RESOURCE CONTROL, UNEQUAL DISTRIBUTION OF RESOURCES: ECONOMIC AND POLITICAL IMPLICATIONS FOR THE STABILITY OF FEDERAL STATE OF NIGERIA

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Abstract

The Nigerian federalism has from the inception of managing the allocation of revenue among its component parts met with virulent protestation that has degenerated into perennial crisis. The locus of contention has always been the unacceptable modality or parameter adopted in the allocation of revenue. The outcome has become a defining factor of social, economic and political relations among the classes, groups and beliefs within the federation. However, going by the logic or theories of federalism, financial subordination is a deviation from a proper working offederalism; in other words, all component parts including the central authority should have the power in the constitution to control its own resources fiscally. However, such theory does not consider weaker or disadvantaged areas in its exposition nor does it consider the issue of hegemony in relation to political power or control of natural resources. These arepeculiarities that may not be common to other federalisms in history compared to Nigerian variance. This uniqueness places a horrific burden on the state in ensuring equitable distribution of revenue. It also poses a great challenge on the state in guaranteeing stability, progress of the nation such that conflictor unnecessary heating up of the polity is averted. These pertinent issues are the focus of this paper to place the federation between resource control, economic and political management while ensuring stability of the federal state of Nigeria concurrently promoting development, progress and unity of the society.

Keywords: Revenue Allocation, Fiscal Federalism, Resource Control, Inter-governmental Relations, Nigerian State, Economic Management, Political Stability.

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Introduction

The statutory revenue from the federation account has been a controversial as well as contentious issue in Nigeria. The political Bureau Report of 1987 observed that the issue is so contentious that 'none of the formula evolved at the various times by a commission or by decree under different regimes since 1964 has gained general acceptability among the component units of the country'. The bone of contention as pointed out by Adeola (2013) is predicated on the distributive pressure on the rent from oil by the respective national political and bureacratic elites representing the various geo-political zones and since the federal government is in charge of allocation of this rent, the battle for sharing has been fierce at the federal.

Fiscal federalism has a long history in Nigeria which dates back to 1946 when the Richard's Constitution was introduced. Prior to that time, there were no problems of tax and expenditure assignments and revenue sharing was between the central government and the native authorities. But with the introduction of regions, new issues emerged which involves effective management of the distribution of national revenue among its component units. As a result, in Nigeria equitable revenue allocation has remained the most controversial, highly sensitive and disputed issue defying solution. The fundamental reason from empirical analysis is that the issue of resource allocation in a Federal State cannot be based solely on economic parameter nor political considerationsalone, other indices will have to be employed. Thus, this consideration makes the issue a complex and complicated one. More so, in Nigeria parochial and ethnic conflicts have exacerbated inter-governmental fiscal relations which according to Olowononi (2004) explain the origin of centralization of fiscal powers in the country.

But, contrary to the logic of Federalism where the constitution defines the powers between each levels of government: the central, regional or state and local respectively; whereby they should command enough resources to justify their existence and operationality. In fact, the success of any Federalism is rooted on an acceptable and efficient allocation of resources and functions among the three tiers of government for workable inter-governmental relations (Olowononi: 2004; Afolabi: 1999). But in Nigeria, fiscal federalism has been synonymous with revenue allocation and 'resource control' (Adeola: 2012)

And so, the agitation for a better revenue allocation has remained a permanent feature of Nigerian Federalism which is having various implications for the stability of the nation. These implications are the focus of this paper divided into four sections. To be followed by this introduction is the statement of problems of Revenue Allocation in Nigeria. It shall be discussed under two headings: Nigerian Federalism, Resources Allocation to the Constituent Units – Issues and Perspectives and the Challenges of Revenue Allocation in Nigeria; the second section shall focus on the political implications of Revenue Allocation otherwisethe severity of poverty in the polity,while the third section will probe into the economic implications – the deepened unemployment morass. The paper shall be rounded up in section four with concluding remarks to be preceded by a glimpse on the political economy of the Niger – Delta.

Nigerian Federalism, Resources Allocation to the Constituent Units: Issues andPerspectives

A major weakness of Nigerian federalism has been how to equitably allocate resources to the constituent units. It is a disability that preceded independence such that under colonial tutelage, it was somehow managed by fiat. The attainment of independence brought together diverse ethnic groups clustered under three regional governments each poised to wield power and influence in the new nation and so the leaders of respective regions were scheming to control the central government. The major test of inter-governmental relations was the revenue allocation which has already received a heated contestation by the elites from the north on the reason that, the inherited derivation formula had favoured the West more than any other region and that something more national in outlook should be found. Hence, in addition to the four precedent commissions which were appointed before independence in 1946, 1951, 1953 and 1958, another commission was set up in 1964, the Binns commission, apparently, the last of such to be headed by a foreigner. That also did not solve the volatile issue of finding a fair and equitable revenue allocation formula for the nation

The persistent agitation for a better vertical allocation of revenue therefore prompted the appointment of home grown commissions, the Dina commission of 1968 which was to be followed by Aboyade Technical Committee (1972) and Okigbo Presidential Commission (1980). While the agitation has not subsided, the fact that since the 1970's when oil revenue has tremendously increased the amount of resources accruing to the Federal Government, the south – south states have accentuated demands for better revenue allocation formula and so a North/South dichotomy has remained intractable.

