



# NOMOS

Le attualità nel diritto



Quadrimestrale di teoria generale, diritto pubblico comparato  
e storia costituzionale

D. BABALOLA, *The Political Economy of Federalism in Nigeria*, Basingstoke, Palgrave Macmillan, 2019, pp. 180\*.

Federalism or a decentralized system of government is still spreading out in Africa and elsewhere as a constitutional device for multinational divided societies. First and foremost, the grassroots of the adoption of a federal “solution” shall be traced in the aftermath of World War II, which led to the dismemberment of colonial empires. Among British colonies federal arrangements were considered a viable option for multinational societies facing independence. Nevertheless, in Africa, federalism was roughly rejected in most of its manifestations. From 1960 onwards, Africa’s leitmotiv has been, military coups, civil war, genocides and violence among ethnic groups. Until the end of the Cold War, African federal States, under authoritarian military regimes, became strongly centralized. Afterwards and to date, the revival of the federal option in Sub-Saharan Africa has been strictly connected to the enforcement of participatory democracy, the accountability of local administrators and their interplay. The constitutional framework of relevant States in Sub-Saharan Africa (Nigeria, Somalia, Democratic Republic of Congo, South Africa, Uganda, Ethiopia, Sudan, South Sudan), embodies federal arrangements, seeking to address ethnic diversity and, at same time, fostering a sense of belonging to a given State.

This book focuses on one of the most multifaceted countries in the Continent, underlining an overlooked feature: revenue sharing and oil politics. The book by Dele Babalola, *The Political Economy of Federalism in Nigeria*, Palgrave Macmillan, 2019, aims to demonstrate the significance of the political economy, fiscal federalism and revenue sharing, in the Nigerian Federation. It does not intend to

\* Contributo sottoposto a *peer review*.

put aside other approaches, like the institutional or constitutional (Wheare), sociological (Livingston), purely political (Riker) and developmental approach (Friedrich). Babalola does not dismiss these abovementioned approaches; in his words “it is worthwhile to go beyond the traditional approaches [...] This study considers an alternative analytical framework, which builds on the traditional approaches but pays more attention to the political and economic forces that impact on the federation” (p. 20).

Federal fiscal dynamics in a flawed and fragile federation, whose chronic instability must be traced back in its artificial creation, well described by Watts as “perhaps the most artificial of all the countries created in the course of the European occupation of Africa”, are under the spotlight.

Nigeria is the most populated country in Sub-Saharan Africa (over 200 millions) divided into more than 350 ethnic groups. This makes it clear that for understanding the practice of the Nigerian federal system the ethnic dimension shall be taken into account. The gist of Nigerian federalism resides in its society, composed of very diverse ethnic groups (in their size and cultural diversity) and in the oil dependent political economy. Thus, the interrelation between ethnicity and revenue sharing is shaping Nigerian constitutional politics (p. 22).

After the introduction, the three following chapters carry out the main argument of the Author, but not before having scrutinized the birth of the Federation. It may be argued that it is a “wise” choice by the Author, in order to set up the link between the origin of the Nigerian State with problems and prospects of the current Nigerian Constitution and politics. Undoubtedly, the federal quest aims at providing unity in diversity and Nigeria’s challenges, since its beginning, are still the same. The continuous search for unity, the task of facing ethnic and religious diversity and the strife for national resources still represent the backbone of the “holding together” of the Nigerian federal system. To this regard, the desire to achieve the independence in the “best way”, drove the quest for Nigerian political leaders.

In the 1950s, the awareness of both Nigerian leaders and the British of a federal “solution” grew up and it eventually led to the adoption of the first federal Constitution in 1954 (pp. 41-43). Similarly, the role of the British Administration during the 1910s cannot be neglected; rather it is emphasized. Geographically, Nigeria became a single territorial entity under the Lugard Administration. Lord Lugard, through the amalgamation, sowed the seeds of the country, unifying the Northern, Southern and the Lagos Protectorate in 1914. Hence, the British brought together peoples with different ethnic, cultural and religious backgrounds for administrative convenience. The amalgamation, undeniably, may be considered milestone of the Nigerian contemporary history.

The artificial creation brought together diverse ethnic groups and, consequently, the politicization of ethnicity remains the struggle of the country which “plays an important part in determining who gets what and when” (p. 50). To sum up, the British promoted federalism, initially for administrative convenience, whilst later they became conscious of its feasibility for ethnic management purposes. Similarly, Nigerian leaders set up in their agenda the willingness to build a federal country in order to accommodate ethnic and regional diversities and disparities (pp. 52-53).

