

## **Federal - State Power and Fiscal Relations in Nigeria: 1979-1999**

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### **Abstract**

*Federalism is popularly acclaimed to be the most appropriate governmental system for plural states due to its suitability for the management of ethnic, religious, linguistic and cultural diversities. However, in practice, several federal experiments have shown that the formal constitutional allocation of powers and functions provide only a partial picture of the reality. This is particularly true of federalism trajectory in Nigeria since the demise of the First Republic in 1966. Specifically, between 1979 and 1999, the period of this study, serious contradictions in inter-governmental power and fiscal relations elicited incessant conflict and crisis in the Nigerian federation thereby causing a negative impact on the quality of governance and service delivery to the people. This article is a critical discourse on the origin, nature and consequences of federal practice in Nigeria during the period under consideration.*

### **Introduction**

This article examines the nature and conduct of Nigeria's federal system between 1979 and 1999. This periodization is justified by the need to contextualize the Nigerian federal experiment in two conceptually divergent political milieus, namely, the second Nigerian republic and the second phase of military rule. In doing this, the pattern of inter-governmental power and fiscal relations in the federation during the period shall be considered. The outcome of such relations will also receive attention. Partly for constitutional considerations, and for effective analysis, a discussion of the workings of the federal system in Nigeria during the period of study shall be done in two parts, namely: (i) Federalism in the Second Republic (1979 - 1983) (ii) Federalism under the Military (1983-1999).

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### **Conceptual Framework**

The controversy surrounding the meaning and essence of federalism is, clearly, one of the oldest and most enduring in the history of intellectual debates. While the cardinal objectives of this study do not include an extensive contribution to the scholarly discourse on theories of federalism, this part of the work seeks to set the theoretical conceptual framework for analysis. This will help us understand the extent to which Nigeria adhered to or deviated from the standards of federalism during the period under consideration. Overtime, quite a number of federalism models have emerged, but these can be appropriately categorized into two, namely, Dual federalism and Cooperative federalism.

The notion of Dual Federalism, that is, the idea of contact at two levels (at the governmental level between participating units, and among the citizens of these different units) emerged alongside the American constitution of 1787 (Pamphal, 1979). From the standpoint of legal literature on federalism, the term "Dual Federalism" connotes a system of allocation of functions between the national government and the state governments, characterized by an attempt to define separate and exclusive spheres for national and state action (Cannon, 2012; Young, 2001). Dual Federalism has also been conceptualized as a political arrangement whereby two different governments share sovereign power over a certain region or people as a way of balancing the scales of power between a large, sweeping government and a more local, centralized one (Jason, 2003). In this context, federalism serves as a check against corruption on the part of both the federal government and its states counterparts. The prevalent constitutional arrangement seeks to maintain specific parameters by which the balance of power is upheld. As an illustration, within its own sphere of influence each government maintains sovereignty that should not impinge one another. Although this theory acknowledges the importance of both the federal and state governments working together, it however emphasizes the crucial need for both levels of authority to maintain a certain level of wariness so as to ensure efficient operations and public service delivery (Jason, 2003).

For Barbour and Wright, Dual Federalism is a system under which the national and state governments are responsible for separate policy areas (Baarbour and Wright, 2012). In this wise, the national and state governments are separate, each government being its own and conducts its functions independently. Levi Clancy, on his part, posits that Dual Federalism consists of three main elements, namely, governance based on constitutionally

enumerated powers, independence of each authority within its territory, and a limited array of constitutional objectives for the national government (Clancy, 2012). The kernel of these theoretical postulations (and indeed many others) is that the essence of Dual Federalism is adequate constitutional decentralization of governmental powers and functions in order to achieve the required balance between the two levels of authority for the chief purpose of good governance anchored upon public accountability and efficient service delivery to the people.

Cooperative Federalism (like the 19<sup>th</sup> century Dual Federalism) originated and gained ascendancy out of the American political experience from the 1930s onward (Katz, 1997). During this period, scholars have increasingly focused more attention on how to make federalism work through cooperation between the various levels of government. Justifications for the shift in focus can be located in three key factors. First, government may overlap with or require support services from the other levels of government. Second, the general tendency for the Federal (Central) government to be in a predominant position in terms of grants necessitates some regulation of state activities and also makes the state governments seek partnership with the Federal government. Lastly, it is now believed in almost all federations that the citizens could be best catered for, if both levels of government interacted and consulted with each other. This explains why most federal countries have established permanent structures for intergovernmental and federal – state interactions and cooperation. The point being made here is underscored by Elazar’s words regarding America’s Federal system: “Whether cooperative federalism was intended by the fathers of the union or not, it was quickly demonstrated to be necessary. Governments operating in the same territory, serving the same people, generally sharing the same goals and faced with the same demands could not maintain a posture of dual federalism” (Elazar, 1968).

