

Resources Control in an Emerging Economy: Its Prospects and Challenges

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Abstract: Resources control has been on the front burner of the national discourse since the return to democracy in Nigeria. Most parts of the country, mainly oil-producing States, have been agitating for resource control to reflect true federalism. However, these agitations were confronted with negative responses from the Federal Government of Nigeria by militarizing the region; thus, turning the region into a theatre of war. It is against this backdrop that this study examined the resources control agitation in an emerging economy and its prospects and challenges in Nigeria. Conflict theory by Karl Marx was adopted for the study. The study was based on the qualitative method. Data were gathered through secondary sources such as textbooks, Journals, Newspaper, and Government publications. The secondary data were subjected to content analysis. The study findings revealed that Nigerian federalism and dependence on federal allocation, are the major causes of resource control agitation in Nigeria. Therefore, the study recommended that the 13% formula for the development of oil-producing states (Niger Delta States) be raised to 18% with tight measures to monitor the utilization of funds to avoid mismanagement which may not be ruled out in a country like Nigeria that is infested with the cankerworm of corruption. Public opinion over this important subject should not be handled with levity, rather, it should be seen as a necessary input capable of yielding desired results for the good of the nation.

Keyword: Resource, Economy, Prospects, Challenges

Introduction

The Nigeria state is operating a federal system of government and as such revenue is shared vertically and horizontally between the levels of government that is the federal system; comprises of 36 states and the 774 local government areas respectively. Orulwene (2008 p102) posits that prior to independence and shortly after independence under which Nigerian federalism labored excruciatingly has been how to share revenue appropriately among the various level of governments. Orulwene as cited in Patrick (2020) opined that the political elites from the three zones; North, West and East during the First Republic and now referred to the six geo-political zones exhibited the fear of domination over one another, hence wanted to control the government from the center. Unfortunately, minority ethnic groups are in the oil-producing states while the major ethnic groups are in the non-oil-producing states. Ironically, the major ethnic groups determine the nature of revenue allocation in Nigeria. This condition has over the years tended to constitute a cog in the wheel of equitable revenue allocation in Nigeria with its attendant consequences.

According to Obi as cited in Patrick (2020) the revenue allocation system remains one of the critical factors destabilizing Nigeria's federal experiment". In the words of Olowononi as cited in Patrick (2020) opined that "revenue allocation has a very great potential for conflicts, especially between the rich and the poor regions or state in Nigeria. Amucheazi (2001, p12) opined that "resource control agitation was borne out of a deep-seated feeling of marginalization in spite of the huge petroleum wealth that Nigeria has taken from the oil-producing region" (cited in Patrick, 2020, p.2). The principle of derivation which was the basic formula for sharing revenue when agriculture was the mainstay of the Nigerian economy; was consigned to history books as oil replaced agricultural products as the mainstay of the economy. This situation was seen as a conspiracy by the power elites of the three major ethnic groups (Ibo, Yoruba and Hausa-Fulani), particularly, because of the absence of oil in any significant quantity in their regions.

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The continued search for an acceptable revenue sharing formula and in a bid to end the agitation for resource control in Nigeria has compelled the federal government to establish OMPADEC now NDDC, subsequently 13% oil derivation in favour of the oil-producing states out of the revenue generated in a month, creation of the Ministry of Niger Delta Affairs all in a bid to meet the yearnings of the South-South region. Unfortunately, the people in the Niger Delta still feel marginalized due to the absence of the needed development hence, demanding for resource control as against the features of the Nigerian state federalism instead of looking inwardly to ask sensitive questions on how the 13% oil derivation, budgetary allocations to NDDC and Ministry of Niger Delta are spent?

Challenges emanating from the current method of resources control have become more serious owing to the political facet the problem had taken; with displeasures flaring along with geopolitical outlines over seeming unfairness in the manner the nation's resources are being controlled now. The Northerners think that resource control is a selfish agitation and protest of excessive greed on the part of the South-South leaders. However, to the Niger-Delta region, it is merely a fight for their normal right (Beaucheni, 2001). It is against this backdrop that this paper seeks to examine the feature of and challenges of resource control agitation in Nigeria.

Statement of the Problem

Resource control brawls in the post-crude oil period started with the botched Boro-led effort to generate the Niger-Delta Republic in 1966. This has culminated in contemporary oil-related agitation in the region (Dickson and Asua, 2016). In Nigeria, the discovery, exploration, and consequent realization of huge revenue from the sale of oil, especially in the 1970s led to high tension, controversy, negative politics, unhealthy rivalry among the components of Nigerian federalism and peoples (Lambert, 2006). These have also beer, followed by dislocation and deterioration of the emerging economic and political development unity and cohesion of Nigerian state; and instead of optimum utilization of the proceeds from oil to invest in and diversify other non-oil sectors, there lingered the problem of both inefficient use and inequity of oil wealth. An increase in oil revenue has similarly, led to political leaders' misuse and more corrupt practices rather than investment and diversifications (Henryik, 2009). The emergence of Nigeria's economic and socio developmental track has since the exploration and boom of oil been determined and dependent on oil revenue led to the dearth of the most vital sector of agriculture being the largest labour employer, GDP contributor and solid minerals.

