

DIALECTICS OF FISCAL FEDERALISM AND CRISES OF COMMON RESOURCES IN NIGERIA: AN ANALYSIS IN SOCIAL JUSTICE AND CONTRADICTIONS

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Abstract

This study focuses on social justice as a guide to the formulation of a fair and equitable revenue allocation formula. The paper explores the specificities of the Nigerian revenue allocation formula and challenges of social justice vis-à-vis the quest for equity in the formulation of revenue allocation formula. For the generation and analysis of data the paper relies substantially on documentary and descriptive methods, as well as the theory of justice as fairness and distributive justice serves as the theoretical compass for the paper. While positing that the existing revenue distribution formula sacrifices equity and justice in the alter of convenient equality, and upholds inequality at the peril of social order; the paper recommends that in the principles of typical federalism, resource control would have to be encouraged to gradually solve the problem of injustice associated with existing revenue distribution formula. (word count: 141).

Keywords: Allocation formula, common resource, inequality, revenue generation, revenue sharing, and social justice,

Introduction

Over the years, the issue of resource generation and equitable sharing formula has been a course for debates and agitations in Nigeria. While there are problems arising from the operations and management of a joint distributable account, the account itself has been seen at different levels of debate as not promoting formula that ensures equal opportunities towards the “common resources”. Accordingly, the current revenue sharing formula which is at 52.68% for the Federal Government, 26.72% for the State Government and 20.60% for the Local Government (Revenue Mobilization, Allocation and Fiscal Commission, 2002) has often provoked near intractable controversies. This has also been at the root of many socio-economic and political problems plaguing the country. As a

matter of fact, the issue of resource ownership, control and mobilization as well as appropriate formula for sharing revenue from common resources under the current practice 'common distributable resources account' "has been a subject of contending views that has raged for fifty years" (Biereenu-Nnabugwu, Obiajulu and Abah, 2015:15) and as a matter of fact has been so controversial that it occupied a significant position in the 2014 National Conference in Nigeria.

The issue of appropriate revenue sharing formula is easily a very critical factor in Nigeria's intergovernmental fiscal relations. Attempts to address or redress it have ranged from setting up committees, commissions, court rulings and constitutional amendments, with little or no success. There is also need to explore the notions of social justice in relation to resource generation and sharing in Nigeria.

In interrogating the interface between resource the generation and equity in the sharing or management of common resources in Nigeria, this study is guided by some anchor questions. What are the dialectics of revenue generation and sharing in Nigeria and how has it been affected by the specificities of Nigerian federalism? What challenges and contradictions confront the notions of social justice in the quest for equitable resource sharing or management and fair fiscal federalism in Nigeria? Alongside Rawls's theory of knowledge (in McHenry, ed., 1993) this paper conceptualizes social justice as a prerequisite to Nigeria's quest for equitable management of her common resources. The paper relies largely on documentary instrument of data collection as well as rigorous examination and descriptive analysis of generated data.

Taking cognizance of the foregoing, the paper is divided into six interrelated parts. The first is this brief introduction which is followed by the contextualization and conceptualization of relevant issues. The third part focuses on the dialectics of revenue generation and sharing in Nigeria and how it has been affected by the recommendations of different committees and regimes, while the fourth part addresses key factors that impede social justice in the resource management in Nigeria. The fifth is on the implications of social justice in resource management in Nigeria while the sixth part contains brief conclusion and some recommendations.

Contextual and Conceptual Discourses

A key principle in the establishment and sustenance of federalism is that the constituent units would have been independent states agreeing to federate. In everyday understanding, federal system is characterized as being made up of constituent political units, constituent surrender of individual sovereignty to the central authority, constituent retention of limited residuary powers of government for home affairs, being founded upon mutual agreement; and combining for national purposes. For Wheare (1964) however, federal system is a method of dividing powers so that general and regional governments are within a sphere, coordinate and independent. Thus, the principles are that there should be i) consent between political units that surrender their individual sovereignty to a central authority; ii) divisions of powers amongst levels of government, iii) written constitution indicating this divisions, and iv) coordinate supremacy of the two levels of government with regard to their respective functions.

