FISCAL FEDERALISM AND THE NIGERIA RESTRUCTURING POLITICS: THE PARADIGM OF POLITICAL ECONOMY

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ABSTRACT
Demand for autonomy of federating units and the need for restructuring Nigerian states has been the issue in the front burner in recent years. Agitations have arisen due to disparity in the shares of revenue, and allocation of resources among the states. This paper explores historical records of Nigerian state and the dichotomy in her fiscal centralization or decentralization of economy and political power; the politics that underscore agitation for true federalism and consequently, the recent call for restructuring. While it is affirmed that the emergence of Nigerian state is asymmetrical, the benefits derived by the beneficiaries of her asymmetric nature is unlimited; as a result, the call for restructuring over the years is found to be a threat to the beneficiaries who preferred to let it be, the status quo. This paper argues that agitations for true federalism, resources control as well as demands for restructuring will continue as long as federal government refuses autonomy and denies autocratic development of component units. Nigeria government should take the bull by the horn to see to true fiscal federalism, while crusade for restructuring should go beyond the politics of resource control, political restructuring to inclusive politics and sustainable development.

Keywords: Fiscal Federalism, restructuring, resource control, politics, Nigeria

Introduction
Historically, Nigerian state emerged as a product of British colonial design, primarily for the purpose of material resources, administrative conveniences than deliberate attempt to foster political integration and economic emancipation of the indigenous populace (Uranta and Ibiamu, 2011). The union of the Northern and Southern protectorates formed what is called today; the
Federal Republic of Nigeria without due cognizance to the socio-cultural relationships of the people which culminated to idea of Nigeria being referred to a mere geographical expression. Though, the practice of federalism and resource control formed the focal point of Nigeria pre-independence of the 1957, Constitutional Conference in London in 1958 which later led to the enactment of the 1960 independence. The 1960 Independence and the 1963 Republican Constitutions respectively however, enshrined some fundamental principles of fiscal federalism and resource control in view of the level of deprivation percentage accruable to regions. In the course of the nation’s political evolution however, these constitutions were either suspended or repealed by the ruling military regimes and the country tilted towards what looks like a unitary system, but a very strong Federal Government.

With the return of democratic governance in 1999 and the contending developmental problems that the minority groups from south- south Niger Delta region had successively experienced, there have been a spontaneous call for the resource control and need for institutionalization of a true federalism, and consequently the restructuring agenda. Fiscal federalism is concerned with understanding which functions and instruments are best centralized and which are best placed in the sphere of decentralized levels of government (Qates, 1999). In other words, it is the study of how competencies (expenditure side) and fiscal instruments (revenue side) are allocated across different (vertical) layers of the administration. An important part of its subject matter is the system of transfer payments or grants by which a central government shares its revenues with lower levels of government. In its original sense, a federation means a group of states who agree to unite together to form one larger country and set up a single central government to rule the new larger state; but since the component states do not want to lose totally their former identities or separateness, they retain some of their governmental powers and hand over only certain parts of their former powers to the newly created federal or central government.

The federation of Nigeria however was different from this inauguration format. Nigerians were never consulted before the amalgamation of 1914 or the creation of three regions in 1954; they never agreed freely to come together and the result of this unwilful coming together have been on suspicion of domination especially by the north at disadvantage of the south which the north saw as being in a more advantageous position (Ariyo, 1999). Fiscal federalism emphasis is on
social fiscal federalism by putting in to consideration the modification of institutions and indigenous culture to order. This order are conditions as the prerequisite for socio-cultural and geographical continuity of the Nigerian state. So, power distribution and divisions between the levels of government such that federal/state financial relationships revolve around who impose what kind of tax, and who takes what kind of shares of revenues raised by the governments?

