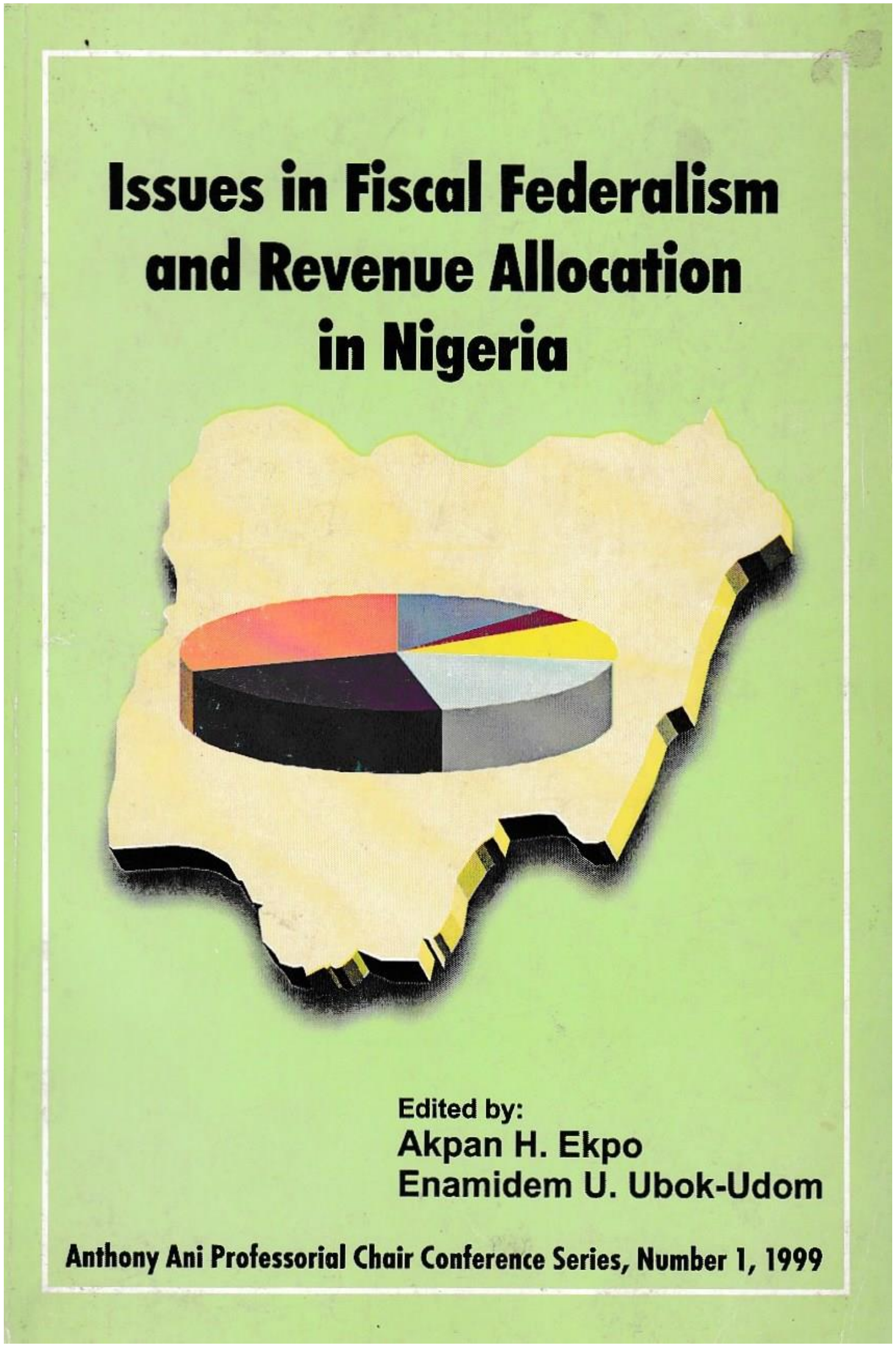


CHAPTER THIRTEEN

Property Rights, Fiscal Policy and Revenue Allocation in Nigeria

Paul A. Orebiyi & Nsenam I. Udoka

INTRODUCTION

Nigeria was given birth to as an independent state on October 1 1960. Although this was the beginning of the independent Nigeria, what now exists as Nigeria really came into being in 1914 when the Northern and Southern Protectorates were amalgamated under the governorship of Lord Frederick Lugard. However, it makes sense to discuss Nigeria economically, politically or sociologically in terms of what has existed from 1960 to date, for the purpose of brevity.