Thus, Katz was apt in his conceptualization of Cooperative Federalism as “a system by which the national and state governments may cooperate with each other to deal with a wide range of social and economic problems (Katz, 1997). In a similar vein, Duy et al, defined Cooperative Federalism as “a government were the states and national government become more involved with one another... (such that) the separation of the national and state governments will no longer be existent, allowing the state and federal government to share a certain say in a specific matter .... all levels of government would work together in order to solve a problem in the country

(Duy et al., 2012). Mars, on his part, describes Cooperative Federalism as a concept under which national, state and local governments interact cooperatively and collectively to solve common problems. According to him, each of the three tiers of government formulates policies and programmes separately but more or less equally (Mars, 2012). From these view points, what emerges is an apparent convergence of opinion that Cooperative Federalism stands for collaboration, consensus and complementary action by the national and federating governments within a federation for the purpose of good governance and efficient service to the citizenry. Key examples of countries operating this kind of governmental system can be found in largely successful federal experiments such as the USA, Australia and Canada. Thus, the foregoing study adopts Cooperative Federalism as the theoretical and conceptual framework for analyzing federal-state relations in Nigeria between 1979 and 1999.

#### **Federalism in the Second Republic (1979 - 1983)**

On 1 October, 1979, the military handed over power to a new civilian regime headed by President Shehu Shagari, with a new constitution introducing a Presidential System of government. The structures of both the First and Second Republics were federal. But what was new about the federal structure of the latter was that it was based on the notion of a set of `checks and balances (Ojo, 1981). The 1979 Nigerian Constitution was designed by people committed to a strong federal authority (Legum, 1971), an obvious reflection of the legacies of over 13 years of military rule in the federation. Really, the constitution was formulated during a period when the Central Government of General Obasanjo was wielding wide economic and political powers. The new constitution officially recognized three levels of government - federal, state and local. In the constitution, federal powers were enumerated in an Exclusive Legislative list. The states had residual powers while there was a list of concurrent powers which prescribed joint responsibility of the federal government and the states, with laws passed by the National Assembly prevailing in the event of conflict.

With regard to power and functional allocations relating to Federal-State-Local and State-Local levels, the 1979 Constitution differs sharply from previous Nigerian constitutions since the adoption of a federal system in 1954 by spelling out the functions of Local Governments in the "Fourth Schedule." These functions clearly require Local Governments to interact with both the Federal and State Governments with the emphasis on State-Local interaction. However, what happened in practice in Nigeria between

1979 and 1983 confirm the findings in other federal systems whereby the formal constitutional allocation of powers and functions provide only a partial picture of the reality (Adamolekun, 1989). As an illustration, the actual role that the Federal Government assumed in respect of agriculture went beyond what the constitution provided for. According to item 17 on the Concurrent Legislative list, the federal government had responsibility for the establishment of research centres for agricultural studies and the establishment of institutions and bodies for the promotion or financing of industrial or commercial agricultural projects. The broad objective that the government set for itself was the achievement of food self-sufficiency by 1985.

In line with the above goal, the central government of President Shehu Shagari invested so much money in the so-called "Green Revolution." This programme, in fact, turned out to be a monumental failure because the Federal Government unilaterally undertook a responsibility which required joint federal-state/local action. This was a clear contradiction of federalism. Moreover, if all the funds invested in the River Basin Authorities and massive importation of fertilizer had been channelled through State and Local Governments, which are nearer to the grassroots and understand the peculiarities of their various communities, more positive results would have been recorded. But as it were, funds did not reach the peasant farmers who produced the bulk of the nation's food (Omoruyi, 1985). Moreover, by the federal government's direct action, the states rapidly became the executive agents of the latter's agricultural programme.

The failure of the Federal Government to involve the State and Local Governments in its agricultural development programmes was due to the prevailing political climate in the country which was characterized by distrust between the Federal and State Governments arising from an intensively partisan and intolerant party system. The central government believed that State Governments (controlled by political parties different from the one in power at the centre) could sabotage its efforts and it was also anxious to act directly and unilaterally in order to claim credit for any successes made.