Further explanation by Powell Jr. (1992) indicates that in a federal system there has to be constitutional arrangements designed to provide a degree of regional autonomy and systematic national representation for geographically distinct units. He notes that often federal constitutions represent the compromise that was necessary to get member units, formerly autonomous states, to sacrifice their independence in search of some advantages. Indeed, one cardinal content of the federalist understanding is the right of the constituent units to maintain their values, government, economy (including resources derived there from) laws, culture and but more so, the willingness to give out a portion of some of these resources to sustain the federation and reduce absolute dominance over others.

In the words of J.S. Mills (in Jordan, 1985) "... it is essential (in a federalism) that there should not be any one state so much more powerful than the rest as to be capable of vying in strength with many of them combined. If there be such a one.... it will insist of being master of the joint deliberations." Underlining the need for appropriate political structures in a federal system, Oluyede (1988) states succinctly that 'if there be two, they will be irresistible when they agree; and whenever they differ everything will be decided by a struggle for ascendancy between the rivals'. Political structural imbalance creates tensions in a polity, particularly in federal arrangements that are ethnically-segmented such as Nigeria. The crisis generated or aggravated by structural imbalance has oftentimes resulted in agitations and counter agitations, and at certain times led to violent, or even separatist identities and irredentist movements. It has also found expression in demands for recognition of civic rights, control of resources and meaningful participation in power sharing at all tiers of government.

The notion of social justice hinges largely on the fact that it promotes a just society by challenging injustice and by giving due recognition to diversity. Reflecting on this, Robinson (2014) opines in his "What is Social Justice?" that social justice exists when all people share a common humanity and have the right to equitable treatment, support for their human rights and a fair allocation of community resources. The import of this is that people are not discriminated against based on their gender, religion, political affiliations, race, belief, socio-economic background, social class, location, etc. Social justice also involves equality in the allocation of resources in the overall interest of the generality of the members of a particular formation or group. Basically, the logic of social justice provides sound bases or criteria for the allocation of goods, services, opportunities, benefits, power, honors and obligations in societies.

For some writers, the main focus of social justice is on equality inherent in resource relations. Along this part, Gauba (2003) observes that the question of justice is significant only in a situation where there exists a widespread demand of social advantages that are in short supply. In his "Justice as Fairness" Rawls (in McHenry, ed., 1993) posits that social justice is the principle that assures equal access to liberties, rights and opportunities, as well as being concerned about the least advantaged members of the society. It is important to point out that social justice and equality which applies in every sphere of human life are particularly not relevant in purely capitalist, communist and authoritarian societies (Gauba, 2003). What this means is that in a purely capitalist formation, allocation is determined by the free play of market forces, while in a purely communist system,

allocation is based on need. Therefore, there is no point for any alternative principle of justice if the needs of the people are taken care of. In a purely authoritative formation, allocation is made based on the dictates of an established authority and not based on the principle of justice or equality. In all, these systems do not take cognizance of any system of allocation based on the principle of justice but allocates resources based on the primary formation of the system. For social justice to prevail in any system, Gauba (2003: 369) argues that "suitable channels of appeals and protest" are set up within the system so that prevalent criteria could be revised as and when warranted by reason. This is the situation that the various revenue commissions established up by past and present Nigerian governments set to achieve.