The nation, to date, has passed through different stages of economic management, ranging from "demand side" to "supply side" management. Between 1960 and 1985, for instance, the economy was characterized by demand side principles, anchored on the views of the Keynesian school of thought by which the government was actively involved in the management of the economy. During this era, the government formulated and implemented economic policies in order to move the nation forward. This was done through the preparation and implementation of development plans, policy documents designed to ensure the promotion of the various sectors of the economy, thereby fostering development in the entire economy.

However, in spite of the development plans and their implementation, the economy showed negative growth between 1978 and 1986, with the exception of 1979 and 1985 (Ndebbio and Ekpo, 1991). During the 1978–86 period, the economy experienced stagflation, with the agricultural sector rendered ineffective as a result of government inconsistent policies and many rigidities within the economy. In fact, it has been said by various scholars that the crisis was a result of the oil boom of the 1970s. For instance, Falae (1989) maintains that the emergence of the oil sector in the early seventies as a major revenue earner for government, coupled with the macroeconomic policies pursued during the period, turned the terms of trade against the agricultural sector which had, until then, played a dominant role as the engine of growth in the economy. In a similar vein, Omoruyi (1987) notes that the oil boom of the 1970s brought with it fundamental changes in the Nigerian economy, the first being the heavy dependence of the country on crude petroleum export as the main source of foreign exchange earnings and government revenue; and the second being the erosion of the competitiveness of the agricultural sector in the international market by an over-valued naira.

Consequently, a major factor responsible for the persistence of the Nigerian economic problem is the nation's fiscal system, which has rendered a lot of states unproductive, since they are sure of getting some allocation from the Federation Account, whether or not they have been able to produce anything. This does not make for a true federal structure where states are compelled to develop their own potentials, thereby competing favourably with one another. Instead, it has succeeded in breeding a system that is characterized by the parasitic menace of "robbing Peter to pay Paul". The paper is thus set to review Nigeria's fiscal policy and

revenue allocation and come up with recommendations that could be used for the development of the economy. In section 2 we present the theoretical framework. Section 3 considers property, property rights and management regimes, while in section 4 we relate property rights regime to fiscal federalism. In section 5 we assess the Nigerian fiscal system and revenue allocation, while section 6 examines the macroeconomic performance of the Nigerian economy. Section 7 offers some recommendations and concludes the paper.

2. Theoretical Framework

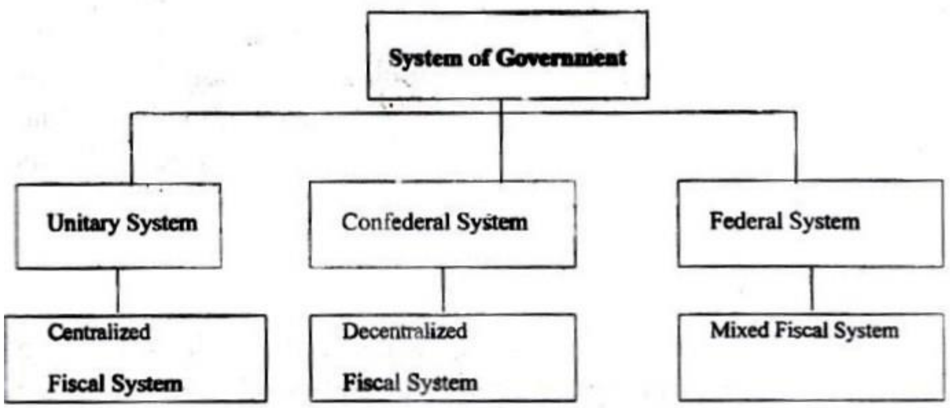
Fiscal administration can be purely centralized, purely decentralized, or a mixture of both. When it is centralized, fiscal function resides solely in the federal government at the centre. In this case, the federal government legislates on and administers all taxes, thus being responsible for the collection of all revenue. Decentralized fiscal system occurs when fiscal function resides in the regions or the states. But where the federal and the state or regional governments have some responsibilities in the legislation and administration of fiscal function what we have is a mixture. In essence, the type of fiscal system prevalent in a nation is mostly a function of the system of government (see Chart 1). These are fully discussed below:

2.1 Centralized Fiscal System

Fiscal centralization is the situation whereby the federal/central government assumes full responsibility for most of the economic activities of the public sector with the other tiers of government having little responsibility in economic activities (Olomola, 1999). So it is more compatible with strong, well-organized political parties that are organized hierarchically and have national coverage (Galeotti, 1993). In other words, centralization functions better where political systems are characterized by one-party rule (for example, the Mexican model) or where the leading parties have formed a government coalition that resembles one party (Hommes, 1995).