Coupled with that is the problem of the over bearing proportion of revenue accruing to the Federal Government to the detriment of other tiers; the state and local governments. The cumulative recommendations of the Revenue Allocation Commission had progressively given more powers to Federal Government in fiscal matters to the detriment of other units combined. A process that was caused by the low capacity of the states and local governments to generate Internal Revenue rendering their financial base to be weak and so they depend on the Federation Account for allocation. These of course, do not augur well for a federal state as this situation is anathema to fiscal independence and financial autonomy and proper functioning of the constituent units.

Table 1: Monthly Shares of Distribution from the Federation Account by State (Including Derivation, December 2011)

Rank	State	Gross allocation (Billion Naira)	Region	Rank	State	2011 estimated population (million)	Per capita allocation Naira	Region
1	Rivers	23.99	South-ND	1	Bayelsa	2.0	9.077	South-ND
2	AkwaIbom	23.79	South-ND	2	AkwaIbom	4.7	5.026	South-ND
3	Delta	20.34	South-ND	3	Delta	4.9	4.110	South-ND
4	Bayelsa	18.30	South-ND	4	Rivers	6.3	3.793	South-ND
5	Lagos	11.01	South	5	FCT	2.4	2.389	North
6	Kano	7.55	North	6	Nasarawa	2.2	1.814	North
7	Ondo	7.36	South-ND	7	Ondo	4.1	1.789	South-ND
8	Kaduna	6.00	North	8	Taraba	2.7	1.699	North
9	FCT	5.73	North	9	Yobe	2.8	1.611	North
10	Katsina	5.71	North	10	Ebonyi	2.6	1.547	South
11	Imo	5.71	South-ND	11	Gombe	2.8	1.471	North
12	Borno	5.57	North	12	Kwara	2.8	1.469	North
13	Oyo	5.6	South	13	Cross River	3.4	1.464	South-ND
14	Bauchi	5.50	North	14	Edo	3.8	1.407	South-ND
15	Niger	5.46	North	15	Ekiti	2.9	1.394	South
16	Edo	5.32	South-ND	16	Abia	3.3	1.334	South-ND
17	Jigawa	5.22	North	17	Adamawa	3.8	1.257	North
18	Benue	5.14	North	18	Plateau	3.8	1.227	North
19	Cross River	5.00	South-ND	19	Kebbi	3.9	1.213	North

20	Sokoto	4.94	North	20	Imo	4.7	1.210	South-ND
21	Anambra	4.82	South	21	Kogi	3.9	1.204	North
22	Kogi	4.75	North	22	Zamfara	3.9	1.177	North
23	Kebbi	4.74	North	23	Enugu	3.9	1.556	South
24	Adamawa	4.72	North	24	Niger	4.8	1.134	North
25	Ogun	4.67	South	25	Sokoto	4.4	1.121	North
26	Plateau	4.66	North	26	Borno	5.1	1.094	North
27	Zamfara	4.64	North	27	Osun	4.1	1.080	South
28	Taraba	4.61	North	28	Ogun	4.5	1.029	South
29	Yobe	4.58	North	29	Benue	5.1	1.015	North
30	Enugu	4.49	South	30	Jigawa	5.2	1.013	North
31	Abia	4.45	South-ND	31	Lagos	11.0	1.003	South
32	Osun	4.44	South	32	Anambra	4.9	9.82	South
33	Gombe	4.19	North	33	Bauchi	5.7	9.73	North
34	Kwara	4.12	North	34	Katsina	6.9	8.26	North
35	Nasarawa	4.04	North	35	Kaduna	7.3	8.23	North
36	Ekiti	4.00	South	36	Oyo	6.8	8.22	South
37	Ebonyi	3.96	South	37	Kano	11.4	6.62	North

1. These Revenue Allocation figure are those for December 2011, and they reflect the general monthly pattern.
2. "ND" relieves to the Niger Delta states that benefit from the oil derivation principle.

Source: Office of the Accountant General of the Federation.

Nigeria Economic Report: World Bank May 2013

The Table1 shows the revenue distribution of the resources to federating states and regions based on population of each state in Nigeria. The determinant factors which underline the share are the number of people that make up the state and natural resources within the the geographical areas. For example, Rivers state with population of 6.3 million people receives 23.99 billion; Lagos state with population of 11.0 million receives 11.1 billion. AkwaIbiom state with population of 4.9 million gets 23.00 billion while Kano with population of 11.4 million receives 7.4 billion. Edo and Abia states respectively with populations of 3.8 and 3.3 millions receive 5.32 and 4.45 billions. Even with this principle which can be termed themost current has not resolved the agitation.