But it was in the social service sector that the Federal Government made most incursions into areas previously dominated by the regions. For example, the education programme initiated by the military was adopted by the Shagari - led central government requiring expenditure of 2,265 million

naira in 1980 or 27 per cent of federal recurrent expenditure (Lar, 1994). Again, the programme was largely administered by the State Governments with substantial discretionary federal grants. Similarly, the Federal Government also became involved in housing, as a result of the National Party of Nigeria (NPN) - the ruling party then - election campaign promises. Thus, the Federal Government decided to build, on its own, housing estates for workers in the states. Due to lack of knowledge of the peculiarities of these states, estates were located in areas without mass transit facilities. Consequently, the low-income workers declined to live in those estates. Most of the houses were eventually taken over by lizards and rodents (*West Africa*, 12.5.1980). Indeed, if funds had been channelled through the State/Local Governments for the prosecution of these projects under federal supervision, greater successes could have been recorded. The result of the absence of coordinated and cooperative action in the areas noted above was that only minor successes were recorded by the Federal and State Governments through their isolated projects. The successes recorded were further limited by the fact that both the Federal and State Governments neglected the Local Governments which were best placed in the highly important role of mass mobilization, a prerequisite for meaningful progress in such fields as agriculture, housing, education and health. Thus, the issue of the attitudes of political and administrative figures at the various levels of government had significant consequences for functional roles of governments regardless of what the constitution required.

Not unexpectedly, federalism in the Second Republic witnessed some crisis situations just as the states expressed opposition to the encroachment of the Federal Government. Anambra State, for instance, questioned federal execution of its housing policy. Also, pressure for state police forces was resisted by the central government on the grounds that some states were already claiming excessive autonomy and that "if you allow them to have a police force of their own there is the danger of secession of which we already had a bitter experience (Lar, 1994).

Similarly, all non-NPN - controlled State Governments refused to cooperate with the Presidential Liaison Officers (PLOs). These presidential assistants were expected to furnish the primary basis for an efficient and effective system of Federal-State liaison particularly as it affects the Federal Government in the states. It is important to note that the National Assembly could not endorse the appointment of the PLOs or authorize financial appropriation for their remuneration. This was due to the opposition of the

non-NPN members who used the platform of the Assembly to express the opposition of their parties and the State Governments controlled by these parties to the appointments. Whatever the administrative justification for the appointments, the PLOs merely served to polarize relations between the Federal Government and the non-NPN states. Also, there was a groundswell of opposition to the housing programme in the non-NPN States. They saw the housing scheme as an unconstitutional intrusion by the Federal Government into an area of exclusive state responsibility. As earlier noted, these conflicts greatly undermined the effectiveness of the federal housing scheme.

But this conflict - ridden Federal-State relations trend was least surprising because, from the onset the losing parties in the 1979 Presidential elections had continued to question the legitimacy of Shagari's government (Awopeju, 2011; Danopoulos, 1988; *West Africa*, 9.6.1980) by refusing to obey it almost throughout its four-year term. Similarly, early in the life of the Second Republic Shagari's lieutenants always threatened the states with funds, reminding them that they would go cap in hand to Lagos for money. State Governors and functionaries replied that the money belonged to all and Shagari had no right to deny any state its share. There was also the trivial controversy over whether or not to hang Shagari's portrait in public offices. In short, all non-NPN controlled State Governments declined to cooperate with the President and often took measures contrary to those of the Federal Government. Shagari was treated with contempt by most of the non-NPN Governors. He and his party were ridiculed daily in different media. As if the people did not know, Shagari had to remind them on several occasions that he was the President of the country and not of the NPN. In 1980, following a personal confrontation he had with Governor Ambrose Alli of Bendel State during a state visit, Shagari criticized some Governors for regarding themselves as politicians instead of administrators by throwing brick bats and talking as if they were on the soap box.

Although the constitution enjoined the Federal Government the obligation to ensure that State Governments conformed to the constitution, President Shagari's government was unable to correct what was seen as particularly irresponsible and undemocratic action by some of these governments. It may however, be argued that the circumstances of Shagari's election as President were such as to question the legitimacy of his tenure of office and to weaken his attempts to consolidate the leadership of the Federal Government.