The Author faces the main issue of his book in the following two chapters (three and four), dealing with the role of oil revenue and revenue allocation system. To begin with, the Nigerian economy, before crude oil was discovered in 1956, was driven by agriculture. The so called oil boom of 1970s transformed the whole country: Nigeria became an oil dependant State. Oil resources were discovered in the Niger Delta Region and it exacerbated regional differences and ethnic rivalries for the control of resources (p. 67).

Meaningfully, the oil boom occurred during the first military era (1966-1979), which entailed an over centralization of political institutions and the federal system at a whole. The military legacy is an additional striking feature of the federal system, since their influence shaped the constitutional history of the country. After the fall of the First Republic (1966), each constitutional transition to civilian rule was guided by generals and this gave way to more centralized constitutions, as well as the current 1999 Constitution (see division of legislative powers: Constitution of the Federal Republic of Nigeria; Second Schedule). Not differently, resources are collected at federal level, and this does not grant any relevant fiscal autonomy for Member States. To this regard it is acknowledged that Section 162(1) of the 1999 Constitution has established the “Federation Account” into which all revenues collected by the Government of the Federation shall be paid.

What is noteworthy within chapter four is the effort of the Author to demonstrate that revenue allocation has been the bone of contention since the adoption of the 1946 Constitution. In particular, the principle of derivation which “requires the central government to return to the state governments the total, or a proportion, of the taxes [...] or the revenue generated from that state” (p. 93), is currently fixed at 13% by Section 162(2) and it has been a source of conflict among Nigerian territorial units. Between 1953 and 1964 the derivation principle reached its peak, decreasing steadily after the civil war (1967-1970). As mentioned above, mass oil exploitations began during the first military era in a context of over centralization. In spite of oil richness, Niger Delta did not benefit from the development of oil industry. In fact, the consequences of the

development of oil industry have been destruction of farmlands, environment degradation as well as pollution of rivers. Niger Delta ethnic minorities, alike Ogoni, Igbo and Ijaw, perceived themselves marginalized and they claim for the revision of the revenue sharing formula set up in 2004 (Federal Government: 48.5; States: 24; Local governments: 20; special funds: 7.5). The control of resources is the most controversial issue within Nigerian federal dynamics. It is remarkable that at the beginning, the Northern and the Western Regions favoured the derivation principle when agriculture was the primary sources for the Nigerian economy; later, once oil was discovered, the Eastern Region favoured it, while the other two Regions changed their mind. Currently, any reform of revenue sharing formula is hard to be implemented, due to the disagreement between “oil States” and non-oil producers (Northern) States. Babalola argues that each group of States is pursuing its own political goals, which are divergent with those of the other, in the sense that “each federating unit seeks maximum benefits from the system” (p. 107). This makes impossible any reform of the revenue sharing formula, and this continuous disagreement fosters ethnic mistrust and violence, especially in the “Middle Belt”. Furthermore, the political division between Northern and Southern States, provoked different claims for self-determination and also secession. The Civil war might even be considered in this perspective as well: a conflict over the control of oil resources (p. 121). Moreover, Northern States are also a source of instability feeling threatened by a cut of resources from the national “cake”. Nevertheless, an assessment shows us that Niger Delta’s States claim for more autonomy or self-determination is stronger, because they believe that Nigeria’s survival depends upon their own oil resources. These resources are, Babalola stresses, the “key to the continuous agitation for secession and self-determination” (p. 129). The practice of federalism in Nigeria is shaped by the over centralization of the Federation, together with the conflicting ideas of federalism between the main ethnic groups. Despite constitutional instruments like “the federal character”, it is likely to be hard to eradicate the polarization of ethnicity and different conceptions over what federalism may be for Nigeria. Again, the example stems from the debate around the vertical and horizontal revenue sharing formula. Any reform is unlikely to be approved by Parliament, due to the extreme divergence between the levels of government and among the States themselves. Babalola suggests an upward review of the derivation principle as 13% is considered inadequate for the Niger Delta, but neither a complete derivation is a solution, nor common in federal or decentralized countries. Moreover, the ruthlessness of Nigerian politics does not help to build, recalling Burgess, a “federal spirit”, as well as to move “in search” of it.

The merit of this book is to give attention to the most “contentious issue in the history of Nigeria”: the allocation of revenue and oil dependency (p. 155). Babalola argues that Nigerian political economy and fiscal federalism should be focused more on revenue generation and the diversification of the economy, rather than revenue distribution. A future fiscal reform should address the derivation principle without exacerbating ethnic conflict: in the words of Babalola “a failure to achieve this daunting goal, therefore, will amount for a failure of federalism in the country” (p. 163).

Adriano Dirri