Asian Economic and Financial Review

journal homepage: http://aessweb.com/journal-detail.php?id=5002

UNRAVELING THE UNCERTAINTY OF THE NIGER DELTA CRISIS THROUGH TAXATION

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ABSTRACT

This paper critically x-rayed the known causes, consequences and two out of the numerous solutions to the Niger Delta Crisis (NDC). The two solutions implemented by governments in Nigeria in tackling the Niger Delta Crisis are the military option and the amnesty option. It adopted the ethnographic descriptive research methodology, given that the researcher interacted with some of the members of some agitating groups as well as administering questionnaire and interview a cross section of the residents of the region. The paper found that these two solutions implemented so far have recorded minimal or transient successes, and therefore concludes that the poor performance is attributable to the conflicting expectations of the various tiers of government, the people of the region and the agitating groups. It therefore recommends a more comprehensive solution to the crisis, christened Tax Option, which has the policy implication of unraveling the uncertainty surrounding the crisis, reconciles the various expectations and satisfying them.

Keywords: Niger Delta Crisis, Uncertainty, Taxation.

INTRODUCTION

A crisis is a change – either sudden or evolving- that results in an urgent problem that must be addressed immediately (Harvard Business Essential., 2004). The Niger Delta Crisis (NDC) has been in existence before the amalgamation of all the Protectorates that formed Nigeria. It existed initially out of fear for denial of the rights of the indigenes of the region by the Federation (Kuromiema, 2010). The NDC therefore evolved to militant dimension following the militarization of the region by the military and the succeeding civilian administrations in Nigeria. It then gradually assumed a world-wide dimension in the dawn of the 21st century, with the introduction of "civilian democracy" in Nigeria, and the continued use of the military option (Okonta, 2007). This military solution and its resistance threatened humanity given the contribution of the region to

the satisfaction of the energy needs of the World, which greatly depends on crude oil and gas (Amaize, 2009). The region is estimated to have more than 34 billion barrels of crude oil apart from gas (Oyadongha, 2006). It is on record that Nigeria is among the first Seven (7) highest producers of crude oil and gas in the world and most of this production is from the Niger Delta region. In fact, oil and gas from the region accounts for about 50% of Nigeria's national GDP, 80% of total Government Revenue, and 97% of Foreign Exchange earnings UNDP, 2006; Etiosa and Anthony (2007). These products are in abundant supply (deposit) in the Niger Delta of Nigeria. It is also known that one of the finest crude oil comes from the region in the form of Bonny Light (Wihbey, 2006) . There is no continent where these products are not consumed. The products are a major force in the international energy market, and when forward supply agreements were threatened with extensions in the delivery times occasioned by the difficulty of merchants to lift the products, as a result of the Niger Delta Crisis, demand out-shut the supply. The result was that gradually prices continued to soar, defying all measures of price management (Grinblatt and Titman, 1998).

This was more evident in 2008, when the lingering Niger Delta Crisis (NDC) resulted in the short-supply of crude oil from 0.6 million barrels by January, 2008 to 1 million barrels per day by 17th February, 2008, a loss of some $90 million daily to Nigeria, and the price of crude oil rising to unprecedented high of $110 per barrel by December, 2008 (Amaize, 2009; Fatade *et al*., 2009). The resultant rise in price and the short-supply motivated intensified research into efficiency in energy consumption (e.g. the improvement of fuel efficiencies of vehicles and appliances). On the supply-side, the Organization of Petroleum Exporting Countries (OPEC) and other oil producing countries have been under pressure to flood the market in order to force down prices. There has also been the release of reserves in the United State of America (USA). All these efforts have been doused by the uncertainties in the Persian Gulf and the Middle-East, and in this new century weather conditions and the Niger Delta Crises (NDC).

METHODOLOGY

This paper adopted the ethnographic descriptive research design. This is based on the fact that the research depended mainly on personal interactions and interviews with some members of the agitating groups, complimented by the administration of 300 copies of questionnaire on some civil groups and government officials. The questionnaire contained both structured and unstructured questions. The research base was Port Harcourt, since it is the biggest industrial, commercial and most developed city in the Niger Delta and where most of the agitating groups have the head quarters or operational bases. Simple percentages were used to draw findings and conclusions, since the research data were ordinal data.