In furtherance, the preponderant position of the Federal Government in acquiring a large share of the revenue allocation and the emasculation of the other tiers is a fundamental reason for unending agitation for better formula. It is this crave for more revenue by the other levels of government that is responsible for the high turnover in revenue allocation principles.

And of course the unwieldy amount going to the Federal purse has continued to be on the increase apparently some powers that be are enormously benefiting from it. The Supreme Court Judgment on the onshore/offshore dichotomy has blown open a flagrant violation of revenue allocation laws by the Federal Government to its own benefit. Great manipulation of the Federation Account has been the order by the Federal Government which has not been paying all federally collected revenues to the Federation Accounts for redistribution among the other tiers. Undisclosed amounts of the federally collected revenues are paid into special accounts such as: Dedicator or Reserve Accounts. Also priority projects and Federal external debt service obligations. As a result, the diversion of federally collected revenues to these accounts is a major cause of corruption at the Federal level. And this is why the struggle for power at the centre is toughest because of the amount of resources available at that level of governance.

The Dominance of State on Revenue Income and Resource Distribution

Table 2: Federation Account as a Percentage of Federally –Collected Revenue

Year	Total Federally Collected Revenue ₦ million	Federation Account ₦ million	Federation Account as Percentage of Federally Collected Revenue
1970	634	582	92
1975	5,515	5,294	96
1980	15,234	14,747	97
1985	15,050	13,750	91
1990	98,102	68,064	96
1995	459,987	170,523	38
2000	1,906,159	1,262,468	66
2005	5,597,500	3,203,300	57
2006	6,061,000	3,315,100	55
2007	5,715,600	3,878,500	68
2008	7,866,600	4,552,800	58

Sources: CBN: Statistical Bulletin and Annual Report and Statement of Account (various Issues)

Table 2 shows federally collected revenue as a percentage of federation account. It is apparent the complete reliance of states of the federation on the federation account. The figures shows where the country has missed it. The period 1970 – 1990 was the peak of military totalitarianism where the whole nation depended on rent from petroleum. This was time Nigeria's contemporary countries like Indonesia, Thailand were developing the non-oil sector, a critical foundation for industrial development. In Nigeria on the contrary, the leadership at all levels simply abandoned the productive sector and totally depended on the sharing of rent from oil, the reason no formula was acceptable to all the constituent units.

The Challenge of Revenue Allocation in Nigeria

The discussion on revenue allocation in Nigeria, cannot be divorced from the role governing class has played as well as power relations among the constituent nationalities. Particularly, since the advent of oil boom in the 1970's when it has become the major component of federally collected revenue, tensions have heightened among the governing elites representing the local bourgeoisies from the North and South. The locus of struggle or antagonism has rested on the allocation of revenue.

This inter-governmental fiscal relation has not been made easy as factors are controlled not only by economic or even political but through other power influence. These factors manifest differently, fundamentally is the northern political hegemonic power to impose their will through political power. This power was maintained and deepened by the interposition of the military at the helm of affairs for 39 years of the country's independence.

Theoretically, in a Federal structure all component parts or states and the central government should have the power in the constitution to control its own resources fiscally.Infact, Federalism is a standard concept of government units based on jurisdiction (area) to cater for some peculiarities such as race, religion, language among others (Olowononi: 2006). In Nigeria this has never been the case; in fact, early in the process of adoption of federalism, beginning with the Richard's Constitution of 1946 which created the regional government as distinct from the central government and the Native Authority, the question of allocating Revenue among the three levels became a struggle among the elites that represented the respective regions and the central government. The Philipson commission of 1946 recommended the principle of derivation for allocation of revenue. This principle according to Adebayo (1988) was based on what a region would benefit from its non-declared revenue according to the proportion of its contribution to the central revenue which in a truly Federal State was a principle close to the theory of controlling one's fiscal resources. But that unique principle was to launch the nation into a battle between the bourgeois class from the North and South. Thus, within a spate of fifteen years (1946 – 1960) four fiscal review commissions were to be set up to find equitable formula for revenue sharing which shows the severity of the struggle for the nation's revenue by the respective national bourgeoisies. These non-productive bourgeoisies are partners with the Federal Government in the sharing of the rent from oil while the vast majority of Nigerians are sidelined. The issue as remarked by Igweshi (2010) is that the political elites that took over governance from the colonial masters were economically weak and thus sees oil boom as opportunity to enrich themselves even at the detriment of the oil producing states and the rest of us. Furthermore, Okorie (2012) was of the view that cultural diversity, religious fanaticism and primordial politics wrapped in the selfish politicking of the political class has resulted in the agitation for resource control and revenue distribution in Nigeria.

Centralization of power has resulted in the 'disappearance' of the resources,-groundnut pyramids, the cotton, the plywood, the timber, the cocoa and the palm oil/kernel which financed the infrastructure development programmesbefore the discovery of oil.