Although the issue of equality has become a dominant feature in social justice narratives, Robinson (2014:2) observes that equality is only a part of social justice, as social justice entails a broader meaning. The nexus between the two concepts is based on the logic that they serve the same social purpose. According to Gauba (2003:333), equality is a principle that corrects the unjust inequalities in a society. It involves ensuring that individuals or groups are treated fairly and equally according to their needs irrespective of their identity. Gauba (2003) posits that equality aims at widening the base of social benefits to prevent these benefits from being cornered by a small and vocal minority. Thus, the idea of equality entails a state of equal opportunities to members of a society. The principle of equality is applicable in different spheres of social life. Though it is not within the purview of the study to discuss the various dimensions of equality, it is imperative to point out that equality exists in the legal, political, social and economic spheres of human life. Reflecting further on this, Gauba (2003) contends that the principle of equality must be extended to the socio-economic sphere (beyond the legal-political sphere) in order to promote substantial benefits accruable to the masses which otherwise would only serve the interest of the ruling class who control the legal-political entity.

One of the major challenges of Nigerian federalism is the achievement of just distribution of resources in the country. Despite all attempts made by different commissions set up by various regimes (both military and civilian) the search for the just formula has from all indications remained elusive. Reuben (2013) observes that one of the impediments to the formulation of a just formula lies on the commission's emphasis on geo-political and ethnocentric consideration instead of the nation's economic development. The need for social justice is also evident in the allocation granted to the states and local governments regardless of the fact that these tiers of government are closer to the people and would be in the best position to determine their developmental challenges. The inability of the Federal government to properly implement the derivative principle hinders the state and local governments of resource producing regions to address these challenges. As Jega (2001) observes, the problem of oil producing minorities is clearly a major illustration of injustice and inequality that characterize the distribution of national resources. He points out that these resources are appropriated by the federal government who indecisively fluctuate the percentages of these revenues accruable to the state and local governments. Social justice experiences a major setback in the manifestation of environmental degradation of the Niger Delta.

This theoretical framework of this paper is anchored on the theory of distributive justice and the theory of justice as fairness popularized by John Rawls. In his book, *A Theory of Justice* published in 1971 and revised in 1975 and 1999, Rawls presents the device of social contract as the solution for the problem of how social goods are justly distributed in a society. The principle of justice advocates for different parties in a society to seek means to their various ends through co-operation with others on mutually acceptable terms. Rawls's theory is hinged on the idea of social contract where people freely enter the betterment of the society at large, without considering their individual benefits. In this theory, different parties in a society assume ignorance of the details that would lead to their advantage, so as to arrive at principles that are fair to all. The principles of social justice specify the basic rights and duties assigned by the main political and social institutions and at the same time regulate the division of benefits arising from social co-operation as well as allot the burdens necessary to sustain it (Rawls in Robinson 2014). From his theory, Rawls derives two principles of justice: the liberty principle and the difference principle. The principles govern the assignment of rights and duties and regulate the distribution of social and economic advantages across society. He posits that the liberty principle rejects the sacrifice of one's liberty for the sake of another's benefit. The liberty principle implies equality in political participation, freedom of expression, religious liberty, equality before the law and other basic liberties. The difference principle on the other hand permits inequalities in the distribution of goods and resources only if those inequalities benefit the "worst-off" members of the society. The theory also presents the maximum principle which seeks to maximize the welfare of those at the minimum level of the society. In other words, the resources are to be the greatest benefit of the least-advantaged members of the society.

The central application of the theory of distributive justice lies in the allocation of goods, resources, services or commodities that are scarce and raise rival desires directly or indirectly. This theory specifically examines conflicting interests of resource allocation based on the "overlapping consensus"- the agreement of people on how such resources would be shared despite their divergent moral or cultural affiliations. With reference to the two principles of justice, the theory provides a guide to any government policy or social condition to achieve consistency of social justice. Rawls's theory of justice as fairness is applicable to the Nigeria's effort in formulating a just revenue formula vis-à-vis the difference principle which indicates that inequalities of any social formation must be to the greatest benefit of the least-advantaged (rural populace who reside at the locations of these resources, and whose social conditions are affected by the activities of acquiring these resources. In all, the theory points out that in the determination of a just revenue sharing formula, profound attention should be given to the least-advantaged in the society.