The Contention

Like any other agitation, the Niger Delta Crisis (NDC) has its remote and immediate causes and response strategies. It was the sudden unbottling of evolving grievances, angers, and ill-treatments (ANEEJ., 2006). At a time it was thought of as an Ijaw ethnic regeneration exercise, especially after the Obasanjo's civilian administration obtained the Supreme Court ruling in favour of Offshore/Onshore dichotomy in April, 2002. This ruling aggravated the quest for Resource Control that the same administration tried to quell by military power (Ojameruaye, 2007) . But this view was faulted on the grounds that there were so many ethnicities involved in this common struggle (Nkoro, 2005). To a greater extent, the Niger Delta Crisis (NDC) is a struggle of the "ignored minorities" against the "supposed majorities" (Peterside, 2006). The NDC is all about a commensurate benefit from devastating exploration and exploitation of crude oil and gas from the Niger Delta (Alesina and Perotti, 1996; Nafziger, 2008). It can easily be said that NDC is an agitation for such benefits as listed below:

(a) Infrastructural and institutional development and modernization,

(b) Establishment of relevant Institutions,

(c) Involvement of the citizens from the region in decision-making on the utilization of the products,

(d) The development of human capital

(e) Replacement of lost sources of livelihood and environments

(f) Equality and equitable distribution of income

(g) Autonomy (Otite, 2009).

The agitation for the settlement of these and others issues and the correction of the political imbalances against the Niger Delta people took simple talks, protests (national and international) and litigations against governments and companies. And when all these peaceful means failed in the face of "non-indigenes" illegally lifting the products using the young unemployed men from the region, violence erupted (Ukeje, 2005). First, it was arms to protect themselves from the attacks of "hired" military men, and against opposing groups. Next was an outright declaration of hostilities by the Government instead of consciously and conscientiously addressing the environment decay (Ibaenu, 2005).

The present NDC is not strange to history. Barely all other ethnic nationalities in Africa have had arms struggle against forced takeover of autonomy by foreigners (Vaughan, 1995). In the case of the Niger Delta, after the Kaiama Declaration and the Odi destruction by Federal Government of Nigeria in year 2000, there was nothing left for the people than to defend themselves in as small a way as possible (Orugbani, 2002). This defense grew out of proportion with the introduced criminality mostly by infiltrating non-indigenes of the various states in the region, the taking-over of the autonomous rights of the people include the rights of exclusive exploitation of resources in

their environment and that of the preservation of the environment for their socio-economic well-being. Equitably, the taking away of these very vital rights from a people should be with compensation, even if not in the same magnitude, to the people. But this was not the case with the Niger Delta instead draconian laws and steps were taken by the governments and the companies to annihilate the Niger Delta people. This has been the basis of the crisis, which has been worsened by the crystallization of the fears these Niger Delta minorities had at independence (i.e. possible developmental neglect by the Nigerian State) (Tamuno, 1999; Tell, 2006).

The process was simple. The Federal Government of Nigeria (FGN) enacted the Land Use Act, of 1978, and the Petroleum Act of 1969 which gave full ownership and control of both the land and sea and the constituents therein to the FGN. This means that all revenues from economic activities like oil exploration and exploitation accrue 100% of FGN (Obi, 1999; Ibaba, 2005). In order to appease the Niger Delta people the government dangle what is called "Derivation Fund and Revenue Sharing Formula" which usually was manipulated to the disadvantage of the Niger Delta people. In addition to this formula, implementation of developmental programmes and blue-prints have been through institutions like Oil Mineral Producing Area Development Commission (OMPADEC), Niger Delta Development Commission (NDDC) and lately the creation of the Niger Delta Ministry. These institutions were/are either stifled of funds or are tailor-guided to award over-inflated contracts to non-indigenes of the region, and these contracts are not effectively executed, throwing the people into "endless hopelessness". To worsen matters, the oil companies connived with the governments to use armed military-men to exploit and explore their products against the socio-economic survival of the people and without any Environment Impact Assessment Reports and Implementations. The summary was that the people saw money, extracted from their communities, being used to influence prices of goods and services against them, as well as being used to oppress them.