The endemic agitation over revenue allocation is indicative of how the country has deviated from the original idea of federalism, which was adopted by the country has at independence. A majority of the states can hardly survive without the constant support of the federal government. Rather than develop locally based resources, most of the states now wait for largesse from the federal government allocation from oil revenue. Fiscal federalism, as operated in Nigeria at the moment has stifled local initiative; it has promoted inefficiency and fostered scenes of over dependence on the federal government. In fact it has created a system that discourages work by depending on the rent which is shared every month. If people are not working but depend on booty sharing, there cannot be increased economic activity. An economy, which is expected to be one of the biggest in 2020, cannot make meaningful impact on a system of booty sharing without production and expect development.

This paternalistic form of federalism, which is the order of the day in Nigeria, cannot be sustained, especially with the increasing crises and conflicts in the Niger Delta Region. The Irony is that various federal documents indicate that the government and a number of its top functionaries are keenly aware of the various defects and the resulting lack of development that the republic has faced from this bad situation.

Table 3
Economic Connotation of Resource Control

Selected Economic Indicators					
	2008	2009	2010	2011	2012 (prelim)
GDP Growth (%)	5.98	6.96	7.98	7.43	6.58
Oil GDP	-6.08	0.5	4.56	0.14	-0.7
Non-Oil GDP	8.95	8.33	8.49	8.8	7.89
Inflation Rate (CPI avg.%)	11.6	12.5	13.7	10.8	12.2
Inflation Rate (CPI Dec/Dec, %)	15.1	13.9	11.8	10.3	12
General Govt. Fiscal Deficit* (% of GDP)	4.7	-6.6	-5.7	-2.2	-1.9
Federal Govt. Fiscal Deficit (% of GDP)	0.3	-1.3	-3.5	-2.6	-2.4
Federal Reserve (ECA/SWF) US$b	19.7	7.1	2.7	4.6	8.6
Guss Monetary Reserves ($b)	53	42.4	32.3	32.6	46
In months of import cover	12.7	6.7	4.7	4.5	5.6
Normal Exchange Rate (N/US$),eop	132.6	149.7	150.5	158.2	157.3
Sovereign Debt (% of GDP)	11.6	15.4	15.3	17.1	18.4
External	2.2	2.4	2	2.3	2.5
Domestic	9.4	13	13.3	14.8	15.9
Includes Federal, State, Local Extra – Budgetary Funds, Fuel Subsidy, Net Accumulation to ECA.					

Sources: National Bureau of Statistics, Nigeria Central Bank, Debt Management Office, Bank Calculations

The federal government budget in Nigeria as pointed in the above table 3 indicates a significant increase in the years 2009-2010. The budget shows a surplus by an estimated 4.7 percent of GDP for the year 2008, and again slide into deficit of6.6% in 2009; this probably resulted from the decline in oil prices.

This general government deficit in 2009 was financedprimarily by the Excess Crude Account(5.7% of GDP or US$ 12, 6 billion). In 2010, the general Government deficit remained high at5.7% of GDP; the table above indicated that federal expenditures decreased with 7 percentnominal terms, representing a decline of1.8 percent in real terms. In 2012, the Government reduced fuel subsidy expenditures through areduction in the subsidy rate itself and a crackdown on corruption, while continuing progresstoward real expenditure compression and deficitreduction. The estimatedFederalGovernment deficit for 2012 is1.9% of GDP. These figures show the fragility of the dependence of the economy on petroleum which vacillates on the international oil price.

Distribution of Resources and Economic Indicator

Nigeria's economy is struggling to leverage the country's vast wealth in fossil fuels in order to displace the crushing poverty that affects about 57 percent of its population. Economists refer to the coexistence of vast wealth in natural resources and extreme personal poverty in developing countries like Nigeria as the "resource curse Nigeria's exports of oil and natural gas—at a time of peak prices—have enabled the country to post merchandise trade and current account surpluses in recent years. Reportedly, 80 percent of Nigeria's energy revenues flows to the government, 16 percent cover operational costs, and the remaining 4 percent go to investors. However, the World Bank has estimated that as a result of corruption 80 percent of energy revenues benefit only 1 percent of the population. In 2005, Nigeria achieved a milestone agreement with the Paris Club of lending nations to eliminate all of its bilateral external debt. Under the agreement, the lenders will forgive most of the debt, and Nigeria will pay off the remainder with a portion of its energy revenues. Outside of the energy sector, Nigeria's economy is highly inefficient. Moreover, human capital is underdeveloped—Nigeria ranked 151 out of 177 countries in the United Nations Development Index in 2004—and non-energy-related infrastructure is inadequate.

From 2003 to 2007, Nigeria attempted to implement an economic reform program called the National Economic Empowerment Development Strategy (NEEDS). The purpose of the NEEDS was to raise the country's standard of living through a variety of reforms, including macroeconomic stability, deregulation liberalization privatization, transparency, and accountability. The NEEDS addressed basic deficiencies, such as the lack of freshwater for household use and irrigation, unreliable power supplies, decaying infrastructure, impediments to private enterprise, and corruption. The government hoped that the NEEDS would create 7 million new jobs, diversify the economy, boost non-energy exports, increase industrial capacity utilization, and improve agricultural productivity. A related initiative on the state level is the State Economic Empowerment Development Strategy (SEEDS).