Rawls theory of justice as fairness has been flawed by many scholars. For Robert Nozick (1974), for instance, any pattern of distribution that encouraged taking from one group in order to give another is not equitable. He argued against the distributive welfare state. For him, tax imposed on the rich which is used for welfare of the poor is "immoral" and tantamount to "forced labour" (in Gauba, 2003:387). Like other libertarians, he supports the operations of a competitive market society. He asserts that distributive justice should be interested in the question of how the individuals from whom wealth is taken

from acquire the wealth in the first place. If they have done so by wholly legitimate means without violating the rights of others, then not even the state can have the right to take their wealth from them without their consent. Rawls has also been criticized on the ground that his justice as fairness theory justified the status-quo of the capitalist system. The argument is that the theory supports injustice by establishing a welfare system for the least-advantaged.

In line with the foregoing, the main propositions of this paper are that the dialectics of common resource generation and sharing in Nigeria has been affected by the recommendations of different committees and regimes and that critical factors and contradictions of social justice impede equitable common resource sharing or management in Nigeria. Accordingly, the paper hypothesizes that specificities of the revenue allocation in Nigeria has enormous implications for just resource management in Nigeria.

Dialectics of Revenue Generation and Mode of Sharing in Nigeria

This part of the paper explores the various principles guiding the acquisition of resources, especially the different formula as set up by the Nigerian government. The granting of internal autonomy to the regions under the Richards Constitution of 1946 and subsequent sharing of responsibilities between the federal and regional governments provide not only the starting point for federalism in Nigeria but also the starting point for controversial and persistent debate often associated with revenue allocation. In the history of Nigeria, there have been periodic reviews on ad-hoc basis, on the fiscal jurisdiction of the various tiers of governments and the assignment of revenue allocation. These reviews were carried out by nine identifiable ad-hoc revenue allocation commissions, namely the Phillipson’s Commission (1946), Hicks and Philipson’s Commission (1951), Chicks Commission (1953), Raisman Commission (1958), Binns Commission (1964), Dina Commission (1966), Aboyade Commission (1977) and Okigbo Commission (1980). In addition to these commissions, decrees 15 (1967) and 6(1975) have also intervened, see Tables 1 and 2. Besides, these, the National Revenue Mobilisation Allocation and Fiscal Commission in 1989 came up with a revenue allocation formula which Akpuh and Asomba, (2013) consider detailed and sustainable.

Table 1: REVENUE COMMISSIONS IN NIGERIA, 1946 TO 1975.

Item	Date	Federal Govt%	State Govt%
Phillipson Report	1946		Largely by derivation resulting in Northern region-46%, Western region-30%, Eastern region 24%
Hicks-Phillipson Report	1951		By derivation(for taxes that can be regionally identified) Need(eg by population) and national interest
Chick Commission	1953	FG-50% of general import duty. FG-50% of import and excise duty on tobacco. FG-50%	Regions-50% on general import duty on derivation basis. Regions-50% on import and excise duty on tobacco based on derivation. Region-100% of the import duty on motor spirit, 100% on mining rents