Consequently, pure fiscal centralism is a unique feature of a unitary system of government (as shown in Chart 1). When this is the case, the central government legislates on and administers fiscal functions. Although there may be some delegation of functions to government agents in the various sections of the nation, the system is still centralized because such delegation is simply a result of an executive decision rather than a constitutional right/provision.

CHART 1: FISCAL SYSTEMS



2.2 Decentralized Fiscal System

Fiscal decentralization exists when sub-national governments have the power, given to them by the constitution or by particular laws, to raise (some) taxes and carry out spending activities within clearly established legal criteria (Tanzi, 1995). Another way of looking at fiscal decentralization is the situation where each component unit making up a nation is free to carry out all governmental functions (Ramphal, 1979). So in a confederal system, where the states or regions perform virtually all governmental functions, what we have is pure decentralization. When this is the case, the regional/state governments could be stronger than the government at the centre, depending on their economic strength. In a situation where a nation is multi-racial, with a complex polity, this type of system may propel peaceful co-existence of the various sections. Part of the reason for this argument is that this will engender healthy competition among the various regions, as they would tend to develop their peculiar individual potentials. Thus, development may be faster propelled with this type of system.

2.2 Mixed Fiscal System

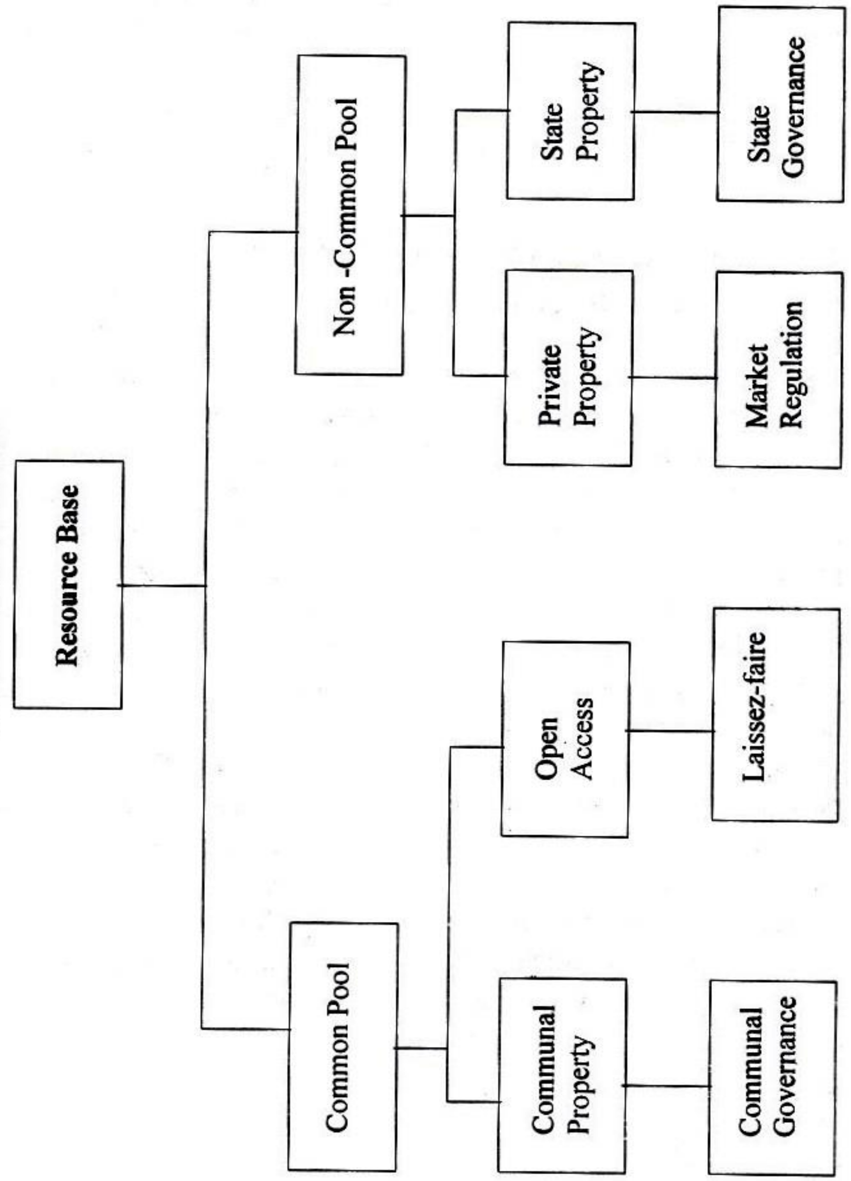
With a pure federal structure, where communities agree to work together nationally on a limited number of matters and for those matters only; but are determined, at the same time, to preserve their separate identities and to remain the competent authority in their own territories for the regulation of other matters (Ramphal, 1979), the ensuing fiscal system is the mixed type. In this case, fiscal responsibilities, functions, power and authority are shared among the various levels of government according to constitutional provision. The ways and manners of the sharing are usually reflected in the various lists — exclusive list, concurrent list and residual list.

