NEO-LIBERAL SOCIO-ECONOMIC POLICY AND HUMAN DEVELOPMENT IN THE INFORMAL SECTOR OF LAGOS STATE

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BY

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DEDICATION

This thesis is dedicated to God Almighty who has been my eternal rock and source of refuge, and for His word in Habakkuk 2:1-3 that kept me all through the journey of completing this work. I also dedicate this work to my wife, Mrs. Abigail M. Egharevba and our children, Otobong, Zoe, Faith and Glory for being great pillars of support.

CERTIFICATION

This is to certify that this work was carried out by Mr. Matthew Etinosa Egharevba in the Department of Sociology, Covenant University.

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ABSTRACT

Following Nigeria's adoption of the neo-liberal policy symbolized by structural adjustment or economic reforms since the 1980s, the informal sector has witnessed massive growth both in form and content. However, the sector's effective participation in national development over the last two decades has been faced with a variety of constraints including high social costs burden, lack of access to resources, markets, land and basic infrastructure. The sector is also perceived as operating in a hostile political, social, economic and institutional environment. All these challenges have adversely affected the socio-economic and working conditions of operators, resulting in the overall decline in their standards of living. Though there exists commentaries about the fate of this sector, there does not appear to be an in-depth analysis of the intersections of relevant variables that will determine the effectiveness of this sector as a catalyst for development. This study therefore investigates the socioeconomic implications of the neo-liberal policy reforms of government on the human development of operators in the informal sector. Since human development reflects achievements in the most basic human capabilities, the study evaluates the degree to which the neo-liberal policy has brought about improvement in the welfare of operators in the sector.

The study was conducted in six Local Government Areas of Lagos State. Both quantitative and qualitative methods of data collection were employed. The study utilized the survey approach through the administration of questionnaire which was complemented with Focus Group Discussions. A sample of 575 respondents was selected for the study using the systematic sampling technique. The quantitative data were analyzed using the chi-square test. The institutional theory was used to explain the nature of the Nigerian state and its implications for addressing the basic social needs of the people which indeed remain the core of development.

The findings of the study established that the neo-liberal policy on social service expenditures, subsidy removal, interest/exchange rates, trade liberalization and oil sector deregulation had an adverse influence on the demand and supply sides of informal sector operations. These measures did not only aggravate the poverty state of operators but also invariably undermined human development in the sector. The chi-square test shows that there was a significant association between neo-liberal policy measures and the decline in the socioeconomic conditions of operators (281.41 at $p < 0.05$), performance (171.47 at $p < 0.05$), and social welfare (39.50 at $p < 0.05$).

The study concludes that for human development to occur in the informal operators, the country needs a developmental state where the leadership and policy makers would see the investment in the people as the central element in the entire development process. The study further recommends the development of a bottom-up policy approach that will incorporate the informal sector into the mainstream economy by harnessing its comparative advantage; besides removing the discriminatory legislations and regulations that hamper the growth of the sector. Furthermore, for the national economy to achieve sustained development, investment must be channeled toward the provision of inputs, raw materials, infrastructure and social services. This is the basic ingredient for stimulating economic growth, productivity of labour and incomes in the informal sector. In all, for the Nigerian state to achieve any meaningful economic development that would advance human development, its policies and programmes must engage and incorporate the genuine participation of the end beneficiaries, recognizing and respecting their needs and priorities.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.

Adam Smith, The Wealth of Nations (2003:110-111).

The overall purpose of development is to promote social progress. In the specific case of Africa, it is to reduce poverty, unemployment, diseases, and other social ills. These problems are closely linked to human development dilemmas which ultimately limit people's ability to live a long and healthy life. As such, it is the provision of basic social needs of life such as food, housing, clothing, healthcare, education, infrastructure and the capacity of persons to access them that invariably determine the level of development in various societies. It is these views, therefore, that provide the groundwork for evaluating how a government socioeconomic policy has met these objectives.

Nigeria since the early 1980s has been experiencing socioeconomic crises which have manifested in persistent internal and external macroeconomic imbalances (Sanusi, 1986:52). The internal disequilibrium became evident following the drop in world market price for crude oil that created an instant revenue shortfall for the state which immediately triggered off a major crisis in the economy (Olukoshi, 1991b:30-31). Arising from the external front is the structural imbalance associated with the modes of production (allowing the dominance of foreign capital) upon which the Nigerian economy was organized from colonial times, thus making the country a producer and exporter of primary products (see Onyeonoru, 2005:93; Umoren, 2001:30). This process has not only affected the social structure of the nation, but also the social relations of production which have consistently exposed the weakened state of the domestic economy and the country's development (Olukoshi, 1993:4-5).

Due to cases of managerial ineptitude, indiscipline, corruption and inappropriate policy formulation and implementation the government was unable to adequately manage the crises (Yesufu, 1996:89). Also, the state failed to finance the social sectors and maintain infrastructure, with the result that the quality of life and welfare of the citizenry began to deteriorate (see Olukoshi, 1993: 4). The nation started to run huge budget deficits whilst at the same time embarking on imprudent foreign borrowing from private and official international sources such as the World Bank/IMF, the Paris and London Clubs. This borrowing spree was to lay the foundation for the country's debt crisis which has served to compound the problems afflicting the wider economy (Adepoju, 1993:2; Olukoshi, 1990). At the level of industry, many firms either suspended production or scaled down capacity utilization drastically because of inability of the national government to continue to meet its foreign exchange needs given the import-dependent nature of their production (Bangura, 1982:1). For instance, while industrial capacity utilization in Nigeria before the advent of SAP was around 70 percent in 1980, it dropped to 34.6 percent in 1999, increased to 55.70 percent in 2004 and dropped again to 53.3 percent in 2006 (CBN, 2007).

In order to cope with the socioeconomic situation, many workers employed in the public and private sectors were laid off. In tandem with these happenings, social services provision, including the health and educational sectors suffered severe neglect and decline. Consumer goods and imported food items like rice, vegetable oil, sugar and milk were in acute shortage as well. The living and working conditions of many Nigerians deteriorated sharply as the crisis deepened. To redress these socioeconomic crises, various austerity and stabilization measures geared toward tackling the rapid economic decline were pursued by successive governments between 1982 and 1985 without any positive improvement. By 1986, the Babangida regime adopted the World Bank/IMF inspired Structural Adjustment Programme (SAP) based on neo-liberal approach which was viewed as been in line with economic globalization which professes free market ideology. The SAP measures were to give greater weight to growth strategy than to income distribution objectives, which is reminiscent of the neoclassical economic models of the 1950s and 1960s. Consequently, SAP's principal objective was to restore equilibrium in the balance of payments, control inflation and to realign overall domestic expenditure and production patterns through expenditure-switching measures designed to reduce the level of aggregate demand (see Phillips, 1987; World Bank, 1983).

The neo-liberal policy thrust as adopted by Nigeria was aimed at institutional reform, including public enterprises and parastatals, use of market-determined prices to influence production and consumption patterns, withdrawal of state intervention and giving preference to organized private sector over those in the public sector (see Macleans and Mangum, 2001; Olukoshi, 1991b). The actualization of these objectives entail meeting a number of conditions which include: fiscal discipline, removal of subsidy, trade liberalization, competitive exchange rates, privatization, deregulation, public spending priorities, tax reforms and financial liberalization. It was the implementation of these measures that set Nigeria on the road to neo-liberal economic reforms which have remained the nation's core development policy and albatross till date (see Olukoshi, *op cit*: 8).

Consequently, scholars and development experts have raised doubts about the capacity of the Bretton Woods Institutions prescriptions to revamp the ailing economy and bring about improvement in the social welfare needs of the populace (see Obadan and Ekuerhare, 1993). It has also been highlighted that the neo-liberal policy has failed to resolve a number of thorny issues, including those of unemployment, poverty and social inequality, all of which are critical for economic development (see Mengisteab, 1995). Furthermore, studies have also pointed out the inhuman prescriptions of the adjustment policies especially in areas of low social sector expenditures, subsidy removals, declining exchange rates and cost recovery measures which have impacted the poor inordinately (Cornia, Jolly and Stewart, 1987). Besides, the economic reform measures have been implemented at high human costs and sacrifices, thus significantly aggravating the socio-economic problems of income inequality in the African society (Khartoum, 1988).

These conditions have brought negative societal consequences on some social groups, especially the vulnerable poor in the urban and rural areas (Aigbokhan, 2000:5). For instance, the poverty level rose from 27.2 percent in 1980 to over 54 percent in 2006 with a poverty index of 40.6 percent, more than 70 percent of the population live on less than a dollar per day, unemployment which rose from between 5.3-6.4 percent during the 1980-85 period to 5.3 percent in 1986; 7.27-8.0 percent between 1990-1998, 12.2 percent in 2002 and 12.4 percent in 2007 (IMF,2007; FOS, 1997:99 ; 2003:2), while the nation's GDP per capita between 1980-2004 has dropped from US$2,262.68 to US$ 673.01 (CBN, 2007:9; ADB, 2006:205).

In the same vein, small and medium scale enterprises' activities were also marginalized by high interest/exchange rates and trade liberalization measures of SAP (Adepoju, *op cit*: 3). The direct consequence of these measures was a sharp decline in employment opportunities which left many paid workers without jobs due to the incidence of forced retirement, retrenchment. Before now, precisely about the 1960s and late 1970s, the development of the informal sector took place in a policy environment where the formal sector was regarded as the engine of economic growth and the informal sector as a soak pit for the unemployed. This was manifested by the nature of lack of clear-cut policy for the sector, underfunding and show of insensitivity by government in addressing the needs of the sector, although it acknowledged in its third development plan (1975-1980) that the sector generated about 30 percent of non-agricultural wage employment (Meagher, 1991b; Federal Republic of Nigeria, 1975:384).

Despite the lack of interest by government which tended to limit its potentials for contributing to development, the sector continue to grow, fueled by the limits of industrialization, neglect of the agricultural sector and rural-urban migration (see Meagher and Yunusa, 1996). However, this framework was completely altered in the 1980s as the state and formal enterprises failed to adjust rapidly to the adjustment policies in terms of employment generation. This event set the pace for the rapid expansion of a variety of informal sector activities which currently constitute a significant segment of the Nigerian economy, given its capacity to provide a source of livelihood for the large majority of urban poor, illiterate and educated and even the working class in response to the constraints of the economic measures (De Soto 2000; 1989; Danida, 1997). Since the mid 1980s, the consequences of the economic reform measures on urban informal sector incomes have been highly uneven, widening the gap between low and high income activities in the sector where many operators are unable to sufficiently support their basic needs, thus causing more and more families to fall below the poverty line (Meagher and Yunusa, *op cit*).

This position was perceptively attested to by the United Nations former Secretary General, Javier Perez de Cuellar who observed that:

> The most vulnerable population groups …have been severely and adversely affected, directly and indirectly, by such measures as the withdrawal of subsidies on stable food items, the imposition of limits on wage increases…the retrenchment of civil servants and private sector personnel frequently belonging to the lowest salary categories, and the cutting of expenditures on social services, including health and education and on basic infrastructure (UN, 1988).

This statement establishes that a strong association exists between SAP measures and urban poverty which is closely associated with informal sector employments which have had negative influence on the socioeconomic well-being of operators in the sector (see Mead and Morrison, 1996; Firduasy, 1995; Portes, Castells and Benton, 1989). It is this political economic challenge, especially the urgency to address the consequences of neo-liberal policy measures on the socioeconomic and working conditions of operators in this sector that informs this study. This is fundamentally so because incomes, employment and business performance problems constitute key determinants of poverty which relate to human development.

To achieve this objective, the study was organized accordingly in the following format. The first chapter includes the statement of the problem, research questions, objectives of the study, justification of the study, scope of the study, history of Lagos State and definitions of key terms used in the study. The second chapter focuses on the review of relevant and current literature and theoretical framework that address key issues and concepts relevant to the subject-matter under investigation. The third chapter presents the research design and method of study. The fourth chapter focuses on data presentation, analysis and discussion of findings. The fifth chapter provides us with the summary, conclusion and recommendations. In addition, the chapter also encompasses the contributions of the work to knowledge, limitations of the study and areas that require further scholarship.

1.2 STATEMENT OF THE PROBLEM

Development at its very core is a multi-dimensional process that concerns itself with the basic differences in the well-being enjoyed by human beings. According to Obasanjo and Mabogunje (1991:119) development is a process concerned with people’s capacity in a defined area, over a defined period, to manage and induce change.... The more people develop, the more they become instruments for further change. In all its ramifications, development is a movement from existing conditions that are no longer conducive to societal or group goals and aspirations to those that can meet those goals and aspirations. It entails moving from a set of assets based on primary products exploited by unskilled labour to a set of assets based on knowledge exploited by skilled labour (Amsden, 2001:2; Moemeka, 1994; Rodney, 1972:9-21).

The strong connection between economic development and human welfare has provoked inquiry into how development policy or strategy stimulates human development in societies. This study examines the social costs of neo-liberal policy measures on the socioeconomic and working conditions of operators in the informal sector of Lagos State. This is based on the slow pace of advancement in human welfare in a developing nation like Nigeria following the implementation of SAP or economic reforms measures since 1986. With the cuts in government spending on the social sector and removal of subsidies on essential goods and services, the state has increasingly found it difficult to perform its traditional roles of providing employment and social welfare to the people (Adepoju, 1993:6).

Thus the informal sector since then has risen as a matter of economic necessity to fill the economic vacuum by serving as the sponge which provides employment and income generation for the people. But in spite of its rapid growth and contributions to the economy over the past two decades, its activities and development have been characterized by a variety of constraints, including operating in a hostile economic, institutional, political and social environment, characterized by high social costs burden which have been particularly worsened by the consequences of adjustment and economic reform measures (see Dike, 1997). The concerns about SAP or economic reform measures on the informal sector boarder on issues based on its social welfare agenda. For instance, the measures of subsidy removal particularly on food items and petroleum products, cut-back spending on the social sector, currency devaluation and so forth have been attacked for aggravating human conditions and social imbalance of the people, resulting in much suffering and deprivation.

These conditions have been decried as having negative influence on operators' real incomes, nutrition, health and education, as adjustment or economic reforms has not been matched with transformation with regard to improving the distribution of income and satisfying basic human needs compared to its main focus of correcting macroeconomic imbalances (see UNECA, 1988:12). Other problems associated with the sector are lack of access to resources (capital and raw materials) and markets, infrastructure, skill training and development, regulations regarding land use, ownership, transfer, rental, multiple taxation and fine obligations which have made their participation in development ineffective (see Roberts and Tybout, 1997, World Bank, 1992).