		share basis on export duty on hides and skin	and royalties. Region-50%-50% share basis on exp[ort on hides and skins.
Raisman commission	1958	Introduced Distributable Pool Account (DPA) under federal control. From DPA:20% of mining rent and royalty DPA. According to principles of "continuity, minimum responsibility, population and balanced development of the federation"	Sales produce motor vehicle tax-100%. From DPA-50% of mining rent & royalty returned from regions of derivation. From DPA: 30% of mining rent & royalty to all other regions
Binns Commission	1964	No fundamental changes	Proceeds of the excise duty imposed on locally produced motor spirit and diesel oil the federation shall pay to the regions duty based on their consumptions
Federal Military Decree 15	1967	States created May 27, 1967	DPA divided equally among 6 Northern states, by population among southern states
Dina Commission	1969 (rejected)	DPA renamed States Joint Account (SJA) and that a Special Grants Account (SGA) Allocation of Funds based on tax effort, balanced development and national interest.	Off shore operations revenue shared: FG: 60%, SJA 30% and SGA 10%. Onshore royalties shared: FG15%, state of derivation 10%, SJA 70% and SGA 5%. Revenue from excise duty shared: FG60%, SJA 30% and SGA 10%. Revenue from import duty shared: FG 50% and SJA 50%. Revenue from export duty shared: FG 15%, state of derivation 10% SJA 70% and SGA 5%.
Federal Military Decree 6	1975	DPA:80% of mining rents and royalties. 35% of import duties. 100% of duties on motor spirits, tobacco, hides and skin. 50% of excise duties	DPA to be divided among the states on the following basis, 50% equality of states, 50% based on population.

Source: Aluko (2004) Historical Revenue Allocation Outline. www.nigerianmuse.com.

The major objective of these commissions has remained to examine the extant fiscal issues of the nation and "make appropriate recommendations on the principles and formula on how to share the national revenue to the three tiers of government in Nigeria" (Ekpo, 2004). The commissions have been able to ensure the establishment of state government autonomy over certain revenue sources (e.g. personal income tax) and the establishment of federal government's exclusive control of some revenue resource (e.g. Armed Forces income tax). They were also able to establish the Distributable Pool into

which other revenue including import or export taxes, mining rents and royalties, etc were paid and which subsequently distributed between the federal and regional/state governments. They also formulated allocation principles such as derivation, population, even development, etc on the basis of which fund in the Distributive Pool Account were shared among the tiers of government.

Table 2: REVENUE COMMISSIONS IN NIGERIA, 1976 TO 2005.

Item	Date	Federal Govt%	State Govt%	L.G %	Special Fund%	Total%
Aboyade Commission	1977	57.00	30.00	10.00	3.00	100.00
Okigbo Commission	1980	53.00	30.00	10.00	7.00	100.00
Revenue Allocation Account	1981	55.00	30.50	10.00	4.50	100.00
Pre-Supreme Court- Legal Decree/Law	Pre-April 2000	48.50	24.00	20.00	7.50	100.00
Pre-Supreme Court-RFMAC proposal	Aug 2001	41.23	31.00	16.00	11.70	100.00
Supreme Court Ruling	April 2002		Unconstitutional			
Post-Supreme court. Executive order no.1	May 2002	56.00	24.00	20.00	0.00	100.00
Order no 2	July 2002	54.68	24.72	20.60	0.00	100.00
Post- supreme court RFMAC proposal	Jan 2003	46.63	33.00	20.37	0.00	100.00
Latest RFMAC proposal	Sept 2004	47.19	31.10	15.21	National priority services funds. Ecology-1.50%, mineral dev 1.75%, agric dev 1.75%, reserve fund 1.5%. total 6.50% (joint federal, state & LG)	100.00
Presidential proposal submitted to NASS	Jan 2005	47.19	31.10	15.21	Horizontal formula and state derivation fund boards to manage 13% derivation	100.00

Source: Aluko (2004) Historical Revenue Allocation Outline. www.nigerianmuse.com. General ecological fund (1.50%), solid minerals development fund (1.75%), National Agricultural Development Fund (1.75%) and National reserve (1.50%)

As pointed out by Schwartz (1965) the federal government in Nigeria has exclusive power to impose certain taxes: import duties, export duties, excise taxes, income taxes upon the profit of business corporations, royalties upon the extraction of minerals, mineral rents and most sales taxes can only be imposed by the federal government. On the other

hand, the residual taxing power lies with the regions even though the federal government turns over approximately 40% of its yearly revenue to the regions (Omotosho, 2010). The methods of allocating revenue to the regions by the federal government are essentially based on three factors namely derivation, per capita distribution and balanced development. Derivation focuses on returns from the tax revenue to the region from which it (that is the resources) could be estimated. While per capita distribution aspires to give each region a share equal to the share of the country's population; balanced development allocates resources based on levels of backwardness in development. According to Omotosho (2010), for horizontal (inter-state and inter-local) distribution, the Nigerian revenue allocation formula is based on two major principles: equity and social factor. Equity principle including even development, national interest, continuity in government services, minimum responsibility on government, financial comparability, primary school enrolment, etc. The social factor includes national minimum standard, land mass and terrain.