Matters on the exclusive list are those that the central (federal) government has power to legislate on and administer, while the items on the concurrent list are those that both the federal and the state/regional governments jointly have the power to legislate on and administer. Items on the residual list are those that fall strictly within the jurisdiction of the state/regional governments alone.

3. Property, Property Rights and Management Regimes*

Property in this case connotes natural endowment of resources on the basis of which economic production is carried out and national wealth is determined. It could be regarded as belonging to a common pool base or a non-common pool base. A common pool resource is referred to as one to which everyone within a geographical enclave (to which it refers) has a kind of claim, the magnitude of each person's claim depending on the extent of his utilization of such resource. This type of resource includes communal property and open access (see Chart 2). On the other hand, a non-common pool resource concerns one to which claim is restricted. Examples in this case could be identified as private property and state property. By this, we are considering situations whereby ownership of resource base resides either strictly in the hands of private individuals or the state. From this viewpoint, four different types of property are identified thus: private property, state property, communal property, and open access (Eggertsson, 1993). Also, as shown in Chart 2, the various management regimes are the result of the different types of property rights. That is, the type of resource base determines the type of property rights, while the type of property rights determines the type of management regimes, and the type of property right regimes could determine the type of fiscal system being practised. So we will now look at the various types of properties in detail

CHART 2: PROPERTY REGIMES



3.1 Types of Properties

Private Property

Private property may be defined as the control of assets by private individuals (Eggertsson, 1993), who possess the right of exclusivity and transferability (Regier and Grima, 1985). By this, a property is private when the right of ownership is vested in individuals as a result of which the individual owners have the exclusive right of usage or transfer of ownership either by outright sale or by lease, or by any other means by which transfer could be affected.

Communal Property

Another name for communal property is common property. It can be defined as the control of resources/assets by a community of actors who jointly have claims on the utilization of the resource base. The community of actors decides from time to time who uses the resources and who does not.

State Property

This can also be referred to as government property. When a resource or resources is/are owned by the state, only the government has the exclusive right on the utilization of such resources. So if it does not delegate the right to anybody, such a person/organization cannot exercise any right on the asset. In other words, the right of exclusivity and transferability resides in the government.

Open Access

Open access refers to a situation where there is no control or restriction placed on the usage or claim to a resource base. In this case, anybody can make use of a resource without hindrance, which would not result in the case of other types of properties. Here no permission need be obtained from anyone such as individual, community, or the state.

3.2 Management Regimes

Having discussed the different types of resource base and the emanating property rights, we will now look at the resulting management regimes as reflected in Chart 2.

Market Regulation

Market regulation obtains where there are private property rights. In this case, given the fact that ownership of the properties resides in private individuals, right is transferable from one person to another through the institution of market. As a result, the forces of demand and supply determine the transfer price. This is the reason why land in heavy commercial locations attracts higher price/rent, unlike land in farm settlements, which usually attracts lower price/rent. One disadvantage of this regime is that the rich class tends to command ownership of land resources, thus subjecting the poor class to servitude and oppression. This tends to hinder the pace of development.