These circumstances have adversely affected the demand and supply sides of informal microenterprises, limiting the capacity of informal units to produce goods and services and hence limit the real incomes earned in the sector. For instance, the CBN/FOS/NISER (2001) study on the informal sector in Nigeria revealed that while the informal sector (wholesale and retail trade) constituted over 70 percent of the total work force for non-manufacturing sub-sectors, its contributions (excluding agriculture) to the GDP was only 7.2 percent in 1998 for both manufacturing and services operations which goes to buttress the deplorable conditions in the sector (CBN, 2001:17). This fact was corroborated by Loayza (1996) and Friedman *et al.,* (2000) in their study of Latin American countries, where they found the size of the informal sector to positively correlate with tax burdens, labor market restriction and inefficient government institutions; but negatively correlated with real per capita GDP. The consequence of this happening is such that the costs of previously affordable household necessities and other essential items (including food, fuel, water, inputs, and healthcare) have become too expensive for this vulnerable group, thus bringing about their maldevelopment.

Besides, entry into the sector has been concentrated in the lower ends of the sector which has brought about the problem of increased levels of competition and declining returns wherein the level of capital to output is low (see Wickware, 1998; Trager, 1987). These situations have affected informal sector operators' ability to meet their basic social needs and achieve improvement on their business/working conditions due to fall in purchasing power which has further exacerbated the conditions of urban poverty (CBN 2001:17; Fapohunda, 1985:72-8).

What this brings to mind is the fact that while the structural conditions in informal sector since the 1980s has negatively changed both quantitatively and qualitatively due to cases of unemployment and underemployment following the implementation of the neo-liberal policy, the sector has not been given due recognition by the state through clear-cut policy legislations and regulations to encourage its effective development and incorporation into the mainstream economy. Consequently, government in the course of implementing the neo-liberal policy has consistently favoured the organized private sector at the expense of the informal sector and others, with little or no effort made to foster concrete formal-informal sector linkages which have made the units in the latter sector to function in a sub-optimal manner (see Sethuraman, 1997).

Consequently, the neo-liberal policy induced exchange rates, import/export rules, monetary and fiscal measures have tended to stifle entrepreneurship and the realization of the full potentials of the sector for the development of consumer and capital goods

(Meagher and Yunusa, 1996:4; Olukoshi, 1993:2; Durand-Lasserve, 2002). This is crucially so as the sector is still vulnerable, with little capital, limited markets and inadequate economic returns on their business activities. These issues have therefore raised the critical question regarding the capacity of the operators' in the sector to respond productively to the influence of the neo-liberal policy measures whose consequences have further aggravated not only the working conditions of operators, but also their overall well-being.

These circumstances have, therefore, brought to fore the question of what neo-liberal policy mean for the informal sector given its huge human and social costs on the operators' well-being and units/ operations and in the sector. How well has the informal sector as a whole performed given the burdens of economic reforms under the neo-liberal policy? It also raises the question of what is the significance of adjustment or economic reforms for development in Nigeria and what socioeconomic policies are appropriate to deal with the challenges of the sector in order to stimulate its development? This is evident from the nature of the living and working conditions of workers in the sector which are characterized by a cycle of impoverishment and subsistence living. It is in the light of these and other considerations, including the non-affordability of its social and political costs, resource misappropriation and massive corruption by the state leadership which has compounded the challenges of operations in the informal sector as well as the social welfare of the operators that motivate this study.

This investigation is a significant departure from most studies on the informal sector which tend to focus on the role and importance of the sector in development process, skill development, labour absorption, formal and informal sectoral linkages and its implications for development policies and actions. These include Fapohunda (1985) comprehensive survey of informal sector in Lagos in which he examined factors affecting the size and structure of enterprises in terms of income and employment generation; Abumere *et al* (1998) study of informal sector enterprises in six cities of Nigeria: Lagos, Ibadan, Kano, Aba, Nnewi and Suleja where they looked at the working and future direction of informal sector enterprise in Nigeria. Besides, very limited study has been carried out on the social costs implications of the neo-liberal policy on the human development of operators in the sector. It is the recognition of these gaps in knowledge that underline the importance of this study which is to investigate the state of human development of operators involved in this often neglected sector of the Nigerian economy. Thus, a study on the nature of conditions of informal sector operators and their response to the neo-liberal policy of government will not only expose salient issues peculiar to them, but also provide means by which they can be tackled.

It focuses on the socio-economic implications of the neo-liberal policy on the informal sector as this is evidenced by its effects on the people's worsening standard of the living, where over 70 percent of the population live below the poverty line, besides the rising rates of unemployment and underemployment in Nigeria which stood at 12.4 percent in 2007 (NBS, 2005; Fadahunsi, 1993:45). As such, the investigation on the consequences of the neo-liberal policy for human development of operators in the informal sector is not only well-timed but fundamentally critical. After all, central to the entire development process today is the development by, of and for people irrespective of the prevailing political economic milieu.

1.3 RESEARCH QUESTIONS

From the foregoing statement of the problem, the research questions for which the study seeks answers include the following:

- **i.** What are the prevailing socio-economic conditions of operators in the informal sector as result of the neo-liberal policy measures?
- **ii.** To what extent have the neo-liberal policy measures undermined informal sector operators' capacity to achieve improvements in their well-being?
- **iii.** How have the neo-liberal policy measures influenced the human development needs in the informal sector?

iv. What are those institutional and structural factors that hamper the business performance and capacity building of operators in the informal sector?

1.4 OBJECTIVES OF THE STUDY

The main objective of the study is to investigate the social cost implications of neo-liberal policy on the social well-being, incomes and working conditions of operators in the informal sector. This aligns with the position that the focus on human element should be the central goal of every development process (UNDP, 1990). Consequently, the specific objectives of study are as follows

i. To examine the socioeconomic conditions of operators in the informal sector especially in terms of their income level.

ii. To investigate the influence of the neo-liberal policy measures on the social welfare conditions of operators in the informal sector.

iii. To analyze the appropriateness or inappropriateness of neo-liberal policy measures to transform the activities of the informal sector and its operators toward effective participation in the national economy.

iv. To identify the main barriers to development and productivity of informal sector operations.

1.5 JUSTIFICATION OF THE STUDY

In a nation where social security system in the form of unemployment benefits, healthcare insurance and free education at all levels is non-existent, the need to investigate the prevailing living and working conditions existing in the informal sector given the prevailing economic reform policies in Nigeria cannot be overemphasized. This is rightly so as the sector has served the crucial role of a ‘safety valve’ that provides employment opportunities for the ever increasing millions of persons who are using the sector as a means of survival. It is also the sector that has kept the economy going given the virtual collapse of the formal sector, besides its contributions to income and productivity which are equally considerable. Thus, the significance of this study lies in the need to examine the informal sector activities as a “target” group in order to analyze the pervasive incidence of urban poverty brought by the neo-liberal policy which has affected the socioeconomic well-being of operators in the sector. Also, taking a critical cognizance of this sector and the constraints hampering its growth and development is of vital significant if we are to achieve the desired goal of formulating any meaningful public policies and programmes for overall national development.

The study also provides insightful information that emphasizes a holistic approach toward tackling the fundamental challenges associated with informal sector activities. Evidence suggests that infrastructure (notably land use and rental, power supply, water and business premises and capital) play a critical role in raising the incomes of microenterprises, using the Lagos informal sector as an example. The fact that the informal sector activities which accounts for over half of the employment opportunities in most cities in the developing world is deprived of access to basic infrastructure, social services, access to capital, markets and returns on investment which have implications for their standards of living should be a matter of public concern to us as scholars, thus demanding our investigation. Therefore the choice of examining informal sector activities in Lagos State given its metropolitan make-up and status as Nigeria’s commercial and industrial economic centre is critical. This is fundamentally so as the huge population is ravaged by urban poverty, with majority living in slum communities with its attendant consequences on development in all its ramifications (see Lagos State Government, 2004:70-71; Lagos State Economic Summit, 2003:8).

Besides, this study is a significant departure from earlier studies on the informal sector which focus on the role of the sector in development and its implications for developmental policies and actions by focusing majorly on the adverse social cost of the neo-liberal policy on promoting employment and productivity, incomes and social welfare of operators in the sector. This is critically so as the neo-liberal policy ignores the informal and traditional sectors while striving to adjust one segment (public and organized private sector) of the economy. In all, the findings from the study would provide government, informal sector organizations, private and non-governmental organizations, researchers and the Nigerian public, useful information and insights on the need to recognize the dynamic role of the sector in economic development as well as its challenges. Besides, it also stresses the imperative for supporting the advancement of the sector, stressing the need for bottom-up policies to integrate the sector into the mainstream economy rather than just “accommodating” it.

1.6 SCOPE OF THE STUDY

From a political economic perspective, it is crucial to note that the incidence of poverty has become a major challenge facing mankind today as many people particularly the poor in Africa continue to suffer pronounced deprivation. This study attempted to evaluate the influence of neo-liberal policy on the socioeconomic conditions of informal sector operators in Lagos State, Nigeria given the country’s low ranking in the UNDP Human Development Reports in the last seven years (1999-2006). This period covers the tenure of the Obasanjo administration (1999-2007) when the economic reform measures of privatization, liberalization and deregulation was vigorously implemented.

The study focuses on informal sector operators and their activities in Lagos State. The target operators examined in this study comprises those involved in transport, production, wholesale and retail and social service operations. It covers six out of the twenty Local Government Council Areas, namely Apapa, Ibeju-Lekki, Ikeja, Ikorodu, Lagos Island and Lagos Mainland Local Councils. These councils were chosen to constitute our population of study as it was impossible to study all informal sector operations in Lagos state. The study attempted to explain the prevalence of urban poverty among informal sector workers as reflective of the nation’s low human development. It also investigates the structural factors that marginalize this rapidly expanding sector in both economic and physical terms and its non integration into mainstream national economy.

1.7 HISTORICAL BACKGROUND OF LAGOS STATE

The history of Lagos State is traceable to 27th May, 1967 when it was created by virtue of decree No 14 (State creation and Transitional Provision) of 1967 promulgated by the Federal Military Government of Nigeria. The federation was restructured into twelve (12) States. Lagos State occupies an area of 3,577 square kilometers, representing 0.4 percent of the federation’s total territorial landmass with a population estimated at 1.4 million at the period (Lagos State Ministry of Information, 1998:9). In terms of its geographical make-up, 787 square kilometres or 22 percent of the landmass is made up of creek, lagoons, rivers and swamps. Following the 1991 census, the provisional population for Lagos State was put at 5.7 million, and the recently concluded 2006 census puts the population of Lagos State at 9 million. The State ranked as the most densely populated State in Nigeria.

Lagos State is one of the most economically viable and buoyant States of the federation. This is borne out of its unique position and status as Nigeria’s industrial and commercial nerve centre. Well over 2,000 small, medium and large scale industries are sited and concentrated in the State. In addition, the State alone gets more than half of the federation’s industrial investments. About 65 percent of the country’s commercial activities are also generated in Lagos State. At present, Lagos has 20 Local Government Council Areas. During the past thirty years, Nigeria has become more urbanized than any other period in the history of the country. With an annual growth rate of 3 percent and total fertility rate of 6 between 1970- 2005 (HDR, 2006) urban population has been increasing at a faster rate.

Given the dense nature of the population of Lagos and its status as a melting pot for people from all parts of Nigeria, the population growth has brought pressure on the available social services and infrastructure which has over time created socio-economic and environmental problems of overcrowding, poor sewage system and limited employment opportunities. The result is that many people now live in sub-standard squatter houses, slums and suburbs, thus exacerbating incidence of high unemployment and rise in criminal activities. This has been the experience of Lagos over the past two decades despite the relocation of the nation's capital from Lagos to Abuja.

Studies of urban areas like Lagos in Nigeria seem to show a pattern of assimilation of migrants. Most of the migrants are usually between the ages of fifteen (15) and twenty-four (24). These categories of persons come to Lagos State from other states and Local Government Council Areas to look for a job, to learn a trade or to go to school. In pursuit of a means of livelihood, many of the migrants often end up as apprentices to master-craftsmen in order to learn a trade, and many often end up in the informal sector of the economy. Since the implementation of neo-liberal policy by the Nigerian governments, the problem of unemployment has worsened following the contraction in both public and private sectors. As a result, the general conditions of living for the majority of Nigerians have been adversely affected as many people have been retrenched from their jobs. According to FOS (1998) statistics on unemployment by age group 15-24 years was 41.6 percent (1993-97), 49.7 percent and 6.0 percent for ages 24-44 and 45-49 years respectively. In order to survive, many of them between 15 and 49 years have relocated to the informal sector which has resulted in the sectors' rapid expansion over the years. In spite of the several years of economic reforms, many of the urban poor who belong to the sector have faced stringent difficulties in their social welfare conditions as a result of the effects of the economic reform measures. This explains the decline in the people's purchasing power which has made it impossible for them to access basic social needs of existence due to the escalating prices of goods and services, thus making many to live below the poverty line (see Sancho, 1996).

Given the stage of development of Nigeria, with its concomitant level of sophistication in the recording of socioeconomic data, information on the actual size and employment structure in the informal sector in Nigeria is difficult to obtain and where available they are hardly reliable. However, estimates suggest that that sector accounts for between 45 and 60 percent of the urban labour force, up from 25 percent in mid 1960s (Okulola, 2001). Also, the CBN/FOS/NISER (2001) nation-wide study of urban informal sector reported that a whooping 12.14 million jobs were generated by 8.6

million of enterprises in urban informal sector in Nigeria. The development of the informal sector in Lagos and other city centres follow closely the general pattern of urban development in the country. Each phase in the development of the cities and economy has its own dynamics on informal sector development.

1.8 DEFINITION OF TERMS

A number of concepts were used in this study. To avoid any form of ambiguity in the meanings they may convey, we have provided the following working definitions.

DEVELOPMENT

The process of improving the quality of all human lives, which include raising people's living levels-their incomes and consumption levels of food, medical care services and education; creating conditions conducive to the growth of their self esteem through the establishment of social institutions that promote human dignity and respect; and increasing people's freedom by enlarging the range of their choice variables, as by increasing varieties of consumer goods and services.