As a matter of fact, revenue allocation has been the subject of much contention in Nigeria even well before her independence. Allocations have varied from as much as 50%, owing to the first republic’s high degree of regional autonomy, and as low as 10% during the military era. The revenue allocation formulae do not tell the whole story of the distribution of oil money (Akpan, 2011). The discrepancy in the allocation intensifies the agitation for fiscal federalism, and the need for balanced development among the component units that make up Nigeria (Amadi and Oruwari, 2008). This among many other reasons has given views to many who blame the kind of federalism in Nigeria where resources are controlled by the Centre. Thus, the issue of fiscal federalism is a unique one in Nigeria. The type of Nigeria federation has been considered as fiscal centralism instead of fiscal federalism. This is possible because in multi ethnic society like Nigeria, the political elites among the major ethnic groups who control the government are found of transferring resources to benefit and develop areas other than where the resource coming from.

The disadvantageous minority group have in recent years has reverses to efficient means by agitating qualitatively for management of resources for the common good. The agony suffered by the people is glaring as meaningful transformation has not been achieved even with the 13 percent derivation by the deprived oil producing states in Nigeria. Consequently, in spite of the hue and cry for resource control, the Nigerian political elites have displayed doubt over its possibility, as a result of the fear of political equation and domination by the minority groups.

**Conceptual Framework**

There is a consensus among scholars that the contemporary concept of federalism originated with Wheare who refers to federalism as a constitutional arrangement which divides the lawmaking powers and functions between two levels of government in such a way that each
within its respective spheres of jurisdiction and competence, is independent and coordinate. He notes that coordinate supremacy of all the levels of government with regard to their respective functions remains a cardinal principle of federalism. This means that federalism has emerged as a particular kind of functional arrangement between states for living and working together nationally while presenting a measure of separate identity (Wheare, 1963).

**Nigeria's Fiscal Federalism Experience**

The history of federalism according to Vincent (2001) showed that the concept of fiscal federalism was first introduced in Nigeria in 1946, following the adoption of the Richards constitution which mean that the period of 1947 to 1952 marked the beginning of the recognition of sub-national governments during which financial responsibilities were devolved and fragmented into the three regions, North, West and East. The greatest problem of federalism in Nigeria however, was as a result of lack of good understanding among the leaders and the populace; the nature of federal relationship as manifested between the federal and the state governments. Right from the independence each unit of government is misconstrued to translate to competition and confrontation with each other and in the process, unhealthy rivalry and competitions sets in. The mutual suspicious was considered a setback to Nigeria’s national development in the first republic

The gamut of Nigeria's fiscal federalism is transient' of the pre-independent and post independent fiscal structures. Post independent fiscal structure is divided into military and democratic epochs of fiscal systems. The pre independent period spanning through 1861 to 1886.- here, Nigeria's administration was colonised with all three territories of colony of Lagos, the Niger coast protectorate and Niger territories of southern Nigeria which characterized a federal system of administration with Lieutenant governors in Lagos and Kaduna for each territory with an overall governor-general in Lagos for the central government. From that time the fiscal arrangement was that revenue and expenditure of the two governments in Northern Nigeria were merged as single budget (Tukur, 2005).

The period witnessed three budgets; central, northern and southern Nigeria printed in a single volume-a budget book. The revenue formed single fund to service aggregate demand. Naturally
enough the budget was practically convenient retaining some features of dualism. Formal revenue allocation started in 1946 and with the internal authority by regions under the Richards constitution and responsibilities shared. The objective was to make available to all levels of government independent sources of revenue which would be adequate to undertake their constitutional functions and responsibilities. This period sought for acceptable formulae in conformity with changing realities.

The Phillipson commission of 1946 originated the first pre-independent report on fiscal allocation with three principles of derivation, even progress and population. However only the population principle was applied. Regional revenues were divided into two classes; declared revenues and non-declared revenues. Declared revenues where those collected by regions and non-declared revenues collected by the central government. Those of the federal government was shared among the regions as: Northern Region - 46%, Western Region - 30% and eastern Region-24%.