Table 3: COMPARING FEDERAL REVENUE SHARE WITH STATE AND LOCAL GOVTS.

Item	To States	To Local Govts
% from FG	31.10	15.21
Equality	45.23	0.00
Population	25.60	30.83
Population density	1.45	6.45
Internal revenue generation effort	8.31	13.31
Land mass	5.35	10.35
Terrain	5.35	10.35
Rural roads and inland waterways	1.21	6.21
Potable water	1.50	6.50
Education	3.00	8.00
Health	3.00	8.00
Total	100.00	100.00

Source: Aluko (2004) Historical Revenue Allocation Outline. www.nigerianmuse.com

The Revenue Mobilization Allocation and Fiscal Commission was established in the Fourth Republic on September 20, 1999 as a permanent body, charged with ensuring a prudent, efficient and stable revenue sharing formula and fiscal policy for the nation. The Commission consists of 37 Commissioners representing each state and Abuja. The Commission is a constitutionally established body with the powers to draw up a revenue allocation principle using certain allocation criteria, which is subject to the National Assembly. In its early stage, the Commission recommended a revenue sharing formula of 41.3% to the FG, 31% to the states and 16% to the local government and 11% for special funds. This was ruled off by the Supreme Court based on the law of revenue allocation. Consequently, the federal government introduced a new formula of 56% to the federal government, 24% to states and 20% to the local government. This was rejected by the states

thereby forcing the federal government to reduce its figure to 54.68% to the federal government, 24.72% to the states and 20.60% to the local government. In the same vein, the Derivative principle allocates 13% to the Federation Account - managed by states derivation fund boards - for disbursement to the mineral producing states. See Table 4 below.

Table 4: SHARING OF 13% DERIVATION FUND

ITEM	13% derivation percentage shared	Basis of sharing among entities
To states	60.00	Relative to quantum of production
To LGs	30.00	50% quantum, 20% equality, 20% population, 10% self-help projects
To community	10.00	To be specified according to relevant Assembly (House or National)
Total	100.00	

Source: Aluko (2004) Historical Revenue Allocation Outline. www.nigerianmuse.com

Regardless of this effort, the clamour for an equitable revenue formula still persists. The federal government contends that it has enormous responsibility such as providing security, education, energy, health services and roads among other things and therefore needs more revenue; the states on their part argue that development should be geared in line with the peculiarities of the concerned area thereby insisting on more revenue. More pressing is the challenge of revenue control by the various parts of the country where the main resources are derived from. While some opinions from the oil producing states argue that more revenue is needed to tackle environmental and social challenges prompted by the production activities of oil companies in their areas, others and more dominant ones have continued to canvass that until the various constituent units of the country are allowed to generate and control their resources, the issue of social justice would remain a mirage. All these have enormous challenges and consequences.