DEVELOPMENTAL STATE

A developmental state is one that possesses a variety of institutionalized channels wherein the state apparatus and the private sector continually interact in a constructive manner via a "joint project" of fostering economic development. The developmental state is clearly endogenous; it is broadly embedded in civil society via a dense web of networks. These broad and dense institutionalized channels of communication and interaction provide the links where the state is continually in the process of constructive negotiation and renegotiation of policies and goals intended to move a society toward a higher level of social and economic development.

GROSS DOMESTIC PRODUCT (GDP)

It is the annual total value (value of final output) of all income created within the borders of a country, regardless of whether the ultimate recipient of that income resides within or outside the country. It is used along with the Gross National Product (GNP), which is the total value of all income (value of final output) accruing to residents of a country, regardless of the source of that income to measure economic growth. It also facilitates comparisons as to the level of development of different nations.

HUMAN CAPITAL

It refers to productive investments embodied in human persons. These include skills, abilities, ideals and health resulting from expenditures on education, on the job training programme and medicare.

HUMAN DEVELOPMENT

This refers to the process of enlarging people's choices, in order to enable them to lead a long and healthy life, to be educated, to have resources needed for a decent standard of living and to be able to participate in the life of the community. It entails creating an environment in which people can develop their full potential and lead productive lives in accord with their needs and interests.

HUMAN DEVELOPMENT INDEX

It looks at national socioeconomic development of a country based on measures of longevity, knowledge and income. Longevity is measured solely by life expectancy at birth, while knowledge is measured by the adult literacy rate and mean years of schooling weighted at 2:1 respectively. For income, purchasing power parity (PPP) (based on real GDP) per capita adjusted for the local cost of living is used. This combines a measure of purchasing power with measures of physical health and educational attainment to indicate progress or retrogression in human life. This index gives comprehensive and reliable information on the critical indicators of poverty and deprivation in a nation.

INFORMAL SECTOR

This encompasses all income-producing activities outside formal wages and social security payments. It consist of enterprises involved in heterogeneous set of activities which includes trading, hawking, carpentry, brick making, mechanics, welding and tailoring. Typically, it consists of units established, owned and operated by self-employed persons either alone or in partnership with others for the primary purpose of generating their own employment and income through the production or distribution of goods or provision of services.

NEO-LIBERAL ECONOMIC REFORM

This refers to two broad types of policies: stabilization and structural adjustment. While stabilization is a set of fiscal and monetary policies aimed at reducing inflation, cutting budget deficits, and improving balance of payments; structural adjustment or reform means revamping the institutional framework of a country's development model. It stresses reducing trade barriers, enlarging the role of the private sector, and changing a country's development strategy from import substitution to export promotion.

POVERTY

This is a state in which an individual is not able to cater adequately for his or her basic needs of food, clothing and shelter; is unable to meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure such as education, health, portable water, and sanitation. There are two types of poverty namely absolute and relative poverty. Absolute poverty is a state where human beings suffer a condition of life so degraded by disease, illiteracy, malnutrition and squalor as to deny its victims basic human necessities. Relative poverty is a condition that can only be defined by comparing circumstances of one group of people or an entire economy with another one. The poverty line is measured by the inability of persons to obtain incomes, own assets, find stable job and maintain basic health needs and qualitative education. The concept of poverty gap captures the severity of the poor's plight. It is the additional amount of consumption (or income) that must be generated by a country to bring the poor above the poverty line.

REDISTRIBUTIVE POLICY

It refers to policy aimed at reducing income inequality, poverty and deprivation, and expanding economic opportunities in order to promote development.

PRODUCTIVITY

It refers to measure of how resources are being brought together by individuals or organizations and utilized for accomplishing a set of results. It is reaching the highest level of performance with the least expenditure of resources. Besides, it is also viewed as the instrument for continuous progress, and of constant improvement of activities. In all, it is often seen as output per unit of input.

SELF RELIANCE

It refers to reliance on one's own capabilities, judgment, resources and skills in a bid to enhance political, economic, social, cultural, attitudinal and moral independence.

SOCIAL BENEFITS

It refers to socioeconomic gains that accrue to the society as a whole rather than solely to a private individual. It includes the provision of security and protection of lives and property, effective healthcare delivery, qualitative education and transportation.

SOCIAL CAPITAL

It refers to the productive value of a set of social institutions and norms, including group trust, expected cooperative behaviours with predictable punishment for deviations; and a shared history of successful collective action that raises expectations for participation in future cooperative behavior.

SOCIAL CONDITION OF LIVING

This is a level of material comfort as measured by the goods, services, and luxuries available to an individual, group, or nation. On an individual level, it is a measure of the quality of life in such areas as housing, food, education, clothing, transportation, and employment opportunities. Various quantitative indicators used as measuring rods for assessing standard of living includes life expectancy, access to nutritious food and a safe water supply, and availability of medical care. This helps us to measure the levels of living, which is the extent to which a person, family or group of people can satisfy their material and spiritual wants.

SOCIAL COST ANALYSIS

This measures the adverse social impacts of a given socio-economic policy. It is an economic analysis in which the actual and potential costs of various economic decisions are weighed against actual and potential individual and societal benefits.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Economic development is not a random phenomenon. The policies of national government play a decisive influence in determining the pattern of socioeconomic, political and human development in any country (Saitoti, 2002: xi). This chapter broadly surveys the state and direction of research on the subject-matter under investigation. Key issues relating to Nigeria's adoption and implementation of socioeconomic policy; the informal sector in Nigeria and conceptual discourse on Human development will be examined. The Theoretical framework focuses on the Neo-liberal theory and the Institutional theory of the State. While the Neo-liberal theory provides us with the evaluation of the nature and characteristics of its stated goals to determine its advantages and deficiencies as a policy adopted by the Nigerian government, the Institutional theory of the State investigates the role and character of the state regarding its role in policy formulation and implementation, and the implications it has on the attainment of human development objectives which underscore the essence of development.

2.1 NIGERIA'S MARCH TO NEO-LIBERAL IDEOLOGY

It is evident that the implementation of the neo-liberal policy of SAP or economic reforms since the 1980s in Nigeria is generally agreed among development scholars and experts as the years of missed opportunities for the country (Adedeji, 1990). This is because in spite of the numerous efforts of successive governments, more than 70 percent of the populace still lives below the poverty line. The negative indices of high prices of basic consumables, rising unemployment rate which stood at over 50 percent in 2005, falling public expenditures on health and education and increasing infrastructural decay among others are part of the characteristics of this suffering population (McRae, 1989; National Planning Commission, 2005: IX). For instance, the nation's poverty rate increased from 27 percent in 1980 to 66 percent in 1996; by 1999, it was estimated that over70 percent lived in poverty and 54 percent in 2004; the annual growth rate has oscillated from 6.23 percent in 2005 to 5.63 percent in 2006 and less in the preceding years following the introduction of the SAP in 1986. Also, the growth rate of the non-oil sector has been less than 9 percent (1999-2006) and the ratio of income distribution for those in the richest 20 percent of the population to those in the poorest 20 percent stood at 12.8 percent in 2004 (see BusinessDay, 2007; UNDP, 2004; NBS, 2006).

From a historical perspective, the country's economic crises triggered off in the early 1980s as a result of the fall in the world price for crude oil in the international market. This situation exposed fundamentally the structural contradictions that underlie the nation's post-independence economic process which neglected the agricultural sector, thus bringing to fore the Dutch-disease syndrome which is associated with making crude oil export the mainstay of our economic development. This contradiction was also ably manifested in the country's adoption of the Import Substitution Industrialization (ISI) model, which defined the pattern upon which our local industry was structured. The economic crunch in the 1980s, however, dealt a heavy blow on the ISI strategy in Nigeria as scarcity of raw materials and difficulties associated with the sourcing of foreign exchange for the importation of spare parts for industries proved unbearable for the manufacturing sector (Onyeonoru, 2005:93; Umoren, 2001:4).

However, prior to the beginning of the economic crises, the national economy appeared to have witnessed a massive expansion on all front, thanks to the oil boom of the 1970s and the early 1980s, where the revenue accruing to the state from crude oil sales rose from US$ 4 billion in 1975 to 26 billion dollars in 1980 (see Ezekiel, 2003:8; Omoruyi, 1987:29-33). Such phenomenal growth in revenue earnings underpinned the massive growth of the public sector, where government became the prime mover of the economy investing large sum in social, infrastructural, and economic activities with total government employment accounting for 60 percent of the modern sector (see Bangura and Beckman, 1984). Besides, the nation's production and consumption pattern, socio-cultural values, style of economic management, policies and programmes implemented were also affected (see Olaniyan, 1996). This was not to be unexpected as the state was viewed by the general populace to play a liberating role, which included not only ensuring national independence but also the freeing of the citizenry from poverty, disease, hunger and illiteracy.

However, with the fall in crude oil price in 1981, the revenue accruing to the state fell drastically to US$ 17.2 billion in 1981, US$ 12.8 billion in 1982, a situation which immediately set off major crisis that spread quickly to other sectors of the economy (Omoruyi, *op cit.;* Olukoshi, 1990:30-1; Fashoyin, 1993:80). The implication of this crunch was the collapse of the nation's industrial sector capacity to produce basic consumer goods and import raw-materials and spare parts due to the state's inability to meet industries' foreign exchange needs given their Import Substitution Industrialization strategy (Onyeonoru, *op. cit.;* UNIDO, 1985). This in turn fuelled the inflationary spiral in the economy following increases in the price of consumer goods that were in short supply which in turn affected the general living conditions of the majority of the people.

Furthermore, the country's revenue position began to show considerable strains as budget deficit grew. Unable to sustain its expenditure as its pre-crisis levels, government began to embark on imprudent foreign borrowing from private and official international financial sources to sustain its spending programmes which lay the basis for the country's debt crisis that has served to compound the problems afflicting the wider country (Olukoshi, 1990). Also, infrastructural facilities began to show signs of decay just as social services sector suffered severe neglect following government dwindling revenue fortune which by 1986 amounted to only US$ 5.2 billion. Some scholars have argued that this was the most severe economic crisis that the Nigerian state has experienced since its creation as an Anglo-colonial project (Bangura, 1982:1).

To redress this trend of dwindling economic depression and recession, the Shagari administration introduced the economic stabilization act in April, 1982, which is a package of stringent demand-management austerity measures that entail cut in public spending, lending rates regulations, restrictions on borrowing to the private sector. Unfortunately, these measures could not correct the economic downturn, which continued with the Buhari regime which was later replaced by the Babangida administration in 1985. It was the administration of Ibrahim Babangida that on 27th June, 1986 began the implementation of the neo-liberal policy of structural adjustment, after having declared a fifteen month economic emergency where deductions were ordered from employees' salaries and corporate profits to strengthen existing demand-management policies (CBN, 1986:10).

The neo-liberal policy measures of privatization, deregulation and liberalization were mainly predicated on the World Bank/IMF initiated model for curtailing fiscal and external imbalances for developing countries which were experiencing high incidence of external debt indebtedness owed it and other bi-lateral institutions since the early 1980s (Mills, 1989:5). Consequently, the key feature of neo-liberal policy was its studied reliance on market forces to correct the perceived distortion in the economy, particularly the over-valuation of the naira which was adjusted. As a direct consequence of devaluation, many industrial firms had to suspend production or scaled down capacity utilization in response to the high exchange rates that increased manufacturing costs owing to the high import content of that sector's products.

As such, the manufacturing sector has been experiencing a decline since the 1990s, thus culminating in an average growth of 1.6 percent between 1990 and 1996, an annual growth rate of between 3-6 percent (1999-2006) with average capacity utilization of less than 50 percent which is a far cry from the 70 percent it attained in 1980, a drop in the annual GDP per capita manufacturing contribution from 4.32 percent in 1999 to 3.79 percent in 2005 (NBS, 2006; 2005; MAN, 2006; Vanguard, 1999). Since its introduction in 1986, the neo-liberal policy has become part and parcel of the dynamics of the country's economic crunch, exacerbating existing pre-adjustment problems whilst creating new ones specific to its own contradictions. This is because the nations that architect of SAP or economic reforms promised to make richer got poorer and went from being heavily indebted to being severely indebted and economically distressed (Umoren, 2001:5-6).

2.2 ECONOMIC POLICY IN NIGERIA

The first post independent attempt at evolving a set of economic programmes for the transformation of the Nigerian economy in Nigeria came with the first development plan of 1962-68, which was interrupted by the Nigerian civil war. This was followed by the reconstruction plan of 1970-74 which was carried out by the Gowon regime and later followed by a series of other development and vision plans by subsequent administrations such as the 1975-80 and 1981-85 plans, Rolling plan, Vision 2010 and the present Vision 2020 which is aimed at making the nation's economy as one of the world top economies. According to Kazuhara (1993), these development plans were designed as a mechanism for identifying appropriate programmes and policies for government intervention in the various sectors of the economy in order to take care of areas of market failure and to provide appropriate signals for private sector operators. However, the policies enshrined in these economic development plans did not achieve their set objectives due to poor implementation and lack of local ownership in its content formulation, while the choice of projects for development planning and programming were determined only by the objective of achieving growth through import substitution industrialization (Fakiyesi, 1999:194). This aid-dependent development strategy over the years has weakened the ability of the country for initiating independent policies, thus leaving the nation at the mercy of donor nations (Saitoti, *op cit*: 7; Umoren, 2001:5).

To compound the situation, the approach to development planning was top-down, as it failed to reckon with the following factors: the executive capacity, the absorptive capacity of the economy; and the ability to generate the required funds for the identified projects. Besides, the choice of programmes and projects was without the normal rudiments of transparency and openness required for selection of projects, and in addition, such programmes were neither properly evaluated, nor their cost benefits analysis properly analyzed (Ibid, 195). The implication of these development plans including the SAP or economic reform measures for the economy was that they were short, medium and not long term economic policy. In fact, it has been stressed that in Nigeria, over the past four decades, much emphasis has been placed on the pursuit of short and medium term economic growth policy that are externally driven (Olomola, 2004:323). However, most of the development plans, vision goals and the economic reforms programme did not achieve their goals due to issues blamed on poor policy formulation and implementation, resource constraints, political instability, bad governance, corruption and lack of majority participation at all levels. Also, the entire economic policies lacked continuity, consistency and they were adopted on *ad hoc* basic given the political expediency of the time (see Adepoju, 1993:81). It was, therefore, little wonder that the people for whom economic development policies were meant were neither consulted nor taken into confidence in the designing of the development strategy.