The relationship between the centre and the states and the different parties did not improve throughout the Second Republic. Members of minority parties were victimized in different states. The parties accused each other of political victimization and intimidation. For example in 1980, The Kano branch of the NPN established a Legal Defence Bureau for the constitutional defence of its members who were being oppressed and harassed by members of the ruling PRP (Falola and Ihonvbere, 1985). The GNPP appealed to Shagari to curb 'organized acts of violence and lawlessness and also alleged that the NPN had "started to unleash systematically its sinister grand plan to rule even in the states where they are not in control of the government (Akindele, 2011; *New Nigerian*, 22.1.1980).

The NPN received more condemnation than any other party because it controlled the centre. In response, Shagari's government came out with repressive reactions. In January 1980, it arrested and deported to Chad the GNPP majority leader in the Borno State House of Assembly, Alhaji Shugaba Abdurahman. On the unverified allegation that Shugaba was not a Nigerian, Lagos ordered his deportation on the night of 24 January, 1980. This incident popularly known as "the Shugaba Affair", earned the NPN-controlled Federal government more trouble than it bargained for. Other political parties used the incident to further consolidate their alliance, and the UPN in particular was able to win more friends in Borno because it gave its support to Shugaba's legal steps to assert his freedom and prove his Nigerian nationality. Other attempts by the Federal Government to assert unlimited power resulted in widespread killings. The most notable example was at Bakolori in Sokoto State where several peasants were murdered in an attempt to deny them their land (Essien-Ibok, 1983). These crises were to have far-reaching consequences whose repercussions later reverberated throughout the entire political terrain of the Federation (Balewa, 1994).

Let us now turn to inter-governmental fiscal relations during the Second Republic. That is, how was federal finance administered among the various levels of government during the period? While the reports of past revenue allocation commissions/committees sought to prescribe the factors that should determine revenue sharing, the 1979 constitution placed responsibility for the subject on the National and State Assemblies. This meant that the determination of allocation criteria and the importance to be attached to them was put in the sphere of political bargaining among the representatives of the people. This posture of the constitution regarding revenue allocation contrasted sharply with the recommendations of the 1977



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Aboyade Committee which had sought to deemphasize political horse trading through a reliance on statistical quantification (Aboyade Committee Report, 1977).

One major innovation in respect of revenue allocation which was enshrined in the constitution was the idea that Local Governments should be accepted as having a right to a statutory share of national financial resources. The idea was first proposed by the Aboyade Committee and accepted by the incumbent military leadership. Some other provisions on revenue allocation in the 1979 constitution concern the sharing of national financial resources among the three levels of government. Specifically, Sections 149, 150 and 151 and item A on "Allocation of Revenue" in the concurrent legislative list put the National Assembly in a dominant role in respect of this subject. For example, it was the National Assembly that was expected to make provisions for the division of public revenue between the Federal Government and the State Governments; among the states of the Federation; between the State Governments and Local Government Councils; and among the Local Government Councils in the states (Adamolekun, 1989).

The short-lived practice of assigning the central role in revenue allocation to the legislature did not work out well. In fact, it served as an area of conflict between the federal and state governments. On 23 November 1979, the President inaugurated a Presidential Commission on Revenue Allocation under the chairmanship of Dr. Pius Okigbo. The commission submitted its report in June 1980 and was published at the end of August as a Federal Government White Paper. The first line of division on the report reflected the special interests and demands of the oil producing states; Rivers, the defunct Bendel and Cross River states, condemned the Okigbo Commission Report (which was yet to be published) as politically tainted, prejudicial, insensitive and biased. This protest was instrumental to the subsequent decision by the Federal Government to propose the allocation of 3.5 per cent of national revenue to mineral producing states on the basis of derivation.

Still on fiscal relations, although in its submission to Okigbo the Federal Government claimed 70 per cent; its White Paper eventually announced it would retain 55 per cent, with 34.5 per cent allocated to the states and 8 per cent to Local Governments. The State Governments thus were to receive a larger share of central revenues than under the military and first civilian budgets. Their recurrent revenues remained heavily dependent on central allocations; 86 per cent in 1979/80 and 81 per cent in 1980/81. In addition,

elaborate grants for universal education contributed another significant element to state revenues. New controls over state borrowing abroad were also devised as conditions for federal guarantees and under the existing revenue allocation formula 40 percent of the state allocation was earmarked for social development (Smith, 1981). The significance of this for federalism in Nigeria was that financial unification and centralization was boosted while state autonomy was undermined. This was a clear contradiction of one of the basic requirements of true federalism.