The second pre-independent report of Hicks-Phillipson 1951, introduced another principle of independent revenue, derivation, need and national interest. The third was Chicks commission of 1953 with the principle of only derivation which recommended 50% of revenue to the federal government and the remaining 50% to the then regions. In 1958 Raisman commission recommended the creation of distributable pool account. What went into distributable pool account was to be shared among the regions using general principles, continuity of government service, minimum responsibilities, population and balanced developments as for the, North-40%, West 24%, East 31% and Southern Cameroons then, 5% and as they left their share was splinted among the regions with 2.1% to the North, 1.3% to the West and 1.6% to the East. The regional politics at pre-independent provided an avenue not to ensure a truly federal structure as politics was based on ethnic sentiment, rather than regions with multiethnic configurations that provided regional majorities with opportunity to dominate, marginalize and exploit minorities and sub minorities in the region (Adilieaje, 2008).

The post independent revenue allocation as reviewed by the Binns Commission later recommended revenue from the Distributable Pool Account to be shared among the north, east
and the west to 42%, 30% and 20% respectively. It is observed that with the establishment of distributive account finance became the most important factor that determines the extent of autonomy allowed to sub national governmental units in all governmental arrangements and the degree of peace and coexistence among the governmental levels the Nigerian citizens in particular (Marcellous, 2008). The creation of Midwestern region vis-a-vis the military coup dictain January 15th 1966 however, fell Nigeria into the hands of the military. And the fragmentation of Nigeria into states further the creation of another system of fiscal federalism. Though rejected by the then military government on the ground that its range went beyond the military. In 1968. Dina interim committee changed the distributive pool account to state Joint Account. There was also the creation of special grants account, permanent planning and fiscal commission. In addition to that was horizontal standards, balanced development and derivation account. On a vertical formula, royalties from onshore mining was 10% for states of origin, 10% for federal government states joint account was 70% and special grants 5% with rents from onshore operations to states on the basis of derivation at 100%.

In 1977 the Aboyade Technical Committee recommended for vertical allocation on the basis of 57% for the federal government, 30% for the states, local governments 10% and 3% for special grants accounts. The military circumstance of their period was more blessed with excess oil revenues during the period under survey, but they were basically confronted with some problems as: the glaring disparity in the social and welfare responsibilities of the new states and the basis of their finances. To this effect, the military government restructured the expenditure of the states through the transfer of power to the center. By and large, the states become depended on revenue collected and distributed through the center. It is on this ground that Marcellus, (2008) argues that:

Politically the lion share of the national revenue given to the federal government runs against the grain of the current global trend in federalism where the expectation is that the states and the local governments will increasingly constitute the nub of economic development and centers for the provision of social amenities and infrastructure.

Incessant conflicts and litigation with intense debates in the National Assembly, the extensive lobbying and complicated maneuvers later led to a new revenue allocation arrangement enacted
into law under the Allocation of Revenue Act No. 1 of 1982 with allocation of 55% for federal
government, 30.5% for states, 10% for local governments, 4.5% for oil producing communities,
1% for ecological problem; 20% on derivation principle and 1.5 directly for mineral producing
areas. It was admitted that since the 1992 revenue allocation in Nigeria, the system of resource
allocation has not undergone major change in terms of fair review except the whims and caprices
of the government in power that adjusts the revenue sharing formula to suit its interest.

It could be affirmed that the real test of fiscal federalism for Nigeria could be re-traced back to
the return of democratic government in October 1999 nevertheless, the latest allocation formula
as amended by the executive order in 2002 are such that federal government - 52%, states
26.72%-, and local governments - 20.60% with an entitlement of 13% derivation from the oil
producing states. Such foregoing demonstrates that in an emerging democracy, the planning and
management of fiscal relations between the federal and states will invariably have to depend on
the prevailing concept of the federalism at a particular period in the economy as it is the federal
constitution that expressly distribute revenues and taxing power. The present fiscal arrangement
has manifested in weak fiscal capacity of the state and local governments and could be found the
reasons for demands and agitations for revenue allocation and resource control which has
metamorphosed to restructuring crusade.