The fallout of the consequences associated with the failure of these development plans and policy strategy to achieve their set goals brought to fore the issue of economic distortion associated with "oil wealth illusion" which has become the nation's albatross. This was exemplified by cases of white elephant projects such as the Agricultural Development Projects (ADPs), industrialization projects such as the two steel plants at Aladja and Ajaokuta with neither backward nor forward linkages; decay of social infrastructure, increasing unemployment and poverty, destruction of domestic industry, particularly agriculture (Ojo, 1982). Despite the large flow of revenue from oil export in the 1990s, these processes have remained unabated as the neo-liberal policy put in place to address the economic crises have not fared well in creating the absorptive capacity that would fundamentally restructure the Nigerian economy. This is manifested in the nation's inability to develop its industrial base, advance the productive sector particularly the manufacturing, agricultural and informal sectors, and ensure the adequate provision social and physical infrastructures necessary to facilitate the processes of development.

2.2.1 THE ECONOMIC REFORM ERA

The SAP or economic reforms period which started in 1986, was another opportunity at engaging in the process of economic reconstruction. This was in response to finding solutions to the mal-functioning of the economy arising from resource mismanagement, corruption and lack of endogenous direction occasioned by the "oil wealth illusion", ill-externally conceived programmes and foreign debt obligations to international financial creditors like the IMF/World Bank. The goal of SAP was to create a new environment for the transformation of major sectors of the economy through the policies of privatization, market reforms and liberalization, deregulations and exchange rates devaluation. The ultimate objective was to achieve non-inflationary growth and to stimulate domestic production of tradeable goods (Adeyemi, 1996).

It was believed that this process of restructuring and diversifying the productive base of the economy by allowing the private sector to drive the economy with the state playing a minimalist role, will generate economic growth that will be used to reduce the observable inequality in the economy. Since the rise of conservative neo-liberal macro-economic orthodoxy in the industrialized countries, especially the United States and the United Kingdom, many analysts of the neo-liberal school have attributed much of Africa's economic malaise to the magnitude of state intervention in economic activity (Balassa, 1984:317-39). The school views state intervention as self serving and inefficient, crowding out available productive resources from more efficient private sector. As such, proponents of this school advocated the curtailment of the role of the state and the expansion of the market mechanism. This was to be carried out by measures such as reduction of public expenditures, elimination of subsidies, privatization of state owned enterprises (SOEs), decontrolling prices, interest rates, exchange rates and imports. Sponsored by the IMF/World Bank and the industrial powers led by the United States, the neo-liberal policy has now become the dominant ideology underlining much of North-South economic relations (see Mengisteab, 1995).

While it is recognizable that the state in Third World countries particularly those in sub-Saharan Africa are well known for their shortcomings which include corruption, mismanagement and patrimonial tendencies, yet, the state is still a necessary mechanism for redistributing wealth in economies with market structures, especially as the market mechanism is not itself faultless. Not only does the market share some of the shortcomings of the state, it has its own problems. Although private enterprise may be more efficient and streamlined, it panders directly to the interests of the powerful by subordinating the concerns of the poor (Logan, 2002). Fundamentally, SAP or economic reforms like other economic programme before it did not address the people's problem of deteriorating living conditions and poor welfare. Rather than these reform policies revolve around Nigeria's problems of poverty, inequality and declining human development, the measures were overtly concentrated on market reforms to the neglect of redistributive reforms (Fakiyesi, 1999:197; Mengisteab and Logan, 1995).

Unfortunately, the position of the neo-liberal school does not make it clear how widespread privatization of education, health, electricity, water supply and other basic services will improve the standards of living in the Third World (Logan, *op cit* : 2) However, experience in the developed nations of the world has shown that a single-minded concentration of the economy on market reforms at the expense of its redistributive nature is a less effective approach in promoting socio-economic development and reduction of poverty; as the people are denied basic needs, schooling, health, political influence and active participation in the immediate environment (Fakiyesi, ibid). It is neither clear how the market will provide social services (electricity, roads, hospitals, education) out of goodwill nor how the poor will afford privatized welfare without state assistance. This has, therefore, raised the question of what happens when the state abrogates all its responsibilities to its people in favour of establishing an enabling environment for the market?

While neo-liberal policy dealt with economic sectors by prescribing general solutions for all of them, it failed woefully to incorporate in its mechanism measures to cater for the poor, the weak and marginalized, many of whom belong to the informal sector in most developing countries. The neo-liberal policy also failed to take account of the need for integratedness that was required in the implementation of sectoral policies for maximum synergies (Fakiyesi, *op cit*). This is because for any policy framework to be effective, it requires enormous public support and sacrifice to succeed. In addition, the neo-liberal policy also failed to pay particular attention to how to increase production in the non-oil export sector, what the non-oil component should be, and by what means the production and distribution could be achieved, or how the output of exportable raw materials should be shared between production for export and non-tradable domestic production.

This was the state in which the economy was running before the coming in of the Abacha government in 1993. The Abacha's regime unlike his predecessor introduced the principle of guided liberalization and deregulation of the economy in 1994, as interest rate was regulated, centralization of foreign exchange receipts and dual exchange rates of the naira remained as its core (Olaniyi, 2004:366; Anyanwu *et al* 1997:483). By these policies, the government deviated from the hitherto deregulatory stance adopted since the introduction of SAP in 1986 (Hutcheson, 1996). The objectives of the 1994 economic policies by the Abacha regime were:

> To restore macroeconomic stability, stimulate growth in the productive sectors, and generally improve confidence in the Nigerian socio-economic environment. Specific sectoral objectives included restoring fiscal discipline and improved financial transparency and accountability, achieve exchange stability, reducing the cost of borrowing in order to assist producers, increasing capacity utilization in the manufacturing sub-sector and generating employment opportunities (CBN, 1994).

However, like the other economic policy measures, this strategy did not achieve much, as inflation was very high, averaging 44 percent. Besides, capacity utilization declined, further increasing unemployment and the human development index rose marginally to 0.4 in 1997, in spite of the fact that there was increase in oil exports which led to a balance of trade surpluses culminating in accumulated reserves which increased to US$ 7.6 billion (CBN, 1998). Following the death of Abacha in 1998, the Abubakar regime took over the centre stage in the structuring of economic reform policies for the nation. In a more fundamental way, Abubakar returned to the institutionalization of economic policies with strong focus on free market enterprise and the deregulation of the economy. Among the key economic policies vigorously enunciated by the regime were:

i. privatization of the energy and oil sector, communication sectors and other areas in which private sector involvement can improve the performance of the economy;

ii. removal of laws and regulations that inhibit competition;

iii. institutionalization of accountability and transparency into economic process; and

iv. liberalization of the domestic market to allow for foreign direct investment and a level playing ground for all participants in the economy (Fakiyesi, *op cit*).

The main thrust of the government economic policy was to begin the process of privatizing major government enterprises and parastatals such as the petroleum refinery, power supply, telecommunications and petrochemical company which were considered to have considerable impact on the economy. The essence was to improve the efficiency of public asset management through the downsizing of public sector (CBN, 1998). It was this economic policy platform that set the stage for the coming in of the Obasanjo administration in May 29th1999, which set out with the full implementation of the provision of the neo-liberal market reforms of privatization, deregulation, trade liberalization, and free market enterprise. Since then, the Nigerian economy has been groaning precariously under the yoke of increasing retrenchment following the privatization of public enterprises and parastatals such as NEPA, NITEL, Nigerian Airways, the rolling mills, paper mills. In furtherance of the pursuit of neo-liberal economic reforms, President Obasanjo in May 2000 announced that the petroleum subsidy would be eliminated; therefore a price increase of 50 percent would be established (Guardian, 2000). This indeed marked the beginning of incessant price increases in the litre of fuel, kerosene and diesel which were changed three times: June 1, 2000; January 1, 2002 and June 20, 2003 during his first term in office following the deregulation of the downstream oil sector in 2000.

Amazingly, the traditional explanation offered by President Obasanjo for all these increases revolved around the following arguments: to remove the ever-present government 'subsidy' on petroleum products and make them more readily available.

Beyond this, the hikes in prices were also meant to curb large-scale smuggling of petroleum products to neigbouring countries. In the words of President Olusegun Obasanjo, the federal government could not continue to subsidize the petroleum sector and still be able to fulfil its social responsibilities. He observed that, ‘subsidizing fuel to the tune of N12 per litre is a wasteful way of spending our money, noting that the N250 billion subsidy per annum could be saved and used to provide education, health, water supply, roads security and food (Abumere, Okafor and Oluwasola, 2002 and Oyeranti, 2002). What all this argument meant was that government was shifting the costs of its irresponsibility to fix our four refineries to the consumers of petroleum products oblivious of the fact that the inflationary implications of hikes in petroleum products produce negative consequences on the standard of living of the populace.

Consequently, to carry on with the neo-liberal economic policy, the government developed a new orientation termed National Economic Empowerment and Development Strategy (NEEDS) in May, 2004 that focused on ‘homegrown’ strategies that would help it better target public policies in support of poverty reduction in line with the Millennium Development Goals, whose objectives include: halving the number of people living on less than one US dollar per day, reducing maternal and child mortality rates and universalizing primary education amongst others. Also, the strategy was aimed at stressing the importance of transparency, reorientation of national values and accountability in government so as to reposition the national economy toward increased economic growth, employment generation and rapid infrastructural development (National Planning Commission, 2004).

To achieve these goals, the reform policy was designed to address key problems like poverty, and inequality, weak and inefficient public service, poor macro-economic management. Besides, it also engaged in the financial sector overhaul of commercial banks and development of the non-oil sector particularly solid minerals exploration (Zenith Economic Quarterly, 2007:72). Along with the reforms in the economy came also reforms in most key sectors of the economy to avoid the virtual collapse of the entire system. Areas in which reforms have been carried out include the Pension reform, Telecommunications, Aviation Industry, the downstream oil sector, Port reform, Electric power sector reform, insurance sector reform and others. Like all other economic policies before it, the reform agenda has focused its primary objectives on entrenching macroeconomic stability at the expense of income redistribution that would address the problems of poverty and inequality.

In this context, all sectoral strategic policy thrusts are been targeted at restructuring the agricultural, film industry, oil and gas, solid minerals, tourism, banking and financial services without any clear-cut policy framework for the informal sector which constitute a huge bug of the nation's total labour force. Similarly, the government in an effort to fight against the incidence of poverty which was on the increase established the National Poverty Eradication Programme (NAPEP) in January 2001. The objective of NAPEP was also to help achieve the United Nations Millennium Development Goal (MDGs) of halving the proportion of people living in poverty by the year 2015. However, over the years, the effect of the poverty eradication programme on alleviating the conditions of the poor has been of mixed feelings. Critics have argued that the poverty alleviation or eradication activities have contributed little in the peoples' struggle to survive, as more and more people fall into the poverty region instead of escaping (Ezekiel, *op cit*).

Examining the Nigerian situation further, evidence abound that the most notable features of the development experience during the past many decades is that poverty in Nigeria remain widespread (Oyinlade, 2005:2). For instance, the UNDP (2006) human poverty table for developing countries puts Nigeria at the 76th position in the human poverty index, 52 percent of the population are without access to improved water source, 70 percent living on less than one US dollar per day (1999-2004), with 46 percent of life births not surviving to the age of 40 years (2000-05) and 29 percent of the children of five years are underweight (1996-2004). This data buttresses the fact that the over concentration of effort on market reforms without providing for the needs of the people for whom the reform will invariably benefit is not only less effective in promoting economic development and reduction in poverty, but also deny people access to basic needs of life, and incapacitating their opportunities to make valued choices. This fact was observed by Onimode (1984), who noted that the problems of poverty and rising inequalities constitute the moral core of the crisis of the present world system of neo-liberal globalization which explains the country's perverse development or growth without development.

In all these processes, the key goals of economic reform programmes are meant to achieve a "free market" economy - which is the dominant force that shaped European civilization since the 19^{th} century and at the very heart of the capitalist ideology which underline the current globalization discourse. As such, developing economies have been made to believe that their growth depends on the attainment of a free market economy subject to global economic rules and practices. As David Korten (1992) puts it:

> This faith in the free market rests on the premise that human beings are motivated by self-interest and will seek to benefit themselves. Therefore this will yield the greatest benefit to individuals and society. It follows then that individuals will compete with each other to seek their interests. Thus competition among people (as against cooperation) is rational (Cited in Zenith Economic Quarterly, 2007:61).

In all cases, the economic reform measures have always failed to meet its set target and further impoverish the people as well as leaving countries worse off than before the reform began. For instance, in Peru after the SAP reforms began in 1990, fuel prices shot up 31 times and the price of bread increased 12 times. In Mexico, health budget in the 1980s fell from 4.7 percent to 2.7 percent, with half of all Mexicans in 1990 living in poverty, and 18 million living in conditions of extreme poverty and widespread malnutrition (Zenith Economic Quarterly, 2007:64-65). With these experiences, it is not surprising that SAP or economic reform policies have been characterized by violent public protest and riots wherever and whenever they are proposed from Venezuela in 1989 following a 200 percent rise in the price of bread; Tunisia in 1984 due to rise in food prices, and Nigeria in 1989 where the anti-SAP student riots led to the closure of six universities by the military government. These economic reform policies of government which are externally imposed have always serve the interest of the global market which benefits the metropolitan economy more than the satellite economy, thus completely eroding domestic economic productivity.

2.3 THE INFORMAL SECTOR IN NIGERIA

For the most part, African countries are not yet market societies, mainly because of the limited development of capitalism which is anchored on industrialization. Also associated with this is the fact that over 60 percent of the population of Africa is rural, with mostly peasants engaged in subsistence farming (see Ake, 2000:166). Most developing economies particularly in sub-Saharan Africa are not necessarily the sphere of capitalism as the urban labour market is largely informal (Ogunrinola, 2007:74; Abumere *et al.,* 1998). The real economic sector in Africa in terms of the numbers involved in urban labour market comes from the informal sector which accounts for more than 50 percent of urban jobs and between 20-80 percent of the labour force in most African nations (Population Reports, 2002; MacGaffey, 1988; UNDP, 1994:25). Nigeria has the largest and arguably the most dynamic informal sector in sub-Saharan Africa given its huge population size. Since the imposition of SAP or economic reforms, informal activity has expanded from an estimated 50 percent of the urban workforce in the late 1970s to over 65 percent by the late 1980s (ILO, 1999; The Economist, 1984; Meagher and Yunusa, 1996: 1; Sethuraman, 1981).