A longer-term economic development program is the United Nations (UN)-sponsored National Millennium Goals for Nigeria. Under the program, which covers the years from 2000 to 2015, Nigeria is committed to achieve a wide range of ambitious objectives involving poverty reduction, education, gender equality, health, the environment, and international development cooperation. In an update released in 2004, the UN found that Nigeria was making progress toward achieving several goals but was falling short on others. Specifically, Nigeria had advanced efforts to provide universal primary education, protect the environment, and develop a global development partnership. However, the country lagged behind on the goals of eliminating extreme poverty and hunger, reducing child and maternal mortality, and combating diseases such as human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) and malaria.

One of the implications of the current fiscal arrangement has manifested in weak fiscal capacity of the state and local governments. An assessment of the current expenditure assignment, tax assignment and revenue sharing formula, points to the need for policy reforms. The existing expenditure assignment appropriated all the essential economic and financially viable functions to the federal government while the States and Local governments are given functions, with high investment outlay and low returns.

From literature on petroleum exploration with particular reference to developing countries, it has been observed that the discovery of oil has resulted to poverty forthose communities and people living in such areas. In Nigeria, for those in the Niger-Delta, it is unquestionably a curse, rather than a blessing because it has produced nothing but poverty, frustration, environmental degradation, conflicts and underdevelopment since it has been discovered as development resources leading to its commercialexploitation in the country. As a result, petroleum as a natural resources while it has increased income accrueing to the federal government and boosting the external reserve of the country, it has continued to plung the citizen into a state of want and desperate condition of living in abject poverty. The windfall from it has only benefited a fraction of the political and bureaucratic elite which have access to power, a clear indicaton of deep seated corruption ravaging the polity.

However, while broad-based progress has been slow, these efforts have begun to become evident in international surveys of corruption. In fact, Nigeria's ranking has consistently improved since 2001 ranking 147 out of 180 countries in Transparency International's 2007 Corruption Perceptions Index. However, in the World Bank's 2006 Ease of Doing Business Index placed Nigeria108 out of 180 countries.

Classical explanations of resource abundance especially in the developing countrieshas usually translated into resource curse since those at the helm of affairs have always been complacent in the rent accrueing from the proceeds generated from petroleum to finance development. Such leadership lacks any iota of idea, foresight or vision. As a result, policy makers and politicians who are supposed to plan only come out with bad economic and social policies. (Omobolaji; 2008). In this situation, resource abundance or resource wealth has been a complete anathema to creativity, vision and breakthroughs. It has rather inhibited rational thinking giving way tomyopia, underdevelopment, conflict, poverty, corruption, lack of accountability, bad governance and general preatorian state which currently is the hallmark of average African government.

Outcome of Unequal Resource Distribution and Resource Control in Nigeria:

Poverty and Inequality

Nigeria is among the fastest growing economies in the world. In 2014, the World Bank declared Nigeria as the biggest economy in Africa ahead of countries such as South Africa and Egypt.However, the welfare of the population does not reflect the level of resources as majority of the population are living in poverty. Though, its estimated poverty rates declined only marginally between 2003-2004 and 2009-2010, implying that, given growth in the population, the number of Nigerians living in poverty has increased significantly. It is also noted that adequate progress has not been made in pursuit of Millennium Goals in Nigeria. These figure can be correlated with the Table 5. Besides, Nigeria was ranked 153 out of 186 countries in the 2013 United Nations Human Development Index Nigeria ranks 158out of 177 countries measured in the United Nations Human DevelopmentIndex (UNDP 2008). While the share of Nigeria's population living below the poverty linehas fallen from 70 percent in 1999 to 54 percent in 2005, over half the population lives onless than US$1 per day, (IMF 2007). This translates into approximately 80 million Nigeriansliving in poverty in spite of the resources accruing to the three tiers of government. Only China and India have larger populations of poor people (DFID 2004). It is estimated that majority of the poor people in Nigeria live in the northern part of the country and are predominantly rural. Most are female, veryyoung or old, and dependent on renewable natural resources for their livelihoods. 64percent of those living in rural areas are poor, compared with 35 percent in towns and cities.Poverty rates and their dynamics differ considerably in different parts of the country. These figures can be correlated with the Table 4.