Research question:

- What are the main features of resource control applicable in Nigeria?
- What are the challenges of resource control in an emerging economy like Nigeria?

Literature Review Resource Control

Afoyemi (2013, cited in Dickson and Asua, 2016) asserts that resource control is the way and manner the government revenue is shared among the various tiers of government - the Federal, State and Local Governments, as well as how resources available are harnessed and determined. For Ya'u, (2001, cited in Dickson and Asua, 2016), resource control may be taken to mean the substantive power for the community to collect monetary and other benefits accruing from the exploration, exploitation and use of resources in their domain and deploy the same to its developmental purposes.

Emerging Economy

Emerging economies are low-income rapid growth countries using economic liberalization as their primary engine of growth (David, 2001). They fall into two groups; developing countries in Asia, Latin America, Africa and the Middle East and transition economies in me former the Soviet Union and China. Nigeria is an emerging economy and we shall utilise Nigeria as a case study.

Emerging economies in 2009 accounted for 82% of the world's population paving tan an increasingly important role for the global economy and for the euro area in particular. Indeed, over the period 2004-2009 emerging economies accounted for 63% of the Oksanai MUM output. In terms of economic size, their share

in global output has increased from less than 20% in the early 1990s to more than 30% at present, measured at market exchange rates. The share of emerging economies in world GDP is 45% almost perceptual Rents the man in the early 1990s. According to the IMF's World Economic Outlook, this share will surpass 50% in 2013. Emerging economies are very open to international trade, which is reflected in their growing share in world trade. On the export side, the emerging economies' share has increased from around 19% of world exports in the early 1990s to close to 35% recently (Kabir, 2008). On the import side, the share has increased from 20% to 30% over the same period.

Characteristics of resource control in an emerging economy

➤ Resources are controlled by a few individuals (Elites)

There are two broad classes in the society - the elites, who are the rulers monopolizing power and resource control, but few in number; and the masses who are ruled by the elites, but always larger in number (Ladipo, 1986). The elites are the few who wield control, consolidate and manage the state's societal power and resources in more or less, the interest of the ruled masses. Like many other developing states, politics and statehood in Nigeria are built and hovered around the elites who decide what is to be done, where, when, how and by whom. The Nigerian elites also build their networks on patron-client pyramids which ensure both consolidation and transfer of powers from them to their cronies, loyalists and cynics, who carry out the rule on their behalf or at least in servitude to their interests (Lambert, 2006). The patron-client relation centres on persons of unequal wealth, status, prestige and influence dependence for patronage and reward with state power, support, resources and influences (Victor, 2021). The patron-client relation is governed by the collective individual interests of the elites who make up a class for canvassing, consolidating and protecting their collective interests, but do have where their individual differences those of am; as fractions (Mohammed, et al., 2018). The agitate restructuring Naria \$ partly engineered by the elites, who have lost out in the power change and handshake game over a period of time in Nigerian politics. This has manifested form of raising the dust for restructuring where no political accommodations are offered upon transition from one government to another or circumstances there into public offices, resource (oil) allocation and control of political power would relevance are lost (David, 2001). The affected elites then res podia's of opposition, change and seeking relevance/accommodation, including. The calls/agitation for restructuring. On the other hand, the elites vested with at the same time hardly agitate or support such calls/agitations having been write time status quo. This explains why the much and incessant pressure or opposite to governance comes mostly from the opposition, the disadvantaged, or those who fed aggrieved.

Imbalances, Mutual Fears of Domination and Marginalization: These are critical features of resource control; they have resulted in mutual suspicion and fear among Nigerians. The pre-colonial political, economic socio-cultural and rescues backgrounds and experiences of the North and West, on one hand, arc the East am the other; the arrival of the colonialists through the Atlantic Ocean located finite South; the nature and character of the various ethnoreligious and get-incikical nationalities welded in January 1914; the involuntary Ike pattern of colonial domination and rule - direct and direct; the nature and character of colonial socio-economic development; the embedded pattern of ckimcarional inequalities between North and South, which persist till the primacy of the North in terms of geography and population; and the perceived, feared and resented Northern hegemony in Nigerian politics are all *unaticarie* fit resulted in the imbalances of the Nigerian state and culminating the of domination and marginalization with mutual fears and suspicion am among the component parts of the Nigerian federation. These have occupied the political thought and atmosphere of all the regions and discourse of Nigeria, irrespective of whether advantaged or disadvantaged in one aspect or the other.