The high degree of informality in the Nigerian economy emanates from the fact that the formal economy is too small compared to the magnitude of the labour force seeking wage work therein. And since there is no form of employment benefits from the government in a developing nation like Nigeria, those who are unable to secure formal employment and cannot afford to remain openly unemployed pick up some work to do in the informal sector. Such works include all kinds of trading activities, street hawking, technical services like motor vehicle repairs, electronics and electrical repairs, barbing, welding, plumbing, driving, manufacturing ventures like brick making, shoemaking and tailoring; among many others (see Gafar and Umar, 2004; Fliutman,1989).

The informal sector concept was introduced into economic development analysis by Hart (1973) in his study of employment opportunities in Ghana. It was brought to prominence by the ILO/UNDP examination of employment in Kenya, where the term was used to describe enterprises that are outside government regulations (ILO, 1972). Such enterprises also operated outside the incentive system offered by the government and other private institutions. Since then, the literature on the informal sector has grown phenomenally over the last two decades. The term informal sector has been severally defined by scholars as there is no consensus as to its precise description. It has been defined by legal status, organization and control of production, size of enterprise or production technology (see De Soto, 1989; Feige, 1990).

Oni (1994) sees the informal sector in terms of its spongy capacity to absorb those who are at any time marginalized from gainful employment in the modern sector. Portes and Walton (1981:87) and Fluitman (1989) see the informal sector as encompassing "all income-producing activities outside formal wages and social security payments", incorporating the diversity and heterogeneity of economic activities. In the same vein, Portes, Castells and Benton (1989:12) refer to it as consisting of a very specific social group made up of the unemployed, migrants and low income wage earners who engage in production and service activities "unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated."

Perhaps, the most frequently adopted definition comes from the International Labour Organization (1972), which sees the informal sector as an unregulated economic and financial activities not registered in national accounts. It is characterized by ease of entry, reliance on indigenous resources, small scale operation, family ownership of enterprise, labour intensive and adaptive technology, skills acquired outside the formal school system or training programmes, and unregulated and uncompetitive markets. Other classifications of the sector are many and varied. According to Abumere *et al* (1998) the informal sector has been characterized as invisible, irregular, backyard, unorganized, subterranean, hidden, unreported, unobserved, residual and parallel.

In addition, the sector has also been represented as the real sector (McNeill, 1993), the economy of the poor (Hemmer *et al.*, 1989), indigenous entrepreneurship and microenterprises (Tokman, 1989). Some other features of the informal sector are: small scale establishment, rudimentary, make-shift structures, employees with little education and limited knowledge of the formal sector amenities like bank loans and bureaucracy (Odekunle, 2000:9). It is, therefore, easy to infer that the most striking feature of informal sector studies is the numerous ways in which it is used and these characterization best suit the informal sector of Lagos, Nigeria. Bromley (1987) reckons that the informal sector is largely ignored, rarely supported, often unregulated and sometimes actively discouraged by government.

While informal economy has a long history, scholars began to pay attention to it in the second half of the twentieth century, first in the developing countries and later in the developed nations. By the mid-1990s, the informal economy had emerged as an integral component of national economies in the developing and developed societies. Implicit in the development of the informal sector is the conception of dualism as it relates to the urban economies of the Third World, which is based upon one or more of the following factors: mode of production, mode of organization and scale of activities; organized and unorganized sectors or simply large and small-scale activities (see Boeke, 1953; Hirschman, 1958; Paauw *et al.*, 1973). Other factors that have helped to sharpen the dualism between the two sub-systems of the formal and informal sector and brought its significance as employment generation avenue derived from our colonial heritage, patterns of trade, patterns of allocation of resources with an urban bias, presence of multi-national corporations and international transfer of technologies, (see ILO, 1973; Weeks, 1975; Sethuraman, 1976). However, the two sectors may be distinguished in terms of the mode of production, organization and scale of activities: formal sector consisting of activities using modern modes of production and organization comparable to the developed world and hence are larger in scale of operation as compared to those of the informal sector (Geertz, 1963:63).

Accordingly, the informal sector is one where free entries to new enterprises exist; enterprises in this sector rely on indigenous resources; they are family-owned and small scale; they use labour intensive and adapted technology; their workers rely on non-formal source of education and skills and finally they operate in unregulated and competitive markets. Correspondingly, the formal sector enterprises possess characteristics adverse to the above-entry for new enterprises is difficult, the firms rely frequently on overseas resources; they are generally subject to corporate ownership and large scale operation; they use capital intensive and often imported technology; their workers possess education and skills acquired through formal sources and they operate in protected markets. The formal and informal dichotomy is probably the latest of the dualistic models to come into the development literature, having been used by Hart (1973), but popularized in a series of papers in the 1970s by the International Labour Organization (see Merrick, 1976; Tokman, 1978).

The framework presented above suggests that the informal sector consists of small-scale units engaged in the production and distribution of goods and services with the primary objective of generating employment and incomes to their participants notwithstanding the constraints on capital, both physical and human, and know-how. The informal sector enterprises can be interpreted as belonging to the lower end of the urban continuum of enterprises. The informal sector units can therefore be expected, in principle, to overcome the capital and skill constraints over time and thus assimilate themselves with enterprises; the extent to which they succeed in breaking such barriers in practice is however an empirical question and depends on a number of a factors. Viewed in this framework, the term "small enterprise" as commonly used can be interpreted as belonging to the middle of the continuum; it uses a mode of production and organization similar to the formal sector enterprise but on a relatively small scale. It is therefore sometimes labeled as the intermediate sector. Perhaps the distinguishing feature between the informal sector unit and the small enterprise is their orientation: whereas the former is motivated primarily by employment creation, the latter is concerned primarily with profit maximization (see Abumere *et al.*, 1998:5; 1978).

The concept elaborated above suggests that the informal production units are motivated by employment generation and that they have little capital (and skills) at their disposal. They are relatively labour-intensive unit using simple technologies of production due to capital constraints, access to limited technical know-how and have low-value added per worker as compared to the formal sector firms. To put it more plainly, the formal sector can be described in terms of a high labour productivity while the informal sector is characterized by low labour productivity. Thus the bulk of the people engaged in the informal sector are self-employed and not working for wages. Finally, the sector can also be characterized in terms of certain basic traits of its participants and/or opportunities and constraints available to them. Then, it should also be noted that the traits of individual participants (rural/urban origin), age, sex, ethnic background, level of education, skills and the like, would seem to explain the differential values, attitudes, behaviours and motivations observed in the two sub-systems.

However, the dualist conception of urban economies in most Third World countries have been criticized for assuming that the informal and formal sector are separate and independent, whereas, in fact, they interact. Some scholars have argued that there is lack of clarity by this dichotomy model on sectors which exist outside the formal/informal sectors such as the state sector and the executive/professional sectors (see Bromley, 1978). According to Brombey (1978), the dichotomy is even less applicable to households since some members work in the formal and others in the informal sector. Besides, many of the characteristics used to distinguish the sectors are not unique to either of them. For instance, elements such as labour-intensive technology, reliance on indigenous institutions and practices, and family ownership of enterprises exit in varying degrees in both the informal and formal sectors. Despite these criticisms, the application of the dichotomy model in this study is very much appropriate as the use of the term informal sector and features are concerned. This is significantly so as there is little doubt that the term more accurately describes the breadth and heterogeneity of all the activities usually classified under the two sectors. Furthermore, the use of this pattern also enables us to retain the conceptual link with existing studies, a link which is vital in the comparison of findings and in policy analysis

In the literature, researchers have studied the informal sector for different purposes. Some writers such as Kelly (1994) have studied the informal sector because of its implications for the macro economy. Some have studied it because of its employment potential (Hart, 1973, Roberts, 1991) or income implications (Amin, 1987). Others have focused on the links between it and the formal sector (Hemmer et al., 1989) or its relevance for the new institutional economic approach to development studies (Feige, 1990). However, this study focuses on the social cost implications of Nigeria's neo-liberal policy on human development in the informal sector of Lagos State, Nigeria. This is critically so as the informal sector has come to represent the people's spontaneous and creative response to the state's incapacity to satisfy the basic needs of the impoverished masses (see De Soto, 1989: xiv-xv).

Measuring the size, employment structure and other characteristics in the informal sector in Nigeria is not an easy task. However, estimates suggest that the sector accounts for between 45 percent and 60 percent of the urban labour force, up from 25 percent in the mid 1960s (Nwaka, 1992; Okunola, 2001). Also, the CBN/FOS/NISER (2001) nation-wide study of urban informal sector reported that a whooping 12.14 million jobs were generated by 8.6 million of enterprises in urban informal sector in Nigeria. Besides, Loayza (1996) finds the size of the informal sector to positively correlate with tax burdens, labour market restriction and inefficient government institutions; but negatively correlated with real per capital GDP. Similarly, Friedman *et al*. (2000) found the size of the informal sector is positively correlated with costs of bureaucracy and the level of corruption within the country studied. The development of the informal sector in Nigeria follows closely the general pattern of economic/urban development in the country. Each phase in the development of the cities and the economy has its own dynamics in informal sector development. British colonial rule neither anticipated nor approved of the growth of large urban populations. Although many port cities, river ports, rail-side towns and administrative centres owe their growth to the activities generated by the European presence, the colonial officials remained oblivious to the idea of rapid urban growth and tended to see the cities as an unfortunate by-product of colonial activities which had to be firmly contained in order to avoid political subversion and social disorganization.

The towns were not conceived as or promoted as centres for industrial production, for job creation and self-sustained growth, but rather as small enclaves for the administrative, colonial trade and transportation. The policies and the institutions for urban development, where they existed, were very restrictive and myopic, especially in the critical areas of land use control, planning, and the provision of infrastructure and services. Planning and housing policy were used as an instrument of segregation to ensure that the small community of Europeans was protected in segregated high quality residential reservations (Omuta, 1986; Stock, 1988). Sadly, the laws, codes, regulations and institutions designed for the small populations envisaged in colonial cities have been inherited with little rethinking by post-colonial administrations; and have naturally been quickly overtaken by and overwhelmed by the process of rapid urban growth and post-colonial administration.

The expansion of the private sector and the pursuit of import-substitution industrialization in the years after independence gave a boost to urban employment and urban growth in the informal and formal sectors. In post-colonial Nigeria and other African countries, many analysts have observed a new process of urbanization unleashed by the masses of relatively low income migrants, who have flocked into the cities to solve their problems of accommodation and employment informally, and on their own terms. The urban poor are now dominant and in most cases are transforming the city to meet their needs, often in conflict with official laws and plans (Mabogunje, 1992; Fapohunda, 1985).

Arising from this background, it becomes evident that the development of the Nigerian informal sector since attaining independence took place in an environment where the formal sector was regarded as the real engine of economic growth. Activities in the informal sector were classified variously as traditional crafts and petty trade in the subsistence sector, or as small scale enterprise within the formal sector, and treated as such (Dike, 1997). No effort was, however, made to protect informal sector operations and products from competition with imported mass produced goods, hence the informal sector operators tended to gravitate towards trading, service provision and transportation.

Despite this lack of effective state support, the informal sector continued to grow, fueled by the advent of oil boom in the 1970s, the neglect of the agricultural sector and the more attractive climate created by rising urban wages associated with increased opportunities in administration, construction, commerce and services, thus resulting in high rates of rural-urban migration. Nonetheless, the major impetus for the rapid expansion of informal economy in Nigeria results from the deterioration of conditions in the public and organized private sectors, the economic recession/crisis of the late 1970s and early 1980s, and the imposition of neo-liberal policy measures which formally began in 1986. Besides the rapid growth of the informal sector, conditions in the sector have been exacerbated by the nation's lack of economic diversification, insufficient investment capital, low level of technology, inadequate infrastructural base which have limited its capital output ratio (that is the ratio of the level of equipment or capital relative to output) to development (see Mabogunje, 1994; Meagher, 1991b).

However, the informal sector over the years has provided the "safety net" that accommodates the unemployed, the poor, the unskilled, by utilizing family labour and resources to make a living. It has also provided space for myriads of workers who have left their previous formal sector jobs for reasons of retrenchment and retirement. As Morgan (1989) puts it, 'though detailed statistics on the enterprises are hard to come by owing to lack of extensive databases, it is clear that in many countries their role is extremely important as contributors to the nation's wealth, labour force and entrepreneurship. Available evidence from economies such as Indonesia, South Korea, Bangladesh, India and Ghana which have exhibited success in developing the informal sector shows that micro-enterprises are major engines in industrial and commercial development when there positive comparative attributes are harnessed and developed alongside the formal economy (see Evans *et al.*, 2006). The businesses from the informal sector also contribute important connecting points between the various sectors of the economy where flexibility of products and services supplied play a crucial role in the commercial network of the country. It has also created avenues for the middle and upper income persons and rich entrepreneurs to moonlight in a variety of activities in this sector as a means of survival strategy in order to weather the adverse consequences of the liberalization and deregulation policy (Tripp, 1990:49; Dike, 1992).

In spite of the employment problems in the urban sector (open unemployment, disguised unemployment, job and skill mismatch), the rate of growth in the informal sector in Lagos State has remained high due to rural-urban migration brought about by the high concentration of development efforts in the city having been the former capital as well as the commercial and industrial hub of Nigeria (see Okowa, 1987). Since migration is age and gender dependent, the city of Lagos has experienced a very high concentration of labour force growth that far exceeds the rate of growth of formal sector jobs. As such, the informal sector has provided the anchor for housing many of these migrants. For instance, Fapohunda *et al.* (1975) found that 50 percent of the labour force in Lagos was involved in the informal activities. The informal sector of Lagos can be said to be mainly engaged in the production and distribution of goods with about 70 percent of persons engaged in rendering service activities. The production of other different types of services, including fabrication constitutes about 21 percent of economic activities undertaken in the informal sector (Fapohunda, 1985:30). Informal sector enterprises in Lagos are predominantly one man businesses with most of them being single proprietorships (Abumere, Arimah and Jerome, 1998:23).