Unemployment in Nigeria

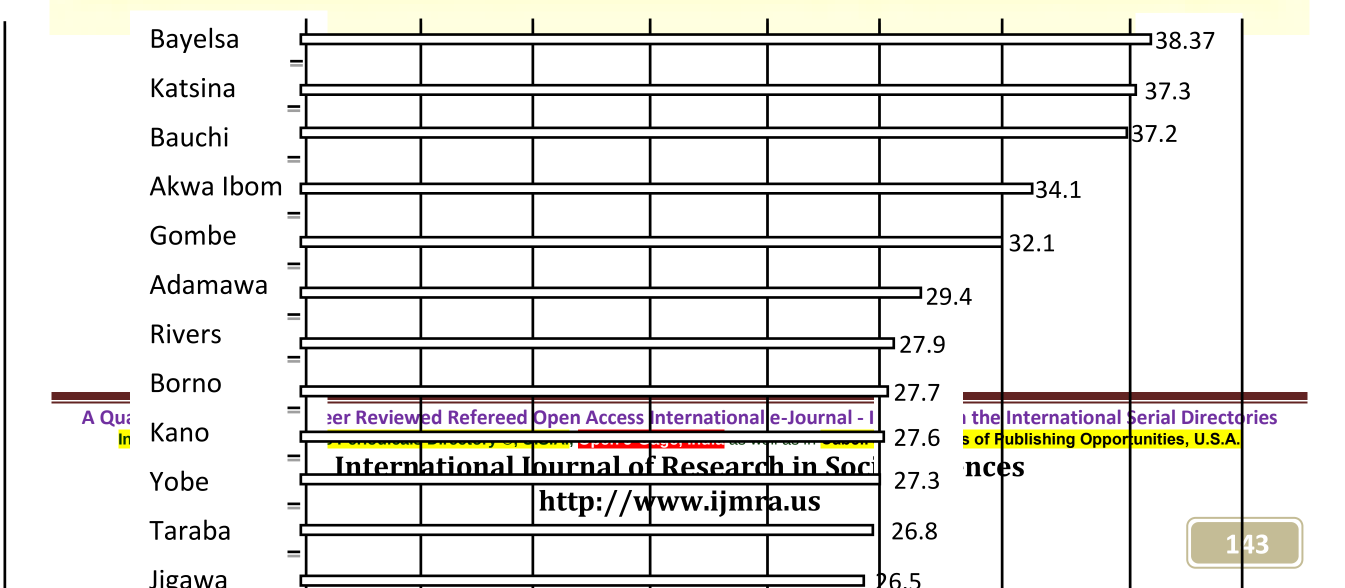
Economic growth refers to steady growth in the productive capacity of the economy. From this definition, the human resources constitute part of this productive capacity otherwise known as the labour force. According toNigerian Bureau of Statistic(NBS), is made up of people aged between 15 to 64 years and excludes students, home-keepers, retired persons, stay-at-home parents, and persons unable to work or not interested in work. This implies that for economic growth to become meaningful to a nation, greater proportion of the labour force must be gainfully employed.

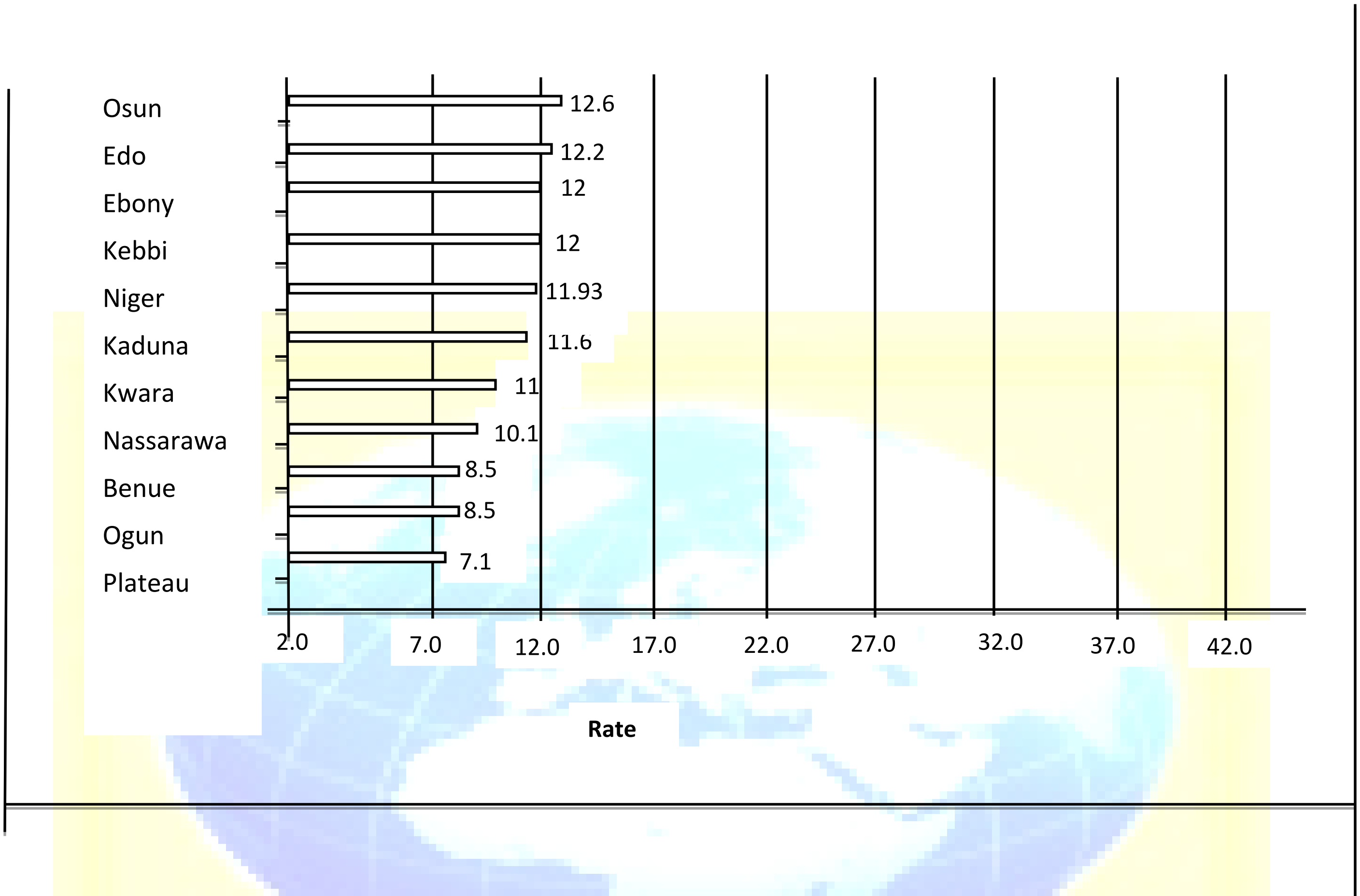
Table 4.Unemployment Rates by States, March 2009