Restructuring, the call and the fear of Nigerians

The call to restructure Nigeria like clamour for resource allocation formula and resource control
could be understood as no departure from adequate remuneration to the efforts of the constituent
states in the federal system, as well as the accompanying lack of equity in giving what is due to
states that generate the enormous revenues, which are also seen being used rather recklessly and
corruptly by the Federal Government that combine to the agitation. Restructuring become the
exclusive lingo of pro-democracy groups like the National Democratic Coalition (NADECO),
the Pro-National Conference Organisation (PRONACO), and The Patriots on their attempts to
phase out military government in Nigeria (Tunde, 2007). The hit tempo of debate on restructuring
was even felt much as it becomes a major campaign propaganda to win 2019 general election
with many political flagbearers utilizing the call to make a political score.
Unfortunately, various heads of state and government that had held the political power over this period in Nigeria had not seen reasons to give the calls serious consideration. The nearest they have done is either to call a national conference, as former President Jonathan did in 2014 or to establish a reconciliatory commission as done by president Obasanjo or issue a press statement as the government did as reported in the front pages of the Newspaper (The Nation of 31st May 2017). Three major reasons have been given for this:

- Some people believe that there is no guarantee that such an exercise will succeed in moving the nation forward, and that; It may even be counter-productive or lead to unexpected consequences;
- Secondly, prior to 2015, the people who were calling for restructuring never gave a clear definition of what they meant by re-structuring, neither were they specific about the scope, modalities or even the timing of such an exercise;
- Thirdly, up till 2015, most of the calls for restructuring had been from individuals and groups from the southern part of Nigeria, especially South South geo-political zone. Others from the North probably think that the agitation is because the south controls the major mineral resources that constitute the bulk of Nigeria wealth.

Given to these perceptions, the ongoing calls for restructuring Nigeria state is found to have been motivated by the aim of finding geographical expressions for those socio-cultural identities. To this end it is a clear that while we can compel statehood by the show of force, we cannot force true nationhood into existence. Nationhood is said built only through good and equitable governance. This according to political scientist, the issue of political and economic stability is found not to be a function of ethnic homogeneity or religious purity, this is lack among Nigerians. For instance, the first thing that comes to the mind of average Nigerian whenever they hear restructuring is political restructuring such as: creating more states or merging of states, local government area, resource control and regional autonomy. The most sensitive of these is resource control especially oil wealth. According to Agbakoba, (2017) the restructuring argument has become so politicized that we forget there are many basic, technical things like health, agriculture and education that can be focused on that will not threaten anybody. He stated thus:
any political arrangement in Nigeria requires consensus to succeed…we must accept that the North does not want the word ‘restructuring’… it is a popular concept in the South but the North does not like it. They do not like it for many reasons. Generally, the North likes big government so if restructuring means reducing governance, they immediately get concerned. I don’t also like the word restructuring… Why? That is because you need the consensus of the North. You cannot do it by yourself. The South cannot by itself restructure Nigeria.

His argument is that, the Northern perspective of restructuring is break-up of the nation. That’s what the President (Buhari) thinks and sees why he said IPOB is threatening to break away and you say restructuring. The Northerners will interpret it to mean you support calls for disintegration of the nation. He was of opinion that when we get the confidence of the North and they realise that’s the way to go, we can move to more technical issues.

Consequently, research has shown that there are many dimensions and options to restructuring, and anybody agitating for it should tell Nigerians the exact type of restructuring he or she wants. Some of dimensions to restructuring include political restructuring, economic restructuring, educational restructuring, social restructuring. However, restructuring, if not well planned and handled can lead to greater inefficiency or even system collapse. The major question Nigerian need to ask themselves is that to whose interest are we to situate the clamour for restructuring?