However, over the last two decades, the sector has grown in leaps and bounds due to the emerging trends of urbanization, rising unemployment, population growth and the socioeconomic policies of government in the country. In spite of this expansion in generating employment opportunities which was clearly acknowledged in Nigeria's Third Development Plan (1975-1980), the government has not thought it expedient to provide specific public policy framework for the sector as a viable and significant engine of development (see Meagher *et. al,* op cit:3). This is in contrast to the Economic Commission for Africa (1992) Study on African economies, which indicated that the informal sector's contribution in the Africa countries is estimated at about 20 percent while its contribution to the GDP of the non-agricultural sector stood at 34 percent and that of Nigeria stands at 25 percent.

Consequently, the informal sector in Lagos is presently characterized by varied challenges arising from Nigeria's implementation of economic reform measures which have completely altered its nature and composition, the social and structural conditions in which it operates as well as the linkage between it and other sectors. For instance, following Nigeria's economic recession which began in 1981 as a result of the sharp fall in oil prices, infrastructural and social services expansion in Lagos State has been on the decline over the years. Energy and water access, sewage, transportation and housing have all being adversely affected, and these challenges had severely affected the well-being of the generality of the populace, particularly the self employed persons, majority of who belong to the informal sector.

Similarly, the age and educational distribution of the informally employed persons have become similar to that in the formal sector as more educated adults (within 21- 49 years) have found themselves in the sector (see Ogunrinola, 2007:83-8; Folawewo, 2006; Roberts, 1991). Besides, operators in the sector still continue to experience problems of low productivity, low real incomes, poor working conditions and few opportunities for advancement (Mabogunje, 1994). Although some of the more structured groups of the sector, such as street traders and artisans, tend to have an entrepreneurial character to generate incomes. Nonetheless, the activities of the sector is still marginalized, vulnerable and characterized by limited markets, inadequate economic returns arising from the economic policies of deregulation, trade liberalization, currency devaluation, subsidy removal and privatization which have resulted in high exchange rates, high prices for petroleum products, high production costs, and skyrocketing inflation.

These conditions contrast the earlier held perspective that most of those in this sector are there by default i.e., who for the absence of jobs in both the public and organized private sectors had nowhere else to go; but to settle in the sector to earn their livelihood as a survival strategy (see Latouche, 1993:49). However, further studies have shown that this is not entirely true, as the informal economy has emerged in most Third World nations as a direct byproduct of the advent of a deregulated open world economy which acts as a substitute to a weak formal economy (Amin *et al.,* 2002). As such, there has been strong clamour on the need to develop policy intervention that should assist and protect those in the sector who are seen as extensive in marginalized populations (see ILO, 2007:1). Consequently, several motives have been adduced for the participation of persons in this sector which varies along these lines:

i. Labour market flexibility: Many, particularly women, prefer this sector because it offers flexibility in participation e.g., combining household responsibilities with income earning opportunities by choosing their own hours and place of work as well as the activities (see Mabogunje, 1994).

ii. Existence of profitable opportunities: Some enter this sector voluntarily because there are profitable opportunities. Being small these units are in an advantageous position to exploit the market niches waiting to be exploited, by offering tailored services (which large enterprises may not find attractive or capable of offering) and thus enjoy natural protection (e.g., many wage workers leave formal sector to establish own enterprises in the informal).

iii. Non-compliance with regulations: Many units often choose to be small and remain unregistered or unlicensed or invisible and thus get mislabeled into the informal sector so that they can avoid compliance with some or all regulations, since compliance with them generally adds to costs burden. One should, however, make a distinction between those who can afford to comply with regulations (i.e., their business revenue is high enough to bear the cost of regulations) and those who cannot because their incomes are too low. In other words many non-poor may also form part of the informal sector. This is in addition to wage earners who also moonlight in the informal sector partly due to poor wages and job insecurity (see Sethuraman, 1997; Bender, 2004).

Though the motives for participation in the informal sector vary for operators, they do have a single common characteristic which is that each unit is independent and free to make its own decision about the business to take part in. The policy implications of this is that the incomes and productivity of these units can be influenced through direct assistance programmes aimed at strengthening their productive capacity as well as by changing the business environment in which they operate (ECOSOC, 2006). It is clear from the above that the urban informal sector is not one homogenous category; there are different kinds of activities, different sizes of business, with different motives for participation. It is also evident that both poor and non-poor participate in the informal sector. As such, any strategy to raise incomes of workers in this sector should recognize these differences. Some of these salient features are:

- **i.** two thirds or more of these units are owned and operated by individuals as own account business or as family enterprises;
- **ii.** only a third (or less) engage paid workers; wage employment therefore constitutes only a fraction of total employment in this sector;
- **iii.** many of the owner-operators being poor, these units possess little capital by way of investment; and.
- **iv.** few operators have adequate premises, if they possess one at all; and many lack minimum infrastructure (see Sethuraman, 1997; Mabogunje, 1994:27).

The informal sector in Lagos, Nigeria through its expansion over the years has brought a lot of benefits to the citizenry in spite of operating in a hostile policy environment and without subsidy from the government. Many poor people have benefitted by gaining access to incomes through employment in the sector since capital investment required to create a job is only a small fraction of what is needed in the formal sector. Other units in the sector are engaged in recycling of materials through collection and disposal of garbage in cities and thus contribute to a better environment. Also, the bulk of the medium and low-income housing in developing countries is produced by the informal sector operators who function as masons, bricklayers and labourers. These arguments, therefore, emphasize the need to promote the employment and incomes of operators in the urban informal sector.

Furthermore, units in the informal sector provide vital connecting points between the various sectors of the economy where flexibility of products and services supplied play a crucial role in the commercial network of the country. They also have in addition the highly desirable quality of being in virtually all cases home grown enterprises and as such do not carry with them the same risk encountered by foreign firms seeking to introduce operating methods that are inapplicable to local conditions (Morgan, 1989). On the other hand, the sector suffers from a variety of constraints, including lack of access to resources and markets as well as land and infrastructure which hampers its capacity to participate in development as effectively as the formal sector. Furthermore, the physical and human endowments of the microenterprises in the sector are also very limited, coupled with operating in a hostile political, social, cultural and institutional environment (see Jerome, 1996; Amin, 1981).

2.4THE LINKAGES BETWEEN THE INFORMAL AND FORMAL SECTOR

The contribution of the informal sector to economic development can also be viewed from the interaction among the various operating units in the sector and between the informal sector operators and those in the formal sector. Both sectors should be seen as intertwined with each other, albeit in a mutually iterative relationship rather than one arising as a consequence of the other. According to Lanjouw (1998) the relationship among the operators in the informal sector and the relationship between the informal sector operators and the formal sector operators have contributed to the growth of the informal sector, and to its contribution to economic development and poverty reduction. For instance, the linkages among informal sector operators (in terms of the supply of labour, technical services, finance, raw materials and equipment) has helped improve the quality of goods and services produced by the operators. For instance, it was reported that ‘most (of the) enterprises that employed fewer workers derive a greater proportion of their raw materials and other inputs locally and largely from the informal sector. In concrete terms, the extent of informal-informal linkages ranges from 75 percent for locally fabricated machineries to 81 percent for marketing of output (CBN/FOS/NISER, 2001). This contrasts with the formal sector enterprises, which relies mostly on imported inputs leading to low value added.

Furthermore, their relationship with the formal sector has made them powerful distributors for the goods and services produced by the formal sector enterprises. The formal sector enterprises are also known to provide input and services to informal sector enterprises through sub-contracting. Also, many large scale, formal sector enterprises from manufacturing enterprises, departmental to fast food outfits have also engaged the informal sector operators and enterprises to produce spare parts, components and various goods and services for them (see Johnson, 1992). For instance, Abumere (1980) emphasize that not only do many farmers in the traditional sector produce for the modern sector and even export, but that the links between the formal and informal sector are even more striking. Studies have established that there is more demand for informal goods from outside the sector than from within it. According to Abumere *et al* (1998), most of the items now sold by most large scale organizations such as UTC and Leventis supermarkets since importation became unprofitable due to excessive devaluation of the naira comes from the informal sector. These include garments, bed sheets, shoes, crafts goods, furniture and so on.

Indeed, the World Bank (1989, 1987) is of the view that the key strategy for the promotion of the informal sector should be the strengthening of its link with the formal sector through increased patronage. This line of thinking is based on the assumption that the orders from the formal sector will break the cycle of low productivity currently endemic in the informal sector by expanding the scope of its market and enabling the transfer of modern technology and managerial expertise. Thus, any public policy that is aimed at enhancing internal production with the goal of achieving self reliance must start from encouraging links between the formal and informal sector, since these tend to reduce production costs. The vast policy implications arising from these links thus warrant that considerable research effort be devoted to it.

2.5 THE CONCEPT OF "HUMAN DEVELOPMENT"

"The Challenge of development is to find possible approaches to move it in a positive direction" (Wilber and Jameson, 1991).

The study of development has remained one of the most interesting and exciting subjects of international political-economic discourse. Two centuries after the Industrial revolution, poverty, hunger, starvation, wars, misery and its attendant ills are still pervasive in most parts of the Third World particularly sub-Saharan Africa, which calls for salient investigation and understanding of the subject-matter at this crucial period. However, the field of development studies in the Third World emerged shortly after the Second World War and rapidly became focused on a series of macroeconomic problems particularly those concerning global inequalities between the rich and poor countries (Preston, 1985). While economists played a leading role in the elaboration of postwar development theories and practices, the field of development has over time become notably interdisciplinary with contributions from variety of orientations, including Sociology, Political Science, Management, International Relations.

The central theme which runs through various attempts to define development is change. At its core, development concerns itself with basic differences in the well-being enjoyed by human beings. From a human perspective, the concept of development can simply be defined as quantitative and qualitative improvement in the lives of the people (Soyombo, 2005:209). According to Guolet (1973:10), development deals with the improvement of human beings through the expansion and adequate provision of educational, health, housing and employment opportunities that would raise the quality of life of persons in order to create an egalitarian, just and peaceful society. Todaro and Smith (2003:15-24) sees development as a complex set of interrelated change processes, abrupt and gradual, by which a population and all its components move away from patterns of life perceived in some significant way as "less human" toward alternative patterns perceived as "more human". From these foregoing definitions, it is comprehensible that development is a multidimensional process that involves major changes in social structures, popular attitudes and national institutions as well as accelerations of economic growth, reduction of inequality and eradication of poverty (Todaro, 2000). It entails the movement away from a condition of life widely perceived as unsatisfactory, toward a condition of life regarded as materially and spiritually better. Besides, it transcends as well as encompasses growth and embraces such aspects of the quintessence of living and social justice, equality of opportunities for all citizens, equitable distribution of income and the democratization of the development process.

In the 1950s and 1960s, development was used in strict economic sense and became closely associated with economic growth which was seen as a panacea for poverty alleviation (see Ojo and Lawson, 2003:340). Economic development was seen as an economic phenomenon with emphasis placed on accumulated savings and investment rates which result in rapid per capita GDP as the catalyst for measuring socioeconomic indicators and other features. At the early stage of economic growth approach, increasing inequality was seen as a by-product, with the expectation that over time, the "trickle down" effect would alleviate poverty and unemployment (Obikaonu, 2003:104). Between the 1950s and 1960s, however, many developing countries recorded substantial rates of growth while, simultaneously, the bulk of the citizenry remained poor, with manifestations of deteriorating standards of living as the "trickle down" effect of "economic growth" development model failed to materialize.

Consequently, there was a clamour by economists, development scholars and policy makers for the "dethronement of GDP" given that widespread poverty, rising unemployment and inequitable income distribution accompanied economic growth. "Redistribution from growth", therefore, became a popular slogan and also central to the measurement of development (Todaro, 2000:15). This led to the adoption of the adoption of the basic needs development approach which was vigorously championed by the ILO at the World Employment Conference held in 1976 (see Ojo and Lawson *op cit* : 341). The "basic needs" approach identifies the satisfaction of basic human needs as nutrition, clothing, health, education, water and employment as the dominant features of overall development strategy and a way of combating the problems of poverty, unemployment and inequality. However, the basic needs approach was subsequently criticized for overemphasizing top-down service delivery by the state, instead of dealing with the issues of human choices.

With many developing countries experiencing several economic problems such as slow down of economic growth, the debt crises, fall in world crude oil price and worsening terms of trade, in the early 1980s, the structural adjustment paradigm took the central stage. The World Bank/IMF inspired SAP measures adopted by many countries such as Nigeria and Ghana was aimed at ensuring prudent economic management and favorable macroeconomic environment for sustained growth. The process of liberalization, deregulation, privatization pushed people centred development (e.g. education, health, housing, transportation) to the background. This economic management approach was highly criticized for exacerbating the state of poverty, inequality, deterioration of public services, infrastructure, among other things. As a result, some international organizations such as the ILO and UNICEF, trade unions and NGOs observed that SAP or economic reforms lacked human face as it fails to maintain the provision of basic minimum services particularly for the poor and the most vulnerable who shared the most burden of the adjustment programmes (UNDP 1996:49). These concerns raised eventually led to the development of the concept of human development.

However, the focus of human development is more on people's welfare and the social changes in economies that impact positively on human well-being as opposed to focusing on the economic side of the ledger. The concept of human development has overtime attracted interdisciplinary contributions and orientations. Reference to and emphases on “human good”, “flourishing lives”, and human beings as “real end” of all activities were made and found in the writings of various philosophers from Aristotle to Emmanuel Kant, and among other leading political economists such as Adam Smith, David Ricardo, Marx and John Stuart Mill. For instance, Aristotle argued that, “Wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else”. That something else is the opportunity of people to realize their potentials as human beings (UNDP, HDR 2006:263). In all other branches of knowledge such as the field of managerial and industrial Psychology, scholars like Maslow (1970) in his theory of “hierarchy of needs” brought to the fore the very essence of contemporary human development thinking when he asserted that human needs are hierarchical by nature and when man is assured of all those needs he can be able to reach and use his full potentials.

The concept of human development is an alternative paradigm from the other economic development models such as modernization and dependency theories, neo-liberalism. It was pioneered by Amartya Sen, and further extended by the works of Martha Nussbaum and Mahbub ul-Haq, founder of the UNDP's Human Development Report. The UNDP (2000:17) defined human development as the process of expanding people's choices, by expanding human functioning and capabilities. Human development has three essential capabilities or elements: to lead along and health life, to be knowledgeable, and to have access to the resources needed for a decent standard of living. Other areas of choice highly valued by people include participation, security, sustainability, and guaranteed human rights.