States	Rates
Abia	14.5
Adamawa	29.4
AkwaIbom	34.1
Anambra	16.8
Bauchi	37.2
Bayelsa	38.4
Benue	8.5
Borno	27.7
Cross River	14.3
Delta	18.4
Ebonyi	12.0
Edo	12.2

Ekiti	20.6
Enugu	14.9
Gombe	32.1
Imo	20.8
Jigawa	26.5
Kaduna	11.6
Kano	27.6
Katsina	37.3
Kebbi	12.0
Kogi	19.0
Kwara	11.0
Lagos	19.5
Nassarawa	10.1
Niger	11.9
Ogun	8.5
Ondo	14.9
Osun	12.6
Oyo	14.9
Plateau	7.1
Rivers	27.9
Sokoto	22.4
Taraba	26.8
Yobe	27.3
Zamfara	13.3
FCT (Abuja)	21.5
Nigeria	19.7

Figure 1: Unemployment Rates by States, March 2009





However, statistics released by the NBS, Table 4, Figure 1 showed that about 10 million Nigerians were unemployed in Nigeria as at March, 2009. The Bureau defines the unemployment rate as the percentage of Nigeria's labour force that is qualified to work but did not work for at least 39 hours in the week preceding the survey. The report shows that Bayelsa State had the highest unemployment rate, followed by Katsina State and AkwaIbom state. Plateau State had the lowest unemployment rate and was followed by Ogun State and Benue state.

Meanwhile, Encyclopedia defines economic growth as a term used to indicate the increase of per capita gross domestic product (GDP) or other measure of aggregate income. In this case, it is often measured as the rate of change in GDP but also refers only to the quantity of goods and services produced. It notes that growth does not necessarily relate to improvements in the economic experience of the general population as great disparities of wealth can occur with the bulk of the wealth becoming concentrated in the hands of small elite. If this particular clause is taken seriously, it implies there is a need to postpone celebration over recent growth figure recorded by the Nigerian economy and instead address rising unemployment figure, absence of middle-income population and wide gap between the rich and the poor.

Table 5: Unemployment, Inflation, Volatility and Migration in Nigeria

S/N	Year	Unemployment	Inflation	Lab. Migration Trend
1	2000	13.1	6.9	0.28
2	2001	13.6	18.9	0.28
3	2002	12.6	12.9	0.27
4	2003	14.8	14.0	0.26
5	2004	13.4	15.0	0.6
6	2005	11.9	18.6	0.27
7	2006	12.3	8.5	0.27
8	2007	12.7	5.4	0.26
9	2008	14.9	7.80	-0.1
10	2009	19.7	11.6	-0.1
11	2010		11.5	-0.1

Source: FOS Labour Force Sample Survey various years and June 2003, Statistical News, September 29, 2004, and National Bureau of Statistics (2005) The Nigerian Statistical Fact Sheets on Economic & Social Development, Abuja.

An analysis of unemployment TABLE 5indicates a sadpicture, the average unemployment stands at 13.4 in 2004, the subsequent year recorded a drasticincrease 11.90 in the year 2005, this is followed by fluctuation to the 12.3 and 12.7 in 2006 and 2007 respectively and skyrocketed again to 14.9 in 2008 and then gain astronomical increase of 19.7 in 2009. It is obvious that Nigeria resources have not been equitably distributed and judiciously used to deal with issue of unemployment