Nigerian Federalism and the Challenges of Social Justice in Revenue Allocation

Despite all attempts made by various governments to proffer a suitable revenue sharing formula, ownership of resources and allocation of revenue has continued to pose threats. Nigerian state, unlike some other federal arrangement presents a distorted picture of what the original model of federalism is. First, it was a colonial creation and did not really represent the clear situation of the independent states agreeing to federate. In fact, the pattern of formation of the country Nigeria itself was forcefully imposed. Again the lines of existence of the makeup nations were blurred by a whole lot of colonial policies making it difficult for the pre-colonial states to have participated in deciding to federate so as to make the federation independent and coordinate (Wheare, 1954). Reflecting on this Nwankwo (2008), opines that in Nigerian federalism, the original union was not and is not the result of a freely entered agreement between the component units. On the contrary, it

was first a product of forced unification, and then, of progressive degrees of devolution of powers and reorganizations. Secondly, there was political or geographical asymmetry which created inequality among the citizens of the three regions and over time, strengthened up the centre so much that the constituent units now turn to subordinate units. In the third place, we note that Nigerian federalism is affected by sociological factor. Consequently, three big ethnic groups appear to dominate a multiplicity of minorities at national, state and local levels.

Social justice connotes the satisfaction of two principles, namely 'liberty' and 'difference'. The liberty principles of justice allow the constituent units (states) to express their liberty to manage the resources generated from their place (land, water, air, etc) as well as the inconveniencies associated in some circumstances with such gifts. The ecological situation of the Niger-Delta region, erosion in the Southeast and Southsouth as well as desertification in the Northwest and Northeast are clear testimonies. The difference principle on the other hand aligns to the fact that equality is not achievable within unequal circumstances. What is seen in the country's revenue management system is a total negation of the liberty principles.

The essence of striving in Nigeria's federal systems is the introduction of a central distributable fund that creates a measure that does not make a region/state to develop or overcome such many gaps in the economic position with others as to make its development so different from the others. This, the architects of the system fear, may create crisis of existence. This fits into the general argument of distributive justice which advocates some measures of equality to correct the un-justice inequalities in the society. To achieve this in the opinion of Rawls, the different groups that make up the country would 'assume ignorance' of the details that would lead to their advantage, so as to arrive at principles that are 'fair to all'. That arguably would amount to robbing Peter to pay Paul and it would usually not be an irretraceable injustice if such situation is mutual to all the groups, even at different situations. As much as these problems may look distant from one another, it could be seen that considering the special circumstance of the formation of Nigerian federation, both principles can be applied to achieve stability in the country.

Implication of Social Injustice in Resources Management

A major implication of Nigeria's current resource management and allocation pattern is poor resources management and development, RMD. Under the current model that is hinged on rent distribution, many measures give advantages to, in some situations, to frivolous factors. As a matter of fact, most state governments in the country have abandoned the resource endowments of their states, such that the resources either remain untapped or are in the hands of individuals who make fortunes from them. Even though some do take certain kinds of interests in them, such interests usually end in state officials collecting money from the people managing such resources and cornering them to their private pockets. With such levels of interests, the urge to develop those resources are usually limited leaving such resources to remain really undeveloped.

Another implication of the poor resources management is the crisis in the Niger-Delta. As it is known, crude oil sales accounts for over 80% of government's annual revenue, 95%

of its foreign exchange earnings, 40% of the GDP and provides about 4% of employment (Gilbert, 2010). As explained by Onuoha (2009), it is estimated that Nigeria earned about \$350billion from the export of oil and its derivatives between 1965 and 2000. In 2005 alone, oil revenues of about \$50b accounted for 99% of export revenue, 88% of total government income, and 50% of GDP (IMF 2006). Meanwhile, as at 2005, there were about 5,284 oil wells, 7000 kilometers of pipelines, 10 export terminals, 275 flow stations, 10 gas plants, 2 LNG projects (Bonny & Brass) and three refineries all in the Niger Delta (Niger Delta Development Commission, 2005). As the oil belt region, a considerable portion of the land has been appropriated for oil and gas exploitation, production and related businesses. Shell's operations are estimated to cover about 30,000 square kilometers of the regions 112,110 square kilometers (Shell, 2008:1-2). After about six decades of extensive oil and gas exploration, production, transportation and export, the environment has been vastly devastated.