Gradually, the people became wild. So, when the governments continued to misuse public funds with effrontery, with the ultimate aim of deteriorating the living standard of the people, the young people had no option than to join the "Oil Business", with arms to protect themselves against government-backed non-indigenous thieves/dealers in the oil business who want to perpetually use the indigenous youths as servants. There may not have been militancy, if the "courageous youths" that join the oil business have not been resisted, while the interests of others (non-indigenes and companies) that were involved in the same illicit business were heavily protected. It must be stated quickly that "Kidnapping For Ransome" (KIFORAN) was not part of the strategy of these youths, instead attacks on oil wells and workers were ways of attracting international attention to the fastest degrading geographical part of the world whose people face deprivation, discrimination, cleansing, and extinction.

The Consequences

The consequences were not strange, but with far reaching negative impacts on the people of the Niger Delta. These include:

1) Increased price of crude oil and gas, internationally and locally;

2) Increased revenue to government;

3) Improved equipment of the Nigerian Police and the other Armed Forces against the Niger Delta people;

4) Increased co-operation among all armed forces against the Niger ¬¬¬¬¬¬¬¬¬Delta pe¬¬-ople;

5) Increased sense of responsibility for the people and the nation on the part of a hitherto disillusioned, demoralized, inactive, unprofessional armed forces;

6) Niger Delta development gained attention at national and international stages;

7) Increased militarization of the region;

8) Fast impoverishment of the region

9) Diversion of attention from development to security;

10) Looting of public funds under the gauss of security votes;

11) Wrong identification of the once peaceful, tolerant and patient people as terrorists;

12) Increased unemployment;

13) Deferment of development (especially human capital development, with the refusal of experts and expatriates to accept training of the people within the region);

14) Capital flight through foreign scholarship and training programmes under the guise of human capital development

15) High cost of governance.

16) Arrogant display of stolen riches and political effrontery.

General Solutions

1) Establishment of true transparent, public-accountable and people-oriented/non-selfish visionary Government and Leadership (Ogunyobi, 2008).

2) The practice of True Federalism (Sen, 1999) through political reconstruction and restructuring. This should be done to empower the people not to enslave the people. This should also make for the sanctity and operation of utopic constitutional provisions in Section II (17)(1) and Section II (17)(2) of the Constitution of the Federal Republic of Nigeria, which provides for state social order founded on the ideals of freedom, equality, and justice; and the independence, impartiality and integrity of courts of law and easy accessibility thereto.

3) Diversification of the economy with the income from the oil and gas sector

4) Value reorientation.

5) Military power

6) Amnesty

Taxation as a Solution

The failure of the military option gave way to the implementation of the amnesty options to solving the NDC. These solutions have been criticized on various grounds, especially their inability to address the basic issues of true fiscal federalism, resource control, environmental regeneration, allaying of fear of revenue accruing to the government, loss of economic and political control and unguided expenditure to the benefit of a few persons (Ahern, 2009; Clark, 2009; Connors and Swartz, 2009) (UNDP . 2006). For instance, apart from the genocide committed by Federal Government of Nigeria against the Ijaw and Ogoni people, the amnesty option has not only failed to address the core issues of infrastructural development, education, and youths unemployment to a significant level, but a colossal drain on the resources of government. It is on record that Nigeria will spend about $450 million on Amnesty Programme in 2012. Between 2008 and 2011, Nigeria National Petroleum Corporation alone paid $9 million annually to Asari Dokubo(the leader of one of the ex-militant groups) to settle his 4000 former foot soldiers, $3.8 million per year to former militant leaders Ebikabowei and Ateke Tom, $22.9 million per year to Ekpumopolo, and each ex-militant collects N65,000 per month. This is apart from how much was paid for each rifle surrendered to accept the amnesty, such as the $1,000 each paid to Asari for the 3,182 rifles (Hinshaw, 2012). These monument drains and inadequacies formed the recommendation of the tax solution.

Usually taxes are used to manage economies in either boosting or restricting aggregate demand and supply, by directly impacting on the disposable incomes of citizens. Taxes are also used to generate revenue for the public sector by transferring private resources to the public sector. Taxes are also used to equilibrate among the earning and spending capabilities of the citizens of an economy.