Being without a job is indeed an enforced idleness of wage earners who are able and enthusiastic to work but cannot find jobs. In societies in which most people can earn a living only by working for others, being unable to find a job is a serious problem. Because of its human costs in deprivation and a feeling of rejection and personal failure, the extent of unemployment is widely used as a measure of workers' welfare. The proportion of workers unemployed also shows how well a nation's human resources are used and serves as an index of economic movement (positive or negative). Unemployment has called for a greater concern in the Nigeria economy. It has continued to be the major macroeconomic objectives of the government. Unemployment constitutes a series of serious developmental problems and is increasingly more serious all over Nigeria in the face of resource control and revenue distribution in Nigeria. The major policy of the government and the international agencies is targeted at reducing the rate of unemployment. Since the population explosion begun, the developing nations have been characterized by unemployment.an analysis of Table 6. Below reveals that within a space of 5 years, an average of about 1. 8 million new entrants into the labour market. Disturbingly, unemployment rate has been skyroketting steadily since 2006 which must be a concern for the policy makers. It is also a confirmed indication that poverty is not abating but on the rise nationwide.

Table 6: Within the five-year period there has been an average of about 1.8 million entrants into the active labour market per year.

	2006	2007	2008	2009	2010	2011
Nigeria Population	140,431,790	144,925,607	149,563,227	154,349,250	159,288,426	164,385,6
Economically Active	78,922,666	81,448,191	84,448,191	86,744,278	89,520,095	92,384,7
Labour Force	57,455,701	59,294, 283	61,191,700	63,149,835	65,170,629	67,256,0
Employed	50,388,650	51,763,909	52,074,137	50,709,317	51,224,115	51,181,8
Unemployed	7,067,051	7,530,374	9,117,563	12,440,517	13,946,515	16,074,2
Newly unemployed		463,323	1,587,189	3,322,954	1,505,997	2,127,69

Accordingly, (Ngwama 2014) notes that every year,Nigerian academic institutions graduate millions from higher institutions of learning. Since this administration/government came into existence, how many jobs has it created in the Federal Civil Service? So, the thing boils down to unbridled unemployment in the country. If people are empowered, if people are given jobs to do, if you provide one million jobs in this country, most of these things will be a thing of the past.

Okoro (2010) stated that it is no longer news that the unemployment factor in Nigeria, with it alarmingly increasing rate, is among the country's top 5 headaches. Neither is it news that this evil monster, unemployment, has succeeded massively in pouring into the minds of its victims, bright but negative thoughts and ideas on how to make fast cash, by ignoring all cautions.

Unemployment has generated a lot of crimes, examples: kidnapping, armed robbery,toutingamong the resilient youths who believe they should take their destinies into their hands and grab whatever they could, using the barrel of gun in the face of systematic looting of funds by government officials, to have a fair share of national resources. Politicians have reported to have stolen about 220 Billion pounds within the last four decades of independence from Britain- an amount roughly equivalent to the aids; West has ever given to Africa.

Political Economy of the Niger Delta:

Political Economy of the Niger Delta Crisis continues to dominate the discussion on the current Nigeria political economy. Lack of true federalism has contributed to the injustice in Nigeria, which has denied the people of Niger Delta the fair share of the national resources to finance community development projects. Thus, the inequity in resources allocation and systemic injustice that have subjected the people to economic hardship and misery prompted the agitation for resource control and youth militancy in the region that could degenerate into a greater political and national security problem and cripple the economy if the root causes of the agitation are not amicably resolved. As the crisis deepens and as the key economic indicators look southwards, foreign and local investors would relocate their resources elsewhere.

Concluding Remarks

The paper has shown the importance of Revenue Allocation in Nigerian Federation as the most dialectical issue in its history. It has commanded the highest rate of turnover in the number of commissions on any given issue, and so far Nigeria has experimented with about 20 revenue allocations formulas and principles both horizontal and vertical without hitting the appropriate and universally acceptable formula. From the various recommendations, the cardinal objectives have revolved around national integration, enhanced economic growth,promotion of balanced development, fostering self-reliance and self-sufficiency and increase in the standard of living of the citizens. But in practice, these objectives are far from being attended to, rather the debate has always centred on what each of the tiers will amass. As pointed out by Suberu (1995) vertically, among the federal, state and local governments and horizontally, among the states and local governments and the percentage of federally collected oil revenue that should be allocated to the oil producing states and communities based on derivation and compensation for ecological degradation of oil production has not yielded unanimous agreement.Paradoxically, the oil producing states have suffered complete neglect in revenue allocation especially during the military rule because of the over centralization of fiscal matters. In the civilian-democratic dispensation, there is a compelling need to balance the accruable allocation to the tiers based on some criteria that will address economic and political issues of which their effect could adversely affect the unity of Nigerian State. Among such parameters are derivation and balanced development and need.

Given the nature of Nigerian Federalism rooted in a pluralistic society, with the attendant socio-political, economic and religious problems and most importantly, the porosity of a reliable and acceptable socio-economic and population data on which judicious calculations can be based;arriving at a just, proper and reliable revenue allocation formula may still be a mirage. However, some elements of balance can be struck between the two most pragmatic options – derivation which will address economic aspects while need and balanced development will take care of the political aspects such that resource allocation will lead to economic and political stability of the Nigerian state.

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