Communal Governance

Communal governance becomes the *status quo* in the situation where property is owned communally. It obtains where the interests of the people and sustainability of their resource base are not well served by the government and where privatization is not feasible or politically acceptable (McCay, 1993). This system is capable of serving the purpose of widespread development with virtually everybody belonging to the community making input in the management of the resource base. This can be achieved either by members of the community participating in decision making, or electing a body for that purposes so as not to allow selfish/personal interest to replace the communal interest. In electing a body to represent the community, the community can be divided into strata/ clusters, which will elect representatives into the central decision making body. When the decision making body and process are hijacked by the elite, the success of common property governance would be hindered (Rodman, 1989; Vondal, 1987; McKean, 1992; and Hackett, 1992).

State Governance

Where property right resides in the state, the government is responsible for its management. In this case, the right of exclusivity and transferability strictly resides in the government. This could be anti-development in a multi-racial state where the class/race in power does not favour certain sections of the country, irrespective of the magnitude of natural assets in their domain. Such a situation exists in Nigeria, which shall be discussed latter.

Laissez - Faire

There is basically no governance or any kind of regulation on the use of resources where open access obtains. Anybody can make use of available resources without necessarily having to obtain permission from any authority. The disadvantage here is that, given the fact that there is no regulation; users may only be interested in the resource usage and not its replenishment, thus subjecting the resource base to the danger of extinction.

4. Relating Property Rights Regime to Fiscal Federalism

A very strong relationship exists between property rights regime and fiscal federalism. Given the different types of property (private property, open access, communal property, and state property), the type of management regime determines who is in charge — the regions/communities or the federal government. For instance, looking at communal and state ownership of property, we can deduce the type of fiscal system that is operational.

When property rights are communal, the regions have the right to manage their resources without interference from the central government. In this case, decentralized fiscal system becomes the order. On the other hand, when property rights derive from state ownership, the right to manage resources resides in the federal government, as a result of which centralized fiscal system ensues. It is logical that if the state owns all resources it would legislate and administer all taxes. But where the property rights belong to both the federal and the regional governments, the emanating a mixed fiscal system obtains. So, whenever a particular fiscal system is not achieving the developmental goal of a nation, it may be advisable to consider reviewing the system, which may require changing the property right regime.

The property rights regime in Nigeria can be viewed in terms of the pre-1978 situation and the post-1978 position. Before the enactment of the Land Use Decree of March 29 1978, which was incorporated in September of the same year in the new constitution, land ownership used to be generally communal land tenure. By this system, land is held not by individuals but by family, village or clan or even by the traditional ruler who acts as trustee for the group under his authority (Udoh, 1990:2).

But with the era of rising money consciousness and property acquisition by the society, individuals' title to land became the order of the time. Private individuals started to purchase land from families and communities, thus changing the *status quo*. With this development, a few private owners (landlords) emerged with titles to land. The aftermath of this was restricted access to land both for government and private sector projects. This hampered projects that were meant for the development of the country, as the landlords were not always ready to relinquish their titles, even when the land was not being put to use. This was what prompted the government under the leadership of General Olusegun Obasanjo to set up a panel to look into the land use right.

The panel came up with the recommendation that there was need for a pragmatic change in the *status quo* for the economy to move forward. The recommendation of the panel gave birth to the Land Use Decree of 1978, which provided that all land in the territory of each state of the federation of Nigeria be vested in the governor of that state. In terms of control, management, and use of the land, the following provisions were made:

- that all land in urban areas shall be under the control and management of the (military) governor;
- that all other land shall be under the control and management of the local government of the area in which the land is situated; and
- that individuals have usufructuary, not absolute rights in land, and that the head of the family or the head of government (oba, chief, or emir) is the trustee of land in his area of authority.

The following restrictions were however imposed on local government right to land acquisition:

1. No local government may apply the powers of acquisition to land within an area declared to be an urban area,
2. No local government may apply the powers of acquisition to land which is the subject of a statutory right of occupancy,
3. No local government may apply the powers of acquisition to land already compulsorily acquired by the federal or state government, and
4. No local government may apply the powers of acquisition to land that is the subject of any law relating to minerals and mineral oils.

The implication from the above is that the federal government has utmost control of land and land resources. This has a very strong implication for the nation's fiscal system.