In line with these and other objectives of taxation, one sees tax as a veritable solution (though not independent of other possible solutions) to the NDC. For instance, the Federal government can easily go back to the pre-crude oil era and hand-over the ownership of land to their native/natural owners, who should be encouraged to engage the exploring/extracting companies on their terms. The products are then sold to competing buyers (including the governments), but the tax deducted at source at the rate of 40%, for instance. This way most of the development efforts will be on partnership basis. This also goes to satisfy the resource control agitation as well as guaranteeing revenue for the government. This tax will be independent of the company income tax or the petroleum tax paid by oil companies. The most important effect of this arrangement is that the destinies of the Niger Delta people, or any other people in this kind of scenario, will be in their hands.

Again, in order to reduce the income gap thereby encouraging equitable distribution of income, Wealth Tax and Negative Tax can be introduced. Wealth tax is operational in not less than 12

countries and is placed alongside estate (inheritance) tax, capital gains tax and real property tax. It is tax placed on the difference between total assets and total liabilities of individuals above certain values. Assets are defined as the total value of Owner-occupied homes, commercialized homes, liquid assets, investments, real estate and unincorporated businesses, and corporate stocks, financial securities and personal trusts (Wolff, 2005; Sureth and Maiterth, 2006). WEALTH TAX is placed on high networth individuals (possibly on their bank accounts balances plus the value of the real and financial assets above certain minimum). It is a complementary form of taxation placed on wealthy individuals and corporations aimed at ameliorating budget deficit and soaking the rich for redistribution of income. In the countries where wealth tax has been operating, the rate has been between 0.5% and 30% of the annual net assets of the assessee. The advantage of this tax is that it will curtail the craze for amassing of wealth at the expense of the environment and the rest of the citizens. For instance, the imposition of wealth tax on political appointees, the occupiers of elective positions, contractors, oil bunkerers, etc., will reduce the questionable rate of corruptly acquiring properties and arrogant show of affluence, which entice other citizens to join the league of economic cheats who will resort to violence if resisted.

Wealth tax can easily be complimented with a change of our tax system from the progressive to Negative Tax System. By Negative Income Tax we mean a progressive income tax system where people whose earned incomes fall below certain amount are paid some supplemental income by government instead of paying or accruing tax. The cardinal aim of this tax system is to guarantee minimum disposable income worth living wage (Frank, 2006). For instance, any person earning below N360,000 pa will be paid supplemental income instead of paying tax at the existing flat rate. By this, whereas a person with N720,000 pa will be progressively taxed up to 15% of the difference between the earned income and the minimum taxable income (ie N720,000 less N360,000), someone with zero income will be paid 15% of N360,000 supplemental income. The implication is that agitations like the NDC can be reduced because government bears the cost of living for the low income and no-income earners.

The impact or spread of the application of these strategies (TAX OPTION) will be wider than the present amnesty programme that takes care of less than 7,000 “ex-militants” whose allowances and benefits in kind appear to be breeding another set of militants all over Nigeria. Again, it will discourage those who are prone to corruptly enriching themselves at the expense of others, since they know that the higher the gap between their earned income and the minimum chargeable income the higher the tax.

This will discourage the current craze where every person wants to maintain big fat bank accounts (domestic and foreign) and several other marketable and non-marketable investments, and

encourage the "rich" to positively affect the living standard of the rest of their communities. This will lead to equity.

CONCLUSION

So far, we have been able to briefly consider the Niger Delta Crisis from remote and immediate courses, the implications and possible solutions. We have also briefly shown that taxation could satisfy the communities and allay the fears of government. We conclude that having tried other short-term remedial measures aimed at solving the Niger Delta Crisis, the tax solution should afford a more equitable and long-lasting solution to the crisis. We also conclude that a review of the present income tax system will be necessary so that a progressive income tax system that accrue supplemental income to citizens whose income fall below the minimum taxable income, while still charging the "rich" income tax progressively. We conclude that if this review is done in conjunction with wealth tax and the practice of true federalism, every Nigerian will surely have a sense of belonging, ownership of resources, equity, and acceptable and equal means of acquiring wealth, and the uncertainty surrounding the continued existence of the Niger Delta Crisis, similar crisis and the Project Nigeria will be unraveled.

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