Despite the federal character principle, there still exist imbalances that are more and relatively tilted towards one region against the others in different perspectives). There are similar, other areas where the imbalance/character reflects disadvantaged positions to other sides/regions of Nigeria, and each of the geopolitical, ethnoreligious parts of the country is disadvantaged and or marginalized in one way or the other, depending on location, type of public service provided, the top leadership of the establishment in question and precedence of its pioneer/preceding leadership character.

Challenges of resource control in an emerging economy

For an emerging economy like Nigeria various challenges are encountered in a bid to control resources which includes the following:

➤ Agitation for Regional Control of Resources

The agitation for each state producing resource wants the region to be in charge of the resource and benefits associated with is remitting taxes to the government at the federal level. This has been the clamour of the Niger-Delta region and a greater percentage of other Nigerians. The Niger Delta's are of the opinion that the advantage of allowing the states to control the resource within their domain is that the states will be sufficiently empowered and caused, of fast track development within their locations. Excess reliance on crude oil products as the main source of foreign exchange will reduce. According to Henryik (2009), this can lead CO to a greater level of corruption among the government of the regions. He however contended that. The acuties of the state governors could be curtailed through existing institutions such as the independent and corrupt practices commission (ICPC), Economic and Financial Crime Commission (EFCC), relevant legislation and judicial processes among others. Below is a list showing the distribution of solid minerals in Nigeria. The federal government has tried to address the problems of the region through administrative agencies such as NDDS, OMPADEC and NDDC. As a result of corruption and lack of commitment on the part of the government multinational companies, these efforts amounted to nothing (Frynas, 2000; Akpan, 2004). The failure of the state to find a political solution to the problem has led to a very plausible demand for resource control and self-determination within the federation According to Aluko (2001) Nigeria possesses huge resources but tack leadership to harness these resources for the development of the country. With the federal system of government currently in practice in the country, the Niger Delta demand for resource country is not feasible, thus leading to constant militant agitation against both the government and oil companies in this region.

➤ Challenges of federalism

The practice of federalism which began in Nigeria and is traceable to the amalgamation of the southern and northern protectorates in 1914 has greatly impacted resource control.

Access to political power at the centre is a crucial factor in resource distribution and revenue allocation in Nigeria as a result of federalism. In such a situation, the group" that controls political power at the centre ultimately controls revenue allocation and this has the opportunity of apportioning a large share to its advantage to the detriment of the wealth producers. This scenario is exemplified by the consistent and systematic relegation of derivation as the principle of revenue allocation since 1951.

Atoyebi, et, al. (2013) opined that the state and the component units depend on oil revenue for survival. Therefore, to allow regional resource control would be disastrous for the nation that is crippled with the problems of nation-building. They suggest that for an immediate reduction of the crises in the Niger Delta region, the state and the multinational oil partners should formulate appropriate policies that would favour the oil-producing communities. In addition, the state should give more weight to the principle of derivation in allocating the oil wealth to the component units of the nation. On a final note, the infrastructural development of the Niger Delta region will depend on how available the derivation resources are structured and allocated. Even, when the resources are allocated, the Federal government can ensure that the greater proportion of allocation to states/ local government-based derivation is committed to capital projects.

On the other hand, Lambert (2006) pointed out that the move for the erosion of Federalism is due to a lack of proper understanding of the concept among the leaders and the general public of the nature of the federal relationship as manifested between the federal and state governments.

He noted that the autonomy of each tier of government in Nigeria is misconstrued to mean competition and confrontation with each trying to frustrate the other, whereas, the conception underlying is that the federal and the state government are mutually complementary parts of a governance mechanism.

Aluko (2001) supported federal control of resources was that the nation needed to be able to make financial grants to poor states to ensure a level of living condition for every Nigerian below a national minimum considered desirable by the Federal Government as in the case in Australian Federation.

➤ Allocation of Resources and over Dependence on Federal Government

Revenue allocation is a challenge to resource control because state depend on the federal government as the mainstay of their sustenance and survival. The state should revenue generated from government resource allocation instead of depending totally on the federal allocation of resources. Revenue allocation has a very great potential for conflicts, especially between rich and poor regions or states in Nigeria and is a matter that generates controversy in the federal and states' method of revenue allocation (Lambert, 2006). These problems have also cumulatively tied down the progress and prosperity of the Nigerian federal system which also prompted calls and agitations for other alternatives such as fiscal federalism as operated from the mid 1950s to mid1960's. They have also trickled down to and manifested in a more compounding manner. The problem of revenue allocation in Nigeria empirically involves the unequal distribution of resources between the levels of government, determining what percentages go to the various principles for the allocation and which takes what share among the levels (federal, state and local governments). There is also disagreement over the principles of horizontal and vertical sharing; the lack of definite and standard monetary fiscal policies in the country has for long hindered the effective exploitation and harnessing of the nation's human and material potentialities. There are. Therefore, excessive politics over sharing/distribution on the vertical and horizontal allocation of the revenue between and among federal, state and local governments. On the other hand, there are corruption and diversions of the substantial revenue accruing to all the three levels of government, which has marred the potentiality of generation and proper utilisation of the resources. Corruption in, for example, the oil industry with conglomerate oil bunkering, calculated tantalization of pipelines, non-remittance of oil sales and: other generated revenues are on the high. There is also excessive politics in the operations of the oil industry and other hefty tax-generating agencies. If states in Nigeria were independent, came together to form a federation, they would have been stronger. Develop means of generating income by building factories to help run the state with the portion of