5. Assessing the Nigerian Fiscal System and Revenue Allocation

Nigeria operates a federal government structure made up of three tiers thus: federal, state, and local governments. Therefore, it should be expected to run a decentralized fiscal system in principle; but in reality what obtains shows more centralization than decentralization of fiscal functions. As observed by Phillips (1997), the fiscal system tends towards that of a unitary system of government where inter-tier revenue allocation follows a unidirectional process from top to bottom. The misalignment between the system of government and the fiscal system could be a fall-out of the ownership structure of the resources and wealth base of the nation.

Given the fact that the property rights regime concedes almost all the land and land resources to the federal government, the control of the nation's wealth is virtually under the ambit of the federal government. As a result, the federal government legislates on and administers most of the taxes, which are sources of revenue for the government. Table 1 shows that about 68.4% of the various types of taxes are legislated by the federal government, leaving about 31.6% for state and local governments' legislation. It is also worthy of note that the taxes legislated on and administered by the federal government, from which it also has the right to revenue, are the high revenue-yielding taxes such as: mining rents and royalties, petroleum profit tax, companies income tax, import duties, excise duties and export duties, among others.

TABLE 1. NIGERIA'S TAX SYSTEM AND REVENUE JURISDICTION AMONG THE THREE TIERS OF GOVERNMENT

Type of Tax/Source of Revenue	Legal Basis	Administration	Right to Revenue
1. Import duties	Federation	Federation	Fed. A/c
2. Excise duties	Federation	Federation	Fed. A/c
3. Export duties	Federation	Federation	Fed. A/c
4. Mining rents and royalties	Federation	Federation	Fed. A/c
5. Petroleum profit tax	Federation	Federation	Fed. A/c
6. Companies income tax	Federation	Federation	Fed. A/c
7. Personal income tax (armed forces, police external affairs officers, and FCT)	Federation	Federation	Fed. A/c
8. Capital gains tax	Federation	States	States
9. Personal income tax	Federation	States	States
10. Radio and TV licences & fees	Federation	Federation	L/ Govts.
11. Stamp duties	Federation	States	States
12. Estate duties	Federation	States	States
13. Gift Tax	Federation	States	States
14. Sales and purchase tax	States	States	States
15. Football pools and other betting tax	States	States	States
16. Motor vehicle tax and driver's licence fees	States	States	States
17. Entertainment tax	States	States	States
18. Land registration and survey fees	States	States	States/ L/Govts
19. Property tax	States	Local Govts.	L/ Govts.
20. Market and trading licence fees	States/LG	Local Govts.	L/ Govts.

Source: 1979 Constitution of the Federal Republic of Nigeria

Another very important issue in fiscal federalism is revenue allocation, which determines what amount of the collected revenue goes to the various tiers of government. Table 2 shows that Nigeria has practised several revenue sharing formulae, ranging from that which emanated from the Sir Phillipson Commission of 1946 to the one adopted by the federal military government in 1999. On the whole, one common feature of the various revenue sharing regimes is that the federal government receives the larger share of the nation's revenue. For instance, the Aboyade Commission of 1977 assigned 60% to the federal government. This commission allocated 30% to the states while the local governments were to share 10% of the total revenue generated. When a change was effected through the Federal Government Revenue Act of 1981/82 the revenue sharing formula allocated 53% of total revenue to the federal government, 35% to the states, and 10% to the local governments.

A further change through the accepted principles in the Danjuma Commission of 1988/89 reduced the share of the federal government to 50%, that of the states to 30% while that of the local governments was raised to 15%. The remaining 5% went into a special funds account, which is shared as: FCT, 1%; derivation, 1%; OMPADEC, 1.5%; stabilization, 0.5%; and general ecology, 1%. The aim behind raising the share of the local governments was in recognition of the need for development at the grassroots.

The most recent of the sharing formulae is the federal military government stipulation of 1999. In this case the federal government receives 48.5%, while the states and the local governments receive 24% and 20%, respectively; a further demonstration of commitment to grass root development.