From the sample opinions and the positions of what one may term as the intention of the various groups in Nigeria; it is obvious that there are problems of adequate and accurate comprehension of the concept of ‘restructuring’ and how the Nigerian people should go about it. Besides, the conversation has been largely at the level of the elite who, in a large measure are the architects of the lopsided nature of the Nigerian nation-state. They leave the country in ugly form it founds itself today because of the possible immense benefits that accrue there to them, first and foremost; and as much as they are less than honest about their agitative pastimes they try to champion. In terms of whose interest is best served by elite manipulation, which is what the restructuring campaigns are all about? Scholars have argued that it is the elite that stand, and as always to gain from what agenda they have drummed up. In an attempt to provide such pan-Nigerian platform for restructuring, Ihonvbere in his work posits that:
What has become power sharing in the context of Nigerian federalism would normally be a good political agenda designed, religious and cultural groups an almost equal opportunity to manage the affairs of the nation. But in the Nigerian context, we need to be very cautious if we are to understand the driving forces behind the strident calls for power sharing that have become a national obsession. The truth is that Nigerian politicians have been calling for new patterns of power sharing not because they are genuinely interested in gaining a share of power in the interest of their respective nationality, religious, or interest groups, but because they see such arrangements as an easy route to grab power and deploy it for private accumulation.

What this means is that as much as those clamouring are not too inclined to allow the likely accruable dividends of “restructuring” to even trickle down to the “disadvantaged communities and give all nationality; religious and cultural groups an almost equal opportunity to manage the affairs of the nation…,” restructuring remains the instrumentalist way by which they deploy the struggle via the appeals to sub-national emotions and sentiments, and mostly to “ethnicizing restructuring,” which should not be factored into the analysis of how the country is to be restructured.

Adibe in his discussion about the insincerity of political elite hammered much on restructuring why Nigerian should be careful in their attempt to unravel how the restructuring of the polity could be embarked upon more properly. According to him:

Nigeria project is politics, not economics or underdevelopment or poverty. We are on the cliff because though every part of the country feels marginalized, we have zero-sum attitude to solving the country’s problem. Once an effort is made to solve the problem of one area, others go into their institutional memories to retrieve cases of injustices and marginalization which must be concurrently addressed. In the end the country moves in circles, with problems mutating, rather than being effectively solved. All this calls for a forum where Nigerians can talk, air out their grievances, even if for catharsis. If the word ‘restructuring’ engenders distrust, we will need to construct new vocabularies that will enable us to engage one another. Certainly, if we continue to do what we have always done, then we will continue to get what we have always got, which is hanging on a cliff (Adibe, 2016).
In Nigeria, it is not unusual that leaders are always the ones to set the agenda for governance; but it is the birth right of the followership to insist that due process must be adhered to for the overall benefit. The buck however, stops at their desks and, as we always expected it is found out that, the lack of political will has ever been drawn the camel’s back. It is this missing link that gives boost to impunity that has become the basic characteristic of either the instrument of governance or the constitutional basis of that instrument.

**Restructuring our own Model:**

The most important restructuring model we need in Nigeria today is that of our mindset. This should be the starting point and the mother of king of ‘restructuring’. This is very imperative because there are certain beliefs that have found a permanent residence in the heart of Nigerian adults which is corruption, and which cannot be eradicated. In Nigeria we can never have correct census, if we do not bribe, you cannot get a contract, if you do not bribe voters you cannot win elections, merit alone cannot get you job or promotion. They paint the picture that Nigeria is an impossible country and the worst place on earth to live. Every section of Nigeria today complains about marginalization at one time or the other. Igbo Cultural association complained of alleged marginalization, inequality and neglect (Nwogbo, 2017). Edwin Clarks complains on behalf of Ijaws and the Niger Delta people even under the government of Jonathan their son. The Afenifere and Odua People’s Congress complained on behalf of Southwest during Obasanjo’s reign. Arewa Consultative Forum complained during Jonathan’s government and even now under Buhari, a northern president.