Finally, a key provision in the 1979 Republican Constitution which had serious consequences for inter-governmental relations in many ways was the notion of "Federal Character," contained in section 14(3). According to this provision:

The composition of the Federation or any of its agencies and the conduct of its affairs shall be carried in such manner as to reflect the federal character of Nigeria and the need to promote national unity, and also to command national loyalty thereby ensuring that there shall be no predominance of persons from a few states or from a few ethnic or other sectional groups in that government or in any of its agencies (1979 Constitution of Federal Republic of Nigeria).

In short, Federal Character is a euphemism for ethnic balancing; it is an instrumentality for ensuring unity in diversity by balancing official appointments between groups and within the officer corps of the Armed Forces. There is need to emphasize that the controversial idea of Federal character, which has become an integral part of Nigeria's political system, is indeed, not peculiar to Nigeria. For example, the United States of America (USA) too applies it in the form of "affirmative action" and India too as "quota system" in several areas (Ayua, 1994).

However, what happened in practice in Nigeria between 1979 and 1983 was that the conflicting interpretations, and faulty implementation of the "Federal Character" principle elicited results that were almost completely opposed to the aims of promoting national unity and loyalty. It was abundantly clear that these problems contributed significantly to the contradictions and disharmony that characterized inter-governmental relations during the period. Moreover, conflicting interpretations and wrong implementation of the concept have persisted beyond the period covered by this study.

**Federalism under the Military (1983-1999)**

General Muhamadu Buhari seized power from the civilians on 31 December 1983 (Ayua, 1994). The Buhari regime had a radical programme to check the grave economic predicament and the crises of confidence that had afflicted the Federation as well as to fight corruption and indiscipline in the society. The regime started off well but most of its policies were draconian in nature. On 27 August 1985 there was another coup which ushered in the military administration of General Ibrahim Badamosi Babangida (Ayua, 1994) who held the reins of power till August 1993, when he had to hand over power to an "Interim National Government" (ING) led by Chief Ernest Shonekan, in the wake of the annulment of the 12 June 1993 presidential elections won by Late Bashorun MKO Abiola and generally considered to be the freest and fairest in Nigeria's political history. Shonekan was in turn toppled on 17 November 1993 by Late General Sanni Abacha (Babangida's erstwhile deputy) who was himself replaced on 8 July 1998 by General Abdusalami Abubakar. The creation of some new institutions like the Directorate of Social Mobilization (MAMSER), the National Electoral Commission (NEC), the National Population Commission (NPC), the Code of Conduct Bureau (CCB), the Code of Conduct Tribunal (CCT) and the Revenue Mobilization Commission (RMC) by the Babangida administration had tremendous effect on inter-governmental relations during this period.

More significantly, the creation of new states by IBB's government greatly altered the relationship between the Federal Government and the constituent governments in favour of the former. The regime created eleven new states bringing the total number of states from 19 to 30. In addition many new Local Governments were created which raised the number from 449 to 589. According to government, the essence of these actions was to achieve a structural political balance in the Federation and also to bring government nearer to the people (Suberu, 1991; Gordon, 2003; *Tell Magazine*, 11.8.1998). It is however important to note that these measures only resulted in the creation of several unviable states which became directly dependent on the federal Centre. The creation of an additional 6 states by the Abacha regime manifested similar results. Moreover, the more states are being created the more the agitation for more states, just as it happened in the wake of the 1976 exercise.

Finally, the introduction of the Structural Adjustment Programme (SAP) and the desire of government to address fundamental economic issues like crude oil production, the huge dependence on imported consumer goods and the

existence of an accumulated huge external debt affected Federal-State relations tremendously. For example, in October 1985, the Armed Forces Ruling Council (AFRC) - the highest ruling body in the federation then - declared "National Economic Emergency" for fifteen months and in the enabling Decree, the President and Commander-in-Chief (C in C) of the Armed Forces was empowered to take measures to reorganize, stimulate, reactivate, and improve the productive sectors of the economy, especially the agricultural and industrial ones. It may be noted that SAP placed some degree of emphasis on privatization, particularly in terms of ownership of business enterprises and outsourcing of revenue collection power and functions to private companies. However, in its application of its enormous powers earlier cited, the Federal Government ordered deductions from wages, salaries and other incomes of all workers in the public services of the country at source, ranging from 2 per cent to 15 per cent, payable into an Economic Recovery Fund at the Central Bank of Nigeria (CBN) to be managed by the Federal Director of Budget (*Tell Magazine*, 11.8.1998). While the objective of national economic recovery was highly desirable at the time, the strategy adopted by the Federal Government served to worsen the issue of the anomalous over-centralization of governmental power and authority in the federal Centre, a characteristic feature of the Nigerian federal system since the first epoch of military rule.