TABLE 2. REVENUE ALLOCATION PRINCIPLES IN NIGERIA

Year/Political System	Fiscal Commissioners	Recommendations	Accepted Principles
1 1947/48 Unitary System	Sir Sydney Phillipson and S. O. Adebo		Derivation Even Progress
2. 1952/53 Quasi-federal system	Prof. J. R. Hicks, Sir Sydney Phillipson and D. Skelton		Derivation Need National Interest
3. 1954/58 Feder. system (3 regions, later Cameroon became a separate region)	Sir Louis Chick		Derivation Fiscal independence
4. 1959/60 Federal system (4 regions)	Sir J. Raisman and Prof. R. C. Tress		Derivation National Unity Fiscal independence
5. 1964/67 Federal system (4 regions, Cameroon inclusive and Mid-West)	Mr. H. Binns	Regional financial comparability Continuity of service Minimum responsibilities	Derivation Fiscal Independence National Interest East 30% North 42% Mid-West 8% West 20%
6. 1968 Federal system	Chief O. Dina	Minimum national standard of basic needs Population	Equality of States 50% Population 50% Derivation

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Table 2 continued

Year/Political System	Fiscal Commissioners	Recommendations	Accepted Principles
6. 1968 Federal system	Chief O. Dina	Financial prudence Fiscal adequacy Balanced development Independent revenue Derivation National Interest	
7. 1975/76	F. M. G.		Equality of shares Population Derivation
8. 1977	Prof. A. O. Aboyade	Equality of access to development opportunities (25%) National minimum standard for national integration (22%) Absorptive capacity (20%) Independent revenue and minimum tax effort (18%) Fiscal Efficiency (15%) Federal 57% States joint A/C 30% Local government 10% Special grants A/c 30%	Equality of access to development opportunities (25%) National minimum standard for national integration (22%) Absorptive capacity (20%). Independent revenue and minimum tax effort (18%). Fiscal Efficiency (15%) Federal 60% States joint A/C 30% Local government 10% Special grants A/c 0%

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Table 2 continued

Year/Political System	Fiscal Commissioners	Recommendations	Accepted Principles
9. 1979	Dr. Pius Okigbo		Declared ultra vires by the Supreme Court
10. 1981	Federal Government Revenue Act of 1981/82		Federal 53% States 35% Local government 10% Sharing of states' allocation Minimum responsibility Equality of states population Social development Internal revenue effort Derivation Ecology
11. 1988/89	Gen. T. Y. Danjuma	**Vertical Allocation:** Federal govt. 47% State govts. 30% Local govts. 15% Special funds 8% Special funds: FCT 1% Stabilization 0.5% Savings 2%	**Vertical Allocation:** Federal govt. 50% State govts. 30% Local govts. 15% Special funds 5% Special funds: FCT 1% Stabilization 0.5% Savings -

Continued on the next page

Table 2 continued

Year/Political System	Fiscal Commissioners	Recommendations	Accepted Principles
11. 1988/89	Gen. T. Y. Danjuma	Derivation 2% OMPADEC 1.5% Dev. Of non-oil 0.5% General ecology 0.5% **Horizontal Allocation:** Equality of states 40% Population 30% Social dev. factor 10% Land mass & terrain – Int. rev. effort 20%	Derivation 1% OMPADEC 1.5% Dev. Of non-oil - General ecology 1% **Horizontal Allocation:** Equality of states 40% Population 30% Social dev. factor 10% Land mass & terrain – Int. rev. effort 20%
12. 1999	F. M. G.		Fed. govt. 48.5% State govts. 24% Local govts. 20% FCT 1% Gen. Ecology 2% Stabilization 0.5% Derivation (MR) 1% OMPADEC 3%

Sources: Njoku (1982), Ekpo (1994) and Agiobenebo (1999)

The changes, notwithstanding, that the federal government still receives the larger share of the generated revenue is not consistent with the need for development to start at the grassroots. The fiscal practice so far explains why the nation is so underdeveloped despite the large endowment of resources. The larger proportion of the generated revenue conceded to the centre is likely the reason behind so much corruption witnessed in the system and demonstrated by the past leaders of this country. It is possible that if the revenue sharing formula should change, and more funds given to the states and the local governments, the trend of events would doubtless change for the better. There will be more revenue for real development at the grassroots and less clamouring by politicians and the military for control of the presidency for the purpose of enriching themselves.

Consequently, we are of the opinion that the revenue sharing formula should be modified in such a way that more of the resources goes to the state and the local governments. In fact, following from our discussion on property rights regimes, a change of the existing regime would automatically affect Nigeria's fiscal federalism. So we consider this as a necessary step in order to address the problem of the Nigerian economy. The poor performance of the economy despite the nation's wealth suggests that something should be done to salvage the situation.