Even in the face of the existence of all these resources, the Niger-Delta is eminently deprived as oil and oil activities have taken over every other thing they could have done for themselves. Hence, fishing, farming, and other subsistence activities suffer, with their societies getting militarized. Yet, much of the resources derivable there ends up in the hands of the federal government. This has resulted in an unimaginable spate of poverty and un-development in Niger-Delta region in the face of the great wealth accruable from the place (Biereenu-Nnabugwu, Obiajulu and Abah, 2015). The implication is as recorded by Osaghae, Ikelegbe and Okhonmina (2011) is that the Niger Delta region has been a melting pot of civil agitation since the late 1950s and violent conflicts since the mid-1960s. The conflicts began as civil agitation against marginality in the late 1950s and resource deprivation and inequity since the 1970s. It got transformed into a broad agitation for environmental, minority, resource and civil rights conducted by civil society and particularly youth groups since the 1980s. In 1966 and between 1997 and 2009, the conflict became intensely violent as youth militias and the Nigerian military engaged in the most prolonged and extensive confrontations since the Nigerian civil war (See also Okoye, Biereenu-Nnabugwu and Okafor, 2015).

The third implication is the seeming unending crisis in the country over revenue allocation, curiously, not revenue generation. Indeed, the country in its national politics has had more heated activity along that area leaving the relationship weak and permanently suspicious. Perhaps, if the states have or control their resources and manage themselves well it would have surely reduced the spate of such conflict in the country.

Conclusion and Recommendations

In this work, we have observed that it has been difficult for Nigeria to have a generally acceptable formula because of her pluralistic nature. For Nigeria to achieve resource order and just revenue distribution, the principle of social justice need to be adopted. In this regard, there is a need in line with Nwankwo's (2008) underlying principles to give every socio-cultural unit some rational and realistic justification for self-determination, a state basis for resolving their inclusion in the wider nation state, prevent the dominance of any one group of the union and strengthen the union to hold the groups together.

The above positions indicate that what can provide distributive justice within the Nigerian federal system would capture the liberty for the owner of the resources to own and manage his resources and at the same time some concessions and self-denials of one's owned resources for the maintenance of the federal arrangement. If a group is ever denied the ownership and use of their resources as they deem fit, an unmitigated injustice would be done to them. At the same time, if the group uses all their resources and develop themselves that much that the gap between them and other would become such to describe the 'tale of two cities', the federal arrangement cannot hold.

In line with the foregoing, it can be seen that both practices of resource control and in line with needs, revenue allocation deriving from funds accruing from the regions that have to support those that do not have that much would be necessary in a federal system, especially, in Nigerian federalism. Indeed, it would be quite right that both be brought together in Nigerian federalism for structural stability and social justice to exist. What should be or should not be must however be products of open and formal discussions and agreements with all the parties concerned. This means that social justice based on discussion and agreement are the sure path to Nigeria's quest for a fair and just revenue management and allocation. Also it was pointed out that spread of the level development as propagated by the distributive justice system need to be considered so as to maintain a minimum level of development among the constituent units of the federation.

In the face of foregoing, we recommend a plausible system of common resources sharing or management which allows a reasonable space for the various constituent units of the federation to discuss and agree on how to generate and own their resources. By this, they would not be denied the full use of what belongs to them. This will equally help the units outside the oil belt to strive and develop their own resource potentials as there appear to be no state in the country without reasonable quantity of common or what one can call 'commonable' resource. On the other hand, it would also put the oil states in the same level with other non-oil states that utilize the resources (even non-mineral resources) in their states like granites, good farm land, fruits and vegetables, etc.

Furthermore, we also recommend that the states should make a substantial but marginal contribution of their resources on percentage basis to the federal account and an allocation formula evolved, guided by the principles of distributive justice system and laying much emphasis on need for distribution to enhance certain levels of balanced development of the federation. Hence, there is need for the adoption of the principle of social justice in determining appropriate measure in Nigeria's fiscal federalism.

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