Empirical Review

Atoyebi, Lawal, Adekunjo & Kadiri, (2013) investigated issues on Nigerian fiscal federalism and its effect on resource control and how proper use of derivation principle can address issues found in Nigerian fiscal federation generated by "resource control". Their study revealed that the Nigeria government at all levels, have failed to fulfill their obligations to offer good governance anchored on equitable political arrangements, transparent administrative practices and accountable public conducts indeed, the failure to encourage genuine power or resource sharing has triggered dangerous rivalries between the central government and thirty-six states of the federation over revenue from the country's oil and other natural resources. Their recommendation was that government should design appropriate policies in favour of the oil-rich states based on the principle of resource derivation. The resources allocated to these states must be channeled towards the capital projects.

Theoretical Framework

Conflict Theory by Karl Marx

Conflict theory was propounded by Karl Mara, a German Philosopher, Sociologist. An economist contended that competition for limited resources in society is the reason for constant conflict in society (Macionis, 1997).

The theory maintains that order in society is sustained through domination and power instead of conformity and consensus. The wealthy and powerful withhold power in order to subjugate the poor. The theory sees social and economic institutions of groups as instruments utilized to encourage class struggle to sustain the ruling class. It views society as divided into two economic classes; the upper class (bourgeois) and the working class (proletariats). Conflict theory is used in explaining a broad range of social concepts such as wars, disasters, discrimination etc.

Various kinds of conflicts in society have been explained using the major assumptions of conflict theory. Marx contended that conflict is the force that brings about change in society (Ranchman, 1991). Going by these assumptions of Marx, Nigeria is economically divided into two major groups; the ruling class (who continually dominates the working class) and the working class.

Over the years in Nigeria, the political class has been in control of the major resources that the nation has in various regions. Although majority of the resources utilized by the nation as a source of income in the country is derived from the crude oil in the Niger Delta region. However, other regions produce various forms of resources. For example, Nigeria gets majority of her agricultural produce from the North however, these produce do not provide as much income as oil. The Nigerian federal government which is mostly made of Northerners has governed Nigeria for the majority of the time since its independence. This group of elites is in control of the major resources and they do that in favour of their region and class. This has sprung up the constant conflict from other regions of the country and tireless agitation from members of the lower class. Resource control has become an issue that incites aggression following the frustration of the efforts of the oil-producing states, to secure a favourable formula for resource control. Until resources are equitably distributed to all members of the societies, protests like the END SARs and others will keep springing up and disrupting the activities of the government. It looked at the challenges of resources control which includes; Agitation for regional control of resources, the challenge of federalism with Aluko (2001) supporting federal control of resources relevant for Nigeria to make financial grants to poor states; Allocation of Resources and over-dependence of state and Local Government on Federal Government (Lambert, 2006); Atoyebi, *et al.* (2013) support state/regional control of resources and opined that the principle of derivation should be put into consideration in resource control. The investigation of Atoyebi *et al.* (2013) study points a finger at Nigeria government inability to fulfill their obligations to offer good governance anchored on equitable political arrangements, transparent administrative practices and accountability, the failure to encourage genuine power/resource sharing which has triggered dangerous rivalries in the country as the cause of the resource control challenge.

Way Forward /Recommendation

- The existing land use decrees should not be limited to petroleum resources alone. It should as well be applied to the production and management of solid mineral resources as a credible and alternate source of revenue generation.
- There is every need for sufficient effort and resources to be invested by the Federal Government of Nigeria towards the cultivation and central control of solid mineral resources in Nigeria.
- Nigeria ought to take the bull by the horns by operating true federalism. It is within this platform that the issue of resource allocation and control be properly addressed and redressed.
- The 13% formula for the development of oil-producing states (Niger Delta States) be raised to 18% with tight measures to monitor the utilization of funds to avoid mismanagement which may not be ruled out in a country like Nigeria that is infested with the cankerworm of corruption.
- Public opinion over this important subject should not be handled with levity, rather, it should be seen as a necessary input capable of yielding desired results for the good of the nation.

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