6. Macroeconomic Performance of the Nigerian Economy

The performance of the economy is not encouraging, and economic indices are not moving in the desired direction; for instance, inflation rates have mostly been on the increase. Table 3 shows that the inflation rate, which was 7.5 in 1990 rose continually to 72.8 in 1995. It later fell to 29.0 in 1996, 8.5 in 1997 and rose slightly to 9.8 in 1998.

TABLE 3: MACROECONOMIC INDICATORS FOR NIGERIA

Year	Unemployment	GDP Growth (%)	Capacity Utilization	Inflation Rate (%)
1990	3.5	--	39.0	7.5
1991	3.1	4.7	39.4	13.0
1992	3.4	3.0	39.0	44.5
1993	2.7	2.3	36.2	54.2
1994	2.0	1.3	29.0	57.0
1995	1.8	2.2	27.2	72.8
1996	3.8	3.2	32.5	29.0
1997	3.6	3.8	34.0	8.5
1998		2.4	28.0	9.8

Source: CBN: *Annual Report and Statement of Accounts* (various issues).

TABLE 4: NIGERIA: SOCIAL INDICATORS

Year	GDP Per Capita (₦)	Population Growth Rates	Life Expectancy at Birth (Years)	Adult Literacy Rate	Human Development Index
1991	1069	2.1	51	54	0.328
1992	1066	3.2	52	54	0.348
1993	1069	2.1	52	55	0.389
1994	1060	2.1	52	55	0.384
1995	1073.6	2.1	52	55	0.384
1996	1090.7	2.1	52	55	0.384

Source: CBN: *Annual Report and Statement of Accounts* (various issues).

The Gross Domestic Product (GDP) is growing sluggishly. As shown in Table 3, the GDP growth rate was 4.7% in 1991 fell to 1.3% in 1994 rose to 3.8% in 1997, only to fall again to 2.4% in 1998. Basically, the GDP growth has been characterized by instability, generally maintaining low ebb. Also, from Table 4, GDP per capita has been generally low: it only rose marginally between 1991 and 1996. While life expectancy at birth is 52 years on the average, the human development index shows that the nation is really very poor.

The poor performance of the economy, as reflected by the indices presented above could easily be linked to the dependence of the economy on oil, thus making it a mono-product economy. Before the discovery of oil, the nation was a major producer of agricultural products such as cocoa, palm produce and groundnut, among others. Up till today the nation is still greatly endowed with these potentials spread across the country. Other natural endowments, which are not being tapped, include gold, precious stones, and other resources quite numerous to list. The heavy dependence on oil can be linked to the property rights regime introduced in 1978 that conceded all the land where such minerals are found to the federal government. It is our belief that the various states would have been able to develop their own potentials better by now if the fiscal system did not make them to always wait for proceeds from oil production.

RECOMMENDATIONS AND CONCLUSION

The main issue in this paper is that the core of the Nigerian economic problem lies in its property rights regime/fiscal system. This is not a new discovery, given the fact that President Olusegun Obasanjo in his inaugural speech recognized this when he stated thus:

> We intend within our first 100 days to enunciate a revenue sharing formula that will practically eliminate the clamour in the Niger Delta and spur inter and intra-state competition and innovativeness. As a basic principle, we accept the Latin maxim *quid platanto solo solo cedit* that is, he who owns the land owns what is on and under and above it. The moribund Petroleum Act and Land Use Decree are hereby repealed and States whose land bear minerals are entitled to a minimum of 50% royalties therefrom (Obasanjo, 1999: 3)

The fact that the president himself already admits that there is a problem with the property rights regime, which connects the fiscal system in the country, is a good move in the right direction. This injects some hope that the problem shall be eventually resolved to foster a better economy and a true federal structure where the states are allowed to grow in a conducive atmosphere of fair competition. This will also enhance the attainment of democratic political stability, the absence of which has before now put the nation at the rear in the international scene. When this is achieved, most of the problems confronting the nation's developmental efforts shall be reduced to a bearable minimum.

Therefore, in conclusion, it is our strong opinion and recommendation that the property right regime in Nigeria be changed such that the states/communities should be allowed to own the resources found both under and above their land. This would give birth to a genuine decentralization of the fiscal system. However, agreement should be reached on what percentage of their revenues they (the states) would have to remit to the federal government for the upkeep of the government at the centre.

ENDNOTES

*Adapted from Orebiyi's work on "Property Right and the Management of the Nigerian Economy." A conference paper delivered at Beijer International Workshop on the Environment.

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