The manner in which federalism operated in Nigeria during the second period of military rule was not without consequences. The contradictions in Nigeria's federal system, entering mainly on the over centralization of power and decision-making at the centre, gave rise to a series of crises which promoted instability in the country. Such crises include the May 1989 SAP Riots, the fuel scarcity disturbances of 1992, and the popular "June 12" crisis of 1993. This last crisis in particular had far-reaching consequences on the nation. This crisis, that proved intractable, ensued when the Babangida regime, in utter disregard for the laws guiding the electoral process, annulled the 12 June 1993 presidential poll won by Chief M.K.O. Abiola. Babangida had always maintained that the election was cancelled in the national interest. But facts which later emerged showed that the interests were more personal than national. It has been argued that Babangida's real plan was not to have an election so that a winner will not emerge, in order for him to perpetuate himself in office. When the election held and Abiola emerged winner, Babangida became worried but was determined to overturn the table. Subsequently, he found support from some other core northern elements (Ehling and Mutius, 2001; *NewsWatch Magazine*, 20.9.1993).

Once it became clear that Abiola had won the election, pressure started to mount on Babangida not to hand over power to him. The powerful lobby which included Ismaila Isah, publisher of the Kaduna-based Democrat told the president that handing over to Abiola was tantamount to the death of the North. The group accused him of destroying the unity of the North through the dissolution of the common services. The lobbyists further argued that the North did not benefit from SAP and the privatization programme of the regime. In addition, they felt really worried by the likely power shift especially to the Yorubas who already had the economic power. It would appear that Babangida succumbed to these pressures because doing so served his personal interest too.

However, the crisis that trailed the annulment went beyond the imagination of Babangida and his most ardent supporters. It overstretched the regime's capacity for crisis management. First, in July there were massive pro-democracy demonstrations in which no fewer than 100 persons reportedly died (*Africa watch*, 1993; *Newswatch*, 23.8.1993). Also, a mysterious organization which called itself the August National Struggle Council (ANCO), started the clandestine distribution of a subversive leaflet. The pamphlet which enjoined all citizens of Nigeria and the whole world to be ready for Friday, August 13 and Saturday, August 14, 1993 caused some discomfort among the populace. Next, instead of an anonymous leaflet, calling for civil disobedience, residents of Lagos were confronted with posters duly signed by officials of Campaign for Democracy (CD), the umbrella organization for all those opposed to Babangida's military dictatorship. Titled "The Time Has Come", the poster, pasted on all strategic places in Lagos, called for a 3-day anti-Babangida protest as from Thursday, August 12. The CD posters sought essentially the same objective as that of the August Council: to bring the country to a standstill for a while. It enjoined Nigerians to stay away from work, school and lock up their shops, stalls and markets. It also asked them to keep their vehicles off the roads, and mount barricades and bonfires, as well as take part in peaceful rallies, processions, demonstrations and various acts of civil disobedience. It however advised the people to neither steal or destroy property, nor attack fellow Nigerians of different ethnic origin. And in the event of soldiers being sent into the streets, people were to stay at home.

If the objective was to create panic and paralyze major cities of the country, then it may be said that the pro-democracy groups recorded a resounding success. For the Igbos in particular, the scenario served as a painful reminder

of the gloomy days just before the civil war. They did not feel reassured even when government officials and other prominent Nigerians continued to insist that a war was not imminent. Some believed they had fought their own civil war and were not prepared to fight that of others. But this attitude in itself was a reflection of the sectional interpretations given by many of the federating ethnic groups to a supposedly national issue. Arrangements were said to have been made for all Igbos to be in the East before or on August 14. Some even fuelled the panic by spreading the rumour that they could be used as cannon fodder in the event of a war. Thus, by Wednesday August 11, the last day before the proposed demonstrations, the scramble to get out of Lagos into the safety of the villages had become a stampede. Long disorderly queues, crying babies, a babel of voices, bags of rice, refrigerators, sewing machines, a strong smell of urine wafting intermittently through the air combined to make the bus terminals look like refugee camps.