From this perspective, human development is seen as pointing the way forward for government and its institutions to focus their economic development policy fundamentally on peoples' welfare rather than on things or institutions as the broad objective of development (UNDP, 1994:14). Thus it opined that the expansion of output and wealth are only a means to attaining this end and not the end in itself. In this context, therefore, Mahbud ul-Haq (1995) conceived of human development as "the development of the people, for the people and by the people". It underlines "the importance of putting people-their needs, their aspirations and their choice at the centre of the development process" (UNDP, 1996:49). The approach in seeing people as the real wealth of a nation emphasizes the need for the provision of essential social services by the various levels of government. This position places responsibility on them to promote efficient public policy that will create an enabling environment which allows the people access to affordable healthcare, nutrition, housing and education as well as the capacity to develop their potentials and creativity (UNDP, 1990:9).

Furthermore, the human development components of choices, capabilities and contributions known as the 3Cs (UNDP, 1990) apart from been multidimensional is also internally consistent as well. While the first two components of capabilities and choices are largely centred on the individual, the third component of contributions is the bond between individual and society. In other words, the three components are dependent on and enforce each other, i.e., mutually inclusive. Sacrifice of one component for the sake of one or both of the other components serves no good purpose. This conceptualization also draws on and captures the necessary balance between rights and obligations, means and ends; consumption and investment; current and future, the individual as a consumer and as a creator of wealth, which in turn accommodate for the inter-generational links and needs; and each of the three has both intrinsic and instrumental values.

The term capabilities comprise all aspects of human, physical, intellectual and social endowments. It includes a variety of needs, the proper satisfaction of which is necessary to enhance a person's competence and abilities such as good health, nutritious food, functional education, convenient housing, clean environment, safe neigbourhood (see Anand and Ravallion, 1993). Choices are centred around the concept of "free to and free from: the freedom to take and make a decision - let it be economic, habitual nature, and freedom from fear, hunger, unemployment, exclusion, discrimination, persecution etc. And finally, the term contributions incorporate the necessary participatory harmonious relations between the individual and the community in pursuit of the collective goals of development whether at the local, national, or the world at large (Jiyad, 2000).

The basic characteristics of human development can be gleaned from Sen's seminal *Development as Freedom*, in which he argued that development should be seen as a process of expanding the freedoms people enjoy positively rather than the narrow focus of other views which identify development with economic growth or social modernization. As Sen (1999:3) argued: "Development can be seen…as a process of expanding the real freedoms that people enjoy." For him, these other factors such as GDP and personal incomes are crucial *means* to expanding freedoms but not the only ones. Factors such as education, health, political and civil rights give form to the substance of human freedom. He affirmed that, "If freedom is what development advances, then there is a particular argument for concentrating on that overarching objective, rather than on some particular means, or some specially chosen lists of instruments (Ibid). Sen further advanced two separate reasons as to why freedom is the central component of the development process:

i. The evaluative reason: assessment has to be done primarily in terms of whether the freedoms that people have are enhanced; and

ii. The effectiveness reason: achievement of development is thoroughly dependent on the free agency of people (Ibid: 4).

Thus, the success of a society's development is to be measured and evaluated by the substantive freedoms that its members enjoy, not by the calculations of utility, income, or other singular perspectives. For him, development is achieved through human agency of which freedom is critical. Freedom is both an end unto itself, and as a means to other ends. Freedom itself becomes a means to more freedoms, such as political liberty, economic opportunities, or security. Sen's conception of human agency is a clear demarcation between the capabilities approach and other development theories such as neo-liberalism.

For Mahbud ul-Haq (1995), human development reports since 1990 has been to provide an integral point for analyzing multiple issues that existed under the development umbrella. Human development approach sees the development enterprise as being chiefly concerned with the objective of expanding human liberty and removing impediments to its flourishing. It is creating the enabling environment for human beings to pursue that which they have reason to value doing or being. Here, the teleology of conventional development theory is reversed: human beings and not economic growth is the centre of development. Consequently, focus has shifted from economic development to human centred development and more recently, sustainable human development. Besides, it has been recognized that investment in human capital is likely to yield more contribution to national development than sole concentration on economic factors (Soyombo, *op cit*: 210). It is this vision that has underlined the global UNDP Human Development Reports since the 1990s as powerful advocacy tool for development which has engaged global discussion that cut across various themes such as: financial development, gender equity, economic growth, political participation, human development, poverty, human security, globalization, human rights, technology, aid, trade, democracy, the Millennium Development Goals (MDGs), water and making globalization work for all in 2006 and 2007 respectively.

Since the 1990s the annual UNDP Human Development Report has been published to compare the levels of promoting human development among countries of the world. The report has been used to point out the inadequacy of measuring economic development by income and output measures, shifting emphasis to other measures of development such as health, education, gender quality, income distribution. These variables are all captured by indices of development such as the Human Development Index (HDI), Human Poverty Index (HPI), Gender Development Index (GDI) and Gender Empowerment Index (GEI).

The HDI combines a measure of purchasing power with measures of physical health and educational attainment to indicate progress or retrogression in human life. This approach gives a more comprehensive and reliable information regarding development just as the critical components of indicators of poverty is taken into consideration. The CBN (1999:11) captures the HDI thus: "the building blocks of the HDI are data on longevity, knowledge and income. Longevity is measured solely by life expectancy at birth, while knowledge is measured by the adult literacy rate and mean years of schooling weighted at 2:1 respectively. For income, purchasing power parity (PPP) (based on real GDP) per capita adjusted for the local cost of living) is used." It further stated that "these three measures are combined in a 3-step process to arrive at an average index." There is a minimum and maximum rate for each component of measures in HDI. It expresses the ranking of nations in values that range between 0 and 1.

As for a large number of countries, the ranking on a "human development index" scale is lower than that on per capita GDP (measured in dollars of purchasing power parity), suggesting that these countries have failed to translate economic growth or prosperity into corresponding better living standards for their people, as it is the case with Nigeria. It also indicates that there is no automatic link between income and human development; as such link has to be consciously created and reinforced through pragmatic human centred policy measures. For instance, while the GDP per capita income increased faster in the 1990s in Nigeria from US$ 699.59 in 1990 to 1,011.73 in 2006 (CBN, 2007), this was not accompanied by corresponding improvements in health, education and other social indicators. A cursory observation of the living conditions and quality of life in contemporary Nigeria indicates the poor state of social welfare and services. Currently, in spite of its huge petroleum resources and massive oil revenue accumulation, Nigeria is ranked low in terms of human development index (from 152nd in 2002 to 157th position in 2005) , a drop in life expectancy from 54 years in 1990 to 43.4 years in 2006, a human poverty index value of 40.6 percent, 70.8 percent of the population living below the poverty line (1996-2004), while only 54 percent of the population had access to improved sanitation (UNDP, 2005; 2003:200,257).

Consequently, relating human development to the broad conceptualization of development, Guolet (*op cit*) argued that development has ethical connotation as it deals with the improvement of human beings through the expansion and adequate provision of educational, health, housing and employment opportunities that would raise the quality of life of persons. It therefore becomes very important that for any country to attain sustainable socio-economic development and improve the welfare of its citizenry, it must invest in people in order to bring about significant improvement in the stock of human capital, which is a key element required for poverty reduction that has become a serious development challenge in the African continent. The development of human capital is, therefore, of importance as it affects productivity of labour through investments in population, education and health, which is a basic ingredient in the process of attaining sustainable development. It is this reality that underscores the concept of human capital which arose in the 1960s emphasizing the qualitative aspects of human inputs, namely skills and education, knowledge in wealth generation and capital accumulation, as a replacement for the development economics of the 1950s which predominantly concerned itself with growth in average income-GDP per capita income.

In the 1970s, a shift toward issues of income distribution emerged in response to the failure of the development growth strategies adopted then to have significant impacts on reducing poverty, unemployment and inequality. These issues later switched to distributional aspects of growth that facilitated the emergence of *Basic Needs* strategies, a fundamental element that transformed into the concept of human development and its relationship with income growth. It was this framework that led the *Club of Rome* to call for the creation of a quality of life index to measure development and economic welfare in and between nations. It is sad to note that human capital investment in the African continent has consistently been at its lowest ebb, as it has adversely been affected over the past three decades by a number of factors such as wars, civil and ethnic conflicts, and dismal economic performance resulting from the impact of economic reform policies that have led to a number of public spending cuts in a number of nations like Nigeria, Code d'Ivoire, Ghana, Zimbabwe and others (see Bangura, 1986; Herbst, 1990).

According to United Nations Economic Commission for Africa -UNECA (1999), only few countries in Africa have been able to attain or surpass the 7 percent growth rate that is necessary to reduce poverty by half over the next 15 years going by the United Nations Millennium Development Goals (MDGs) initiative for the continent. Relating this development approach to the informal sector operations in Nigeria, it becomes pertinent to state that following the period of economic recession in Nigeria in the 1980s which led to her adoption of the IMF/World Bank inspired SAP or economic reforms; the profile of urban informal sector in Nigeria has changed significantly. This is fundamentally so as the dynamics of urban labour force is a critical subject in economic development.

Since the formal sector in most developing countries is relatively small, coupled with the contraction in the public and organized private sector following Nigeria's implementation of the economic reform measures of privatization, liberalization and deregulation, most job seekers have had to settle for informal employment either as apprentices, own-account workers or employee, journeymen or casual workers. This has brought about the rapid expansion of the informal sector which do not only accommodate those not qualified by education and skill level required for urban formal jobs, but also provide space for myriads of workers who have left their previous jobs for various reasons: retirement and downsizing (see Schaeffer, 2002).

The profile of the urban informal entrepreneurs has completely altered over time as well as their social conditions of living. As entrepreneurs who are risk takers, investors, managers and leaders who initiate, innovate and combine resources in the right proportions to generate output, their role as prime movers in the advancement of economic development is very critical (see Ogunrinola, 2007:83). To begin with, there has been a shift in the age structure of urban informal sector workers over time. In Callaway's study in the 1960s, three quarters of the entrepreneurs were between the age group of 30-49 years, while those less than 30 years and those over 50 years were just 16 percent and 9 percent respectively (Callaway, 1973; 1965). In the 1990s, the two studies reviewed for the period showed that the proportion of those less than 30 years has grown from 25 percent in the 1960s to 35 percent in 1991 and 38 percent in 1995. This shows the increasing youthfulness of entrepreneurs in the informal sector, as compared to the 1960s. In contrast however, entrepreneurs in the age group 30-49 have declined from 75 percent in the 1960s to 55 in 1995. It would be inferred from this study that the age cohort of those less than 30 have more than doubled from 16 percent in 1960 to 38 percent in 1995. These findings were further corroborated by Folawewo's study in 2003 where a mean age of 29 was reported (Ogunrinola, *op cit*).

As there was a noticeable shift in the age structure, so also has there been a shift in the educational attainment of informal sector entrepreneurs. In the 1960s, almost half of the entrepreneurs had no formal education. They were enterprise owners by virtue of the informal apprenticeship training and entrepreneurial drive that led them to establish and run their own enterprises. The remaining half had varying degree of education ranging from primary (30 percent) to secondary (16 percent) while 'other' categories (i.e. Quranic education) made up 5 percent. By the mid 1970s, only a quarter of the entrepreneurs were in the 'no-schooling' category while more than half (55 percent) had primary education and almost a fifth had secondary education. By the 1990s, those without formal education have dropped from 10 percent in 1990 to 6 percent in 1995, while those with primary and secondary education increased from 46 percent in 1960 to 66 percent in 1995. A new trend that is noticeable in the informal sector currently is the increasing number of higher education graduates (18 percent in 1995) that are participating in the informal economy (Ogunrinola, *op cit*., 84-85).

What can be gleaned from the foregoing profile of the informal sector operations is that in the attempt by the Nigerian state to make a transition from a mixed economy to a market economy, the nation has been thrown into several economic problems which include low income, poor purchasing power, inflation, massive corruption in public and private sector, lack of transparency in public life and increasing unemployment. To survive the economic recession, many laid off workers who could not find fresh job in the rapidly declining formal economy or afford to remain openly unemployed since there were no formal support system (in form of social security system or even informal family support) had to rely primarily on informal sector employment for their standard of living (see Gibson, 2002). Given the huge influx of persons to this sector, its supply of labour in the economy has constantly outstrips the demand, thereby leading to low level of real wage in response to market forces of demand and supply as most enterprises are sole proprietorship type.

Also, the apprenticeship system in the informal sector which has made significant contributions to the development of future entrepreneurs over time had also been altered. Such employment opportunity which was once sustained through the linkages of the informal sector enterprises to the entire economy had decline over time due to increasing costs of inputs and equipment occasioned by changes in the macro economy as a result of the nation's implementation of economic reform policies. It is however worrisome, that this sector which is reported to be responsible for about 40 percent of the GDP (CBN/FOS/NISER, 2001) and over 50 percent of employment have not enjoyed the requisite support and funding to strengthen the capacity of informal sector enterprises given its changing structure and profile of operators in the sector. This is because, a younger and more educated entrepreneur has an increased capacity to accumulate and use business building information, and hence able to plan and implement business strategy in a better way than the older and less educated counterpart when given the required management and technical training. It is our view therefore that the observed changes in age and educational attainment of entrepreneurs if properly harnessed can facilitate better enterprise organization, and hence an increasing ability of the informal enterprises to generate higher, stable, and decent employment over time provided the labour intensive technology is continually adopted.

