control these natural resources as recognized by all nations and international instruments.

It is vital for the federal government to put in place measures that will encourage and stimulate the economic productivity of the various regions now states. Rather than having oil dependent economy, it is imperative that diversification of the economy be legally facilitated and the necessary structures be put on ground for the rapid attainment of self – determination in economic matters among different segments of the Nigerian states; only when this has been achieved that the concept of true federalism can be said to be applicable to Nigeria, and the resource control controversy put to rest.

The position canvassed in this paper in no way calls for the wholesale abandonment of valid revenue allocation formula such as population and economic need, but advocates rather strongly the incorporation of economic viability criteria such as the revenue generative capabilities of the various component units of the federation into the system of revenue allocation. As such, the concept of derivation must be factored into our revenue allocation criteria in order to release the hitherto productive capabilities of the various geopolitical zones making up the Nigerian federation that has been long stifled through the enthronement of a parasitic/distributive allocation formula to detriment of the generative criteria.

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