We tend to complain more when we feel we do not have enough share of lucrative posts and less when things are favourable. When the Igbos occupied very lucrative posts and had favourable policies under Jonathan they did not complain much, on the contrary, the Yoruba’s complained bitterly because there was no Yoruba man in the first ten most important federal posts under Jonathan. Today it is the other way round where the Igbos are complaining much and the Yorubas complaining less. So is a matter of mindset. We need to develop the right mindset, that is, we cannot have it equally good in all areas and all the time. Also, our reactions should not be subjective, depending on who is in power or what we can get from the government of the day.
We should look at issue from an objective point of view, with emphasis on what I can contribute to make Nigeria better not how big a pie I can cut for myself from the national cake.

This is the key to our future and the foundation on which other forms of restructuring can be built. Thus, Nigerians mindset as we championing the crusade for restructuring must be shifted away from the belief on resource and resource control because most of developed nations to day have different types of resources some of which we have and have been adequately and effectively harnessed theirs for the better growth of their economy. Most of these resources include but not limited to: human resource capital, land resource, Ocean resource, oil petroleum resource, gas resource, solid mineral resource, air space resource, rainfall resource, Frequencies spectrum resource and animal resource. Of all these resources, the greatest resource that a country has is the human capital, the human beings who use their brain or intelligence to manage the other resources. Kenya for example, makes billions of dollars in revenue from tourist who come from all over the world to view its animal resource.

America for example, produces more crude oil than Nigeria, but oil revenue is only about 4% of America national income. The state of California in USA has no drop of crude oil, yet it is twice as rich as Texas that produces over 50% of America oil. Its wealth comes from the innovative skills of the CEO of Facebook, Apple, and Google most of whom are products of Stanford University, California Institute of Technology, and University of California at Berkley which are among the ten best technical Universities in the world. Israel does not have a drop of oil like its Arab half-brothers, sons of Ishmael, yet it is richer than most of its oil rich neighbors because of the productive capacity of its human capital. Indians in diaspora working outside India, remit about $73 billion back home every year. This is almost 3 times Nigeria’s 2017 annual budget of $25 Billion (N7 trillion at N320 to $1 exchange rate). This is revenue from human capital resource. Comparatively, Nigerians overseas remit $27 billion back to Nigeria every year, also more than Nigeria’s annual budget which is mainly based on revenue from oil resource (Bello, 2017). You need human intellect to be able to turn every other thing on the earth into useful product or money-making commodity.
We must ensure equal access and equal opportunity for all that is, every Nigerian, irrespective of his/her social status must be given a sense of belonging so that no single individual, ethnic group, geographical segment or social group feels alienated or unwanted in terms of what he or it can contribute to the nation or in terms of having a fair share of national wealth. Minorities must have their interest taken into consideration and be protected at national, state or local government levels. As a consequence of present structural imbalance there is need for equalization of all inequalities to correct those sectional grievances once and for all. This become imperative because long as those issues are being glossed over, those who are at disadvantaged will not be fully committed to the common national goal. The demand for restructuring should not be about hatred for a particular section of the country or to rebuff any section, but about love for the whole country. It is clear that no section of the country is free of one complaint or order and none can claim exemption from the tragedy that has befallen us. In a hostile environment in which ethnocide is not far away, it is only natural for people to look out for their own and to use their God-given resources and advantages to tame or negotiate the looming Leviathan while keeping others in medieval peonage.

But as we have seen, this can never and will never work in a multiethnic nation with diverse cultural and political sensibility this of course, become imperative in our own situation. There is need to reconcile contentious interest groups, foster the integration of the diverse sectional groups into true nationhood, and facilitate the evolution of an acceptable functional governmental structure for Nigeria. We are better off together and should find acceptable ways to stay together. We are to find the drive as an urgent responsibility within the constitution a, pathway to a perfect our union.