Given the state of the Nigerian economy characterized by high level of unemployment, slow growth of real GDP, high rate of growth of the labour force, low and dwindling labour absorptive capacity of the formal sector, high and increasing level of poverty; among others; Nigeria must come to grip with the fact the informal sector will continue to be a major absorber of labour. For instance, Umo (2005:4) observed that:

> ‘Unemployment rate ranges from 10-17 percent; graduate unemployment is estimated at 25 percent; youth unemployment is put at 60 percent; while only 10 percent of about 5.4 million new entrants into the labour market are often absorbed by the economically annually …’

This position, therefore, emphasizes the need for government to give the sector unalloyed attention in order to effectively tab into its potentials. This commitment from government will help seek ways to provide decent jobs for those forced into the sector, promote the protection and incorporation of workers and economic units in the informal economy into the mainstream economy. It is within these contexts that the human development perspective has been chosen in this study to evaluate the living standards of informal sector workers in the light of government continued implementation of the neo-liberal policy of deregulation and liberalization, and its implications for the level of human welfare and empowerment of the people in the nation. This is essentially so as advancement among informal sector workers in Nigeria as well as other vulnerable groups and sectors of the economy particularly agriculture places a demand on the provision and availability of basic social needs which involve not only physical and financial resources, but also human and social resources. In addition to suitable trading premises, tools and working capital, these workers require knowledge and entrepreneurial skills as well as a healthy body to run their on-going enterprises properly and profitably. It is within this framework therefore that human development can be contrasted with the neo-liberal economic paradigm under three broad outlines which include objectives, policy and statistical indicators (Jolly, 2003:106).

As such, a cursory evaluation of the Obasanjo government in the last seven years (1999-2007) revealed that while the belief in the philosophy of human development may have prompted the government to declare it as a guiding principle of its economic policy when it asserted that:

> The economy exists for and belongs to the people, and at all times the general well-being of all the people shall be the overriding objectives of the government and the proper measure of performance…the strategy to be employed shall be to empower Nigerians in both the rural and urban areas to become more economically productive, with a view to improving their quality of life. To avoid the mistakes of the past, projects and measures to be implemented will be people oriented. The people concerned, as stakes holders, will be fully involved in determining the projects and will take ownership … significant improvement in water, … basic educational facilities (both under the Universal Basic Education (UBE) Scheme and Mass Adult Literacy Programme) and basic health facilities…will be embarked upon immediately on a nationwide basis (FGN, 1999).

However, evidences in form of statistics seem not to corroborate this belief in human development by the government in the light of its implementation of the neo-liberal policy. For instance, in 1996, 1997 and 1998, budgetary allocations as percentage of annual budgets were 10.8 percent, 11.5 percent and 9.6 percent, respectively. When this is compared with the allocations made under the Obasanjo administration in 1999, 2000 and 2001, the allocations were 11.1 percent, 8.7 percent and 7.0 percent. From these data, it is clear that the sector has not received the desired level of budgetary allocation that would make a difference. The situation is even worse in the health sector where the percentage budgetary allocation for 2000 and 2001 was 2.7 percent and 3.9 percent compared to 5.0 percent and 4.6 percent for 1997 and 1998 (CBN, 1999-2001). Besides, a look at other economic indicators such as the interest rate, exchange rates and prices of basic foodstuff and other consumables showed that nothing has positively changed. For instance, the exchange rate of the naira to the dollar in 1998 was N87, and by 2001 it has moved to N132; interest rates moved from

18.3 percent in 1998 to 26 percent in 2001 while inflation rate has increased from 10 percent in 1998 to 18.9 percent in 2001 (CBN, 2001).

Consequently, when all these actions are translated in terms of their impact on the well-being of the people, the government neo-liberal economic policy may not have in any meaningful way helped to alleviate poverty among the poor in the society which its economic programme had targeted. Hence, unemployment has been on the rise while the incidence of poverty has increased with high margins (see Obikaonu, 2003:120-121). What these conditions point to is the fact that government economic policy has fallen short of human development strategy, which is to empower people, provide them better opportunities to develop their capabilities in all economic, social, cultural activities for a wealthier, healthier, more knowledgeable and meaningful life. Furthermore, the government has also fallen short of the declaration to avoid the mistakes of the past by making its programme people-oriented. It has failed to allow the people to participate in the process of formulating and implementing their development policies. To close this gap remains a major challenge to the policy makers in their efforts to alleviate poverty through human development.

These happenings goes to reaffirm Sen's critical contribution that development at its very core should concern itself basically with the differences in the well-being enjoyed between human beings. As such, inequality in one shape or another, be it that of income, justice, or capabilities, forms a significant aspect of all worthwhile and lasting ethical theories and development policy analysis (Sen, 1992). Thus, issues of inequality, life expectancy at birth and access to opportunities to pursue our capabilities are arguably the drivers of development analysis that should shape, empirically, the analytical perspectives in forming economic policy and provide hope for the formation of new avenues in development thinking and practice. As such the issues of inequality, poverty and unemployment then serve as a useful pivot to conclude the examination of divergence between human development and neo-liberalism.

Since the 1990s, the human development perspective has pointed out, albeit with great fervor the shifts occurring in neoclassical economics. It also provides the critique and vigilance on the limitations of orthodox economics in analyzing the expansion of human capabilities across the globe. No wonder that in the decades of the 1990s, the concept of human development became the central theme of major international conferences on such themes as: environment and development in Rio 1992, Human rights at Vienna in 1993, on population and development at Cairo in 1994, social development in Copenhagen 1995, women in Beijing 1995 and human settlement/habitat at Istanbul 1996.

In addition to the conceptual formulations of human development, vast empirical investigations, mostly supported by the experience and performance of the East Asian ‘miracle’, had arrived at the conclusions in support of human development and its contribution to national progress. Thus, the World Bank (1995) study on 192 countries had re-echoed the importance of human development when it concluded that physical capital contributed 16 percent, natural capital 20 percent and human capital by an outstanding 64 percent to national wealth. Also, a cross-country econometrics exercise by the UNDP (1996:113-4) showed strong links between human development indicators (life expectancy, child mortality rate, equitable distribution of income, share of GDP invested in health and education and social expenditure) and economic growth indicators (higher levels and growth rates of per capita income).

2.6 THEORETICAL FRAMEWORK

The importance of this section lies in the role of theory in research as it relates to at least two tasks: a negative or critical one of arguing against its predecessors, and a positive or constructive one of providing an alternative account of the issues in dispute and of raising new questions. To understand a theory, then, requires placing it in the narrative of the debates in which it arose and developed. The study draws its theoretical base from the theory of Neo-liberalism and the Institutional Theory of the State for understanding the subject under investigation. The Neo-liberal theory provides us with the understanding of the nature and characteristics of the nation’s economic reform policy, while the institutional theory of the state examines the role and character of the state regarding its responsibilities in the formulation and implementation of policy framework and the implications it has on attaining the objectives of human development which remain the centerpiece of any meaningful development.

2.6.1 THE THEORY OF NEO-LIBERALISM

> The emerging neoliberal policy…seems to be one of shrinking government responsibility in providing economic and social protection to the African people… Governments are passing . . . the buck to the informal sector (Grey Johnson 1992:79-80).

The theory of Neo-liberalism is the most influential perspective in the political economic analysis of world capitalism. Most importantly, the economic policies of most nations and international organizations like the IMF/World Bank, World Trade Organization (WTO), and Multinational Corporations (MNCs) are influenced by the neo-liberal economic principles. It refers to a historically specific reemergence of economic liberalism's influence among economic scholars and policy makers during the 1970s, through the 1990s and possibly into the present millennium. The neo-liberal tradition dates back to at least the seventeenth century with the writings of classical economists such as Adam Smith, David Ricardo, John Keynes and others who are considered to be the key central figures associated with the propagation of orthodox liberal approach.

By definition, Neo-liberalism is an economic model that supports a free market mechanism with the state voluntarily reducing its role in the economy (Handelman, 2006:292). The whole idea about neo-liberalism is that market mechanism should be allowed to direct the fate of human beings. The economy should dictate its rule to society, and not the other way round (George, 1999:1). The central doctrine of neo-liberalism is the notion of competition-competition between nations, regions, firms and of course between individuals. The idea of competition is crucial to the practice of market mechanism as it separate the sheep from the goats, the men from the boys and the fit from the unfit. It is also aimed at creating efficiency through appropriate allocation of resources, whether physical, natural, human or financial (see Friedman and Friedman, 1980: 54-55).

According to Mark and Richard (1995), there are three variants of liberalism which include: orthodox, interventionist and institutional liberalism. Although these variations among liberal scholars occur in terms of the intensity of their beliefs in various neo-liberal assumptions or principles, they nevertheless have numerous common predispositions. *Orthodox liberals* are concerned with promoting the freedom of the private sector and the market to function with minimal interference from the state. *Interventionist liberals* emphasize the need to promote government involvement in a free market economy in order to ensure equity, fairness and justice given the uncertainty of the private sector and the market to combat problems of unemployment and inequality as well as produce widespread welfare benefits for all. *Institutional liberals* on their part believe that outside involvement is necessary to supplement the functioning of the free market enterprise and, therefore, favour the role of international institutions such as the IMF/World Bank, and WTO which plays active monitoring responsibility in most Third World economies.

Theoretically, the assumptions of neo-liberalism are in line with the principles of classical economics such as the work of Adam Smith, who propounded the "invisible hand" theory which refers to the forces of supply and demand working to attain equilibrium in a perfectly or nearly competitive economy. To differentiate the liberalism of Adam Smith from the new liberal orthodoxy that gained ascendancy in the 1980s, some scholars have used the term "neo-liberalism" (Cohn, 2004:100). The theory support the notion that the good of society is advanced most effectively when individual actors (business people, workers) seek to maximize their economic advantage (Handelmen, *op cit*: 291). In such an environment, the individualistic desires of consumers for goods and services, combined with the self interested drive to maximize profits by the producers of these goods and services, will tend toward determinant levels of production and prices. As Smith (1910:398) asserts:

> Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is to his advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society.

For Smith, an effective competitive environment is important in restraining the actions of producers and owners/capitalists who constantly are tempted to form cartels or monopolies or take other action in an effort to increase their individual profits at the expense of both the consumers and workers. He also developed the *Laissez-Faire* economic theory which supports minimal state intervention in the economy with free market operation based on division of labour and specialization aimed at maximizing efficiency and prosperity that is beneficial to all (Handelman, *op cit* ; Bauer, 1984:30-31). He emphasized that the primary responsibility of the state is to provide the legal framework and enabling environment that would allow for the functioning of the market (preventing restraints on competition and free trade) through the provision of public goods such as defense, education, security and infrastructure that would allow individuals and private firms to freely express their economic preferences (Walton and Seddon, 1994:170; Sargent, 1990:97-99).

In general, the current neo-liberal position is that dissolution of the state-market wedlock is an unproblematic requirement for the political and economic survival of the Third World (see Bryant and Farrell, 1996). Its strong belief is based on the promotion of the general good by following the principles of free market and open competition, limited welfare, individualistic self interest, utility maximization and comparative advantage in free trade (James and Dietz, 2004:113; Toye, 1991:321). Consequently, in conceptualizing economic development, neo-liberal model advocate market forces and commercial and competitive activity propelled by the private sector as the most efficient methods for producing goods and services. At the same time they shun the role of the state and discourage government intervention in economic, financial and even social affairs (Schmidt, 1995). According to neo-liberals, the purpose of international economic activity is to achieve the optimum or most efficient use of the world’s scarce resources and maximize economic growth and efficiency. Liberal advocates are therefore primarily concerned with aggregate measures of economic performance such as the growth of GDP, trade, foreign investment, and per capita income.

Thus, the process of contemporary economic globalization is driven by this ideology; removing borders and barriers between nations in terms of trade and movement of persons and goods/services, free circulation of capital and freedom of investment, so that market forces can drive the global economy as well as create global prosperity (see Obadan and Obioma, 1999; Ohmae, 1990). This global capitalist drive is all about increasing interconnectedness and interdependence among institutions, communities, families and individuals. It conjures the picture of a borderless world through the use of the information technology to create partnerships and foster greater financial and economic integrations (Khor, 2003). As such, many liberals believed that Less Developed Countries (LDCs) today are facing the same challenges that countries in Europe and North America did during the nineteenth century. Unlike in the earlier period, however, Less Developed Countries today can benefit from a diffusion of advanced technology and modern forms of organization from advanced industrial states. Furthermore, they believed that all states, including LDCs would benefit from the growth of interdependence and interconnectedness if they follow open, liberal policies which spur investment.

In other words, greater integration with the centres of modern economic and political activity spurs modernization and rapid economic growth in LDCs, whereas relative isolation from the centre of modern activity would result in LDCs backwardness (Cohn, 2004:95). However, scholars have criticized economic globalization anchored on neo-liberal model as they challenged the view that all countries should follow similar path to development. They point out that the challenges facing LDCs today are different from those that confronted early developers. The forces of globalization, the need to compete with advanced industrial states, and the proliferation of multinational corporations all indicate that development today cannot simply be a repetition of earlier western model (Portes, 1976:60).

Furthermore, advocates of economic globalization have not been able to make it clear how the current neo-liberal model of free market will improve standards of living in the Third World. And despite reservations from some United Nations agencies like UNECA, UNESCO, UNICEF about the possibility of neo-liberal approach providing global prosperity particularly for the Third World, the neo-liberal policy approach were foist on most sub-Saharan African countries by the World Bank/IMF as the only means of reducing poverty and inequality in the poorest regions of the world as well as achieving economic recovery and growth (Ake, 2001). For the proponents of the return to orthodox liberalism, such as Friedman, Hayek and Ludwig, they reject the notion that free market policies contribute to inequality and unemployment. For them, private initiative and free enterprise are more likely to result in full employment, rising wages and a higher standard of living with the highest priority placed on competitive markets and the efficient allocation of resources (Friedman, 1962:171-172, Hayek, 1978:209; Ludwig, 1974:17).

Consequently, neo-liberal advocates argue that international economic interactions among nations can be mutually beneficial (positive-sum in nature) if their economies are permitted to operate freely with others, even if they do not gain equally (Cohn, 2004:95). They maintained that if existing international relationships based on free market system do not bring about growth and efficient allocation of resources, the problem is not with the international economic system of capitalism or their positioning in the global economy, but the result of irrational and ineffective domestic policies and the unwillingness of governments to pursue rational liberal economic policies. The neo-liberals further argue that the countries of Western Europe that promoted private property rights experienced early success in industrialization and development, and that Third World governments that do not enforce these rights hinder foreign investment and adoption of new technologies (Wade, 1990:11-14). Thus, the essence of the neo-liberal approach to development for them is summed up as follows: “Nations are not poor because they are poor, that is…because of vicious cycles; rather they are poor because of too much government interference” resulting from protective tariffs and import quotas, control of interest rates and prices and state subsidies (Cohn *op cit*).

In the case of developing countries such as Nigeria, the neo-liberal ideology propagated by the IMF/World Bank requires