Not surprising, fares went up arbitrarily with the influx of passengers. At the Ojota motor-park in Lagos, the fare to Ilorin went up within a few days of the commencement of the crisis from N60 to between N150 and N200. The Eastern route was worse. From Lagos to Aba, the fare rose from N50 to N500. As much as N650 was being charged to Calabar, a journey that formerly cost N200. At the Mile 12 motor-park, a focal point for traders from across the Niger, North-bound passengers were stranded. Fares went as high as N1, 200 to Kaduna and Jos and at least N800 to Minna. The motorists explained they were making up for the revenue they would lose during the period of the pro-democracy demonstrations (*Newswatch*, 23.8.1993). Even after securing a vehicle of escape, going out of Lagos became a traumatic experience. The exodus brought to mind the comment of the correspondent who wrote in the London Observer of 16 October 1966 about the refugees flooding into Eastern Nigeria in the wake of the programs in the North. According to him, "After a fortnight, the scene in the Eastern region continues to be reminiscent of the ingathering of exiles into Israel after the end of the last war. The parallel is not fanciful."

The panic equally spread to various sectors of the economy. Industries were in dilemma on how to handle the situation. For example, at the Euro Sports Wears, Egbe, Lagos, Henry Okonji, the personnel manager confirmed that the fear of insecurity may force the company to close down because of the vandalism of the premises during the July riots. Besides, he said the Senior Staff Association of Textile Workers had just risen from a management- trade union meeting soliciting textile management to pay one

month salary to workers and allow them to stay off for the period. Similarly, at Furnart, a furniture company, also in Egbe, the junior workers were unanimous in their belief that the company would not operate during the days scheduled for the protests. Gbenga Owolabi, personnel manager of Lennards, Ojota, Lagos, also complained that the political crisis had affected his company adversely. He said sales dropped drastically, due to the mass exit of people from the cities, and that the areas of operations mostly affected were the Northern branches. Banks also felt the effect of the panic season. Home Foundation, a mortgage bank with headquarters on Oba Akran Way, Ikeja, typified the trauma of the financial sector. Beginning Monday, 9 August, the bank displayed a notice boldly on the counter informing customers that they could not make withdrawals exceeding a thousand naira. By Wednesday, the maximum withdrawal had shrunk to N500. For the bank officials and their customers, the shrinking size of withdrawals became a constant source of conflict. And before the week ended, almost all the banks had a ceiling on withdrawals.

In the heat of the crisis, Babangida was forced out of office on August 26. But the crisis did not end with Babangida's exit. It in fact spilled over into the Shonekan era, and into Abacha's reign. In short, under Abacha Nigeria became a pariah nation as she became ostracized by the international community. True, the June 12 crisis eventually did not culminate in full-scale war as was widely feared, yet, no other crisis had so threatened the corporate existence of Nigeria since the 1967 - 70 civil war. Moreover, outstanding issues arising from the crisis are yet to be fully resolved.

### **Conclusion**

We have shown in this study that the operation of Nigeria's federal system under both civilian and military political dispensations between 1979 and 1999 did not conform to the core tenets of federalism, particularly its political and fiscal contexts. During the second republic, the contradictions resulting from the over-extension and misuse of state power (by both the federal government and state governments) largely accounted for the background to the rigging, violence and acrimony that accompanied the 1983 General Elections.

Like the Second Republic, the second period of military rule in Nigeria was marked by political instability and general administrative inefficiency due to the arbitrary and contradictory manner in which the federal system operated. During the period, excessive centralization and arbitrary rule were the

greatest obstacles in the way of federalism. The excessive centralization of governmental power in the centre which started during the first era of military rule (1966 - 79) reached its peak during the second coming of the military. By 1999, the Federal (Central) Government was clearly the superior partner in the federal compact. The Central Government, with its enormous powers, put the State Governments at its own mercy, with the result that the states were unable to perform their basic duties to the people. Therefore, in order to enthrone a viable federal system largely free from conflict and crisis, and ensure a credible public service delivery, there is the crucial need for the constituent governments of the Nigerian federation to respect constitutional delineation of powers and responsibilities, and to also embrace Cooperative Federalism. The principle and practice of Cooperative Federalism demands that constituent governments of a federation (regardless of party affiliation) should operate harmoniously towards the general public good, rather than see one another as adversaries that must be undermined or even decimated. It is only when this kind of scenario emerges that the Nigerian Federation can function properly and achieve peace, stability and sustainable development.

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