Conclusions and recommendations

This work is of opinion that issue of restructuring of Nigeria should not only be a political vis-a-vis resource or revenue allocation matter; it must go beyond these even as important as legality and constitutionalism may be. It has been observed that Nigeria is not working because there are administrative practices that have become an albatross to efficiency and the development of the country. No matter how much restructuring is done in constitutional and structural terms, if the basic ingredients and values of development administration, as administrative adjustment across
all sectors by which those common values as such as: honesty, justice which promote equity, dedication to duty, absence of corrupt practices, discipline, decisiveness in taking and implementing acceptable options are still absent and/or are not cultivated, it is saying the obvious that one could have the best structural arrangement in a federal setting, but it is the same thing or same result that one would harvest. Better results are more likely to be achieved if the aforementioned positive values have been imbibed and have become ingrained in the psyche of, we Nigerians and the practice of government officials.

To reflect back on our federalism issue, and if what some analysts may call “true federalism” which actually does not exist anywhere; we can have a functional federalism instead that would be structured out, corruption even kill it, just as it is generally accepted that it is today killing the quasi- or unified-federal system in the country at the moment. Any reliable revenue allocation and utilization system must practically reflect the Federal nature of our country. The lopsided nature of fiscal arrangement in favour of the federal government is detrimental to fiscal operations of state and local governments and this has impacted negatively on socio economic development of Nigeria. Greater emphasis should be laid at the grassroots where the bulk of the people live and where development appears to be virtually non-existent.

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Further political restructuring influenced by political crisis led to creation of Midwest Region in 1963 when Nigeria attained the status of a sovereign Republic. Much later in May 1967, military intervention in politics and successionists threats of Eastern Nigeria as the Republic of Biafra led to Gowon’s creation of 12 States. In this paper, restructuring of Nigeria and the goals served in meeting people’s aspirations within the potential scale for harmonizing national security and national development is discussed. The practice of federalism in Nigeria has come a long way. In its chequered history that has spanned through some six decades, Nigerian federalism has thrived amidst problems and prospects. Fiscal federalism, which mirrors the amount of fiscal autonomy and responsibility accorded to subnational government, has been an important subject in the policy equation of many developing, transition, and developed countries. This paper, therefore, examined the evolution, structure, and practices of fiscal federalism in Nigeria. In achieving this, the paper adopted both descriptive and analytical methods by relying on secondary sources for data gathering. The paper revealed that Nigeria has not operated as a true federation since it adopted a federal constitution. In Nigeria, the poor performance of the public sector over the years has necessitated the call for effective operation of fiscal federalism in the country’s political space and policy fine-tuning. Nigerian morbid federalism and demand for political restructuring. ABADA Ifeanyichukwu Michael. ABADA Ifeanyichukwu Michael. With the military intervention in Nigerian politics, ethnicity was infused into the Nigerian army and other establishments and the coming of General Yakubu Gowon to power altered the structure of Nigeria unitary system by creating twelve states out of the former four regions. The logic of political restructuring in Nigeria would be the restoration of the appearance of a federal system. Therefore, reconciling the assumptions of the classical political economy approach implicates the various aspects of life in human society which places dire emphasis on the material means of production as the basis of life. Fiscal federalism, financial relations between units of governments in a federal government system. Fiscal federalism is part of broader public finance discipline. The term was introduced by the German-born American economist Richard Musgrave in 1959. Fiscal federalism deals with the division of. Professor and Director of the School of Public Administration at the University of Central Florida. His contributions to SAGE Publications’ Encyclopedia of Governance (2007) formed the basis for See Article History. Fiscal federalism, financial relations between units of governments in a federal government system. Fiscal federalism is part of broader public finance discipline. The term was introduced by the German-born American economist Richard Musgrave in 1959. Fiscal federalism in Nigeria dates back to 1954 when the country, which had until then been governed as a unitary state by the British, adopted a federal constitution. However, despite over fifty years of experience with fiscal federalism, the country is still beset with the challenges of macroeconomic management, poor output growth rate, high inflation rate, and weak balance of payment position. The discordance between fiscal capacity of the various levels of government and their expenditure responsibilities, and the non-correspondence problem, is a striking feature of the Nigeria federalism finance. There is also the problem of how revenue should be shared horizontally among the states and among the local councils.