

Resolving the Fiscal Federalism Challenge in Nigeria: Lessons from the Federal Democratic Republic of Ethiopia (FDRE)

by

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Abstract

Globally, heterogeneous states are no strangers to near-state breaking challenges like the practice of a genuine fiscal federalism. However, if a particular challenge becomes seemingly intractable like the fiscal federalism question in Nigeria, it then becomes heartache to the state in question. Whereas states such as Ethiopia, and Nepal that are equally as highly heterogeneous as Nigeria have resolved their daunting fiscal challenges, the Nigerian state is still grappling with the challenge of a genuine fiscal federalism. Thus, this paper, relying on the Normative Theory of Multinational Federalism as its theoretical handle, interrogates why the Nigerian state cannot resolve the fiscal federalism question after 58 years of political independence. In attempting this concern, the paper attempts to answer the following questions: Is the difficulty in practicing a genuine fiscal federalism laid on the altar of ethnicity in Nigeria, excessive dependence on a mono product or the fear of the unknown? The paper adopted ex post facto research in examining qualitative sources of information. It discovers that Nigeria's fiscal federalism question is cancerous and endemic to Nigeria's unhealthy mono product dependence on crude petroleum; and which is further aggravated by intra-ethnic fear of the unknown. It is recommended that if a challenge as fiscal federalism cannot be resolved nationally, i.e. in the context of Nigeria, then lessons should be drawn from fellow African states as Ethiopia, other Third World states as Nepal and even from matured federal democracies as the United States, etc, that had long resolved their challenges of fiscal federalism.

Keywords: Federalism, Fiscal Federalism, Challenge, Nigeria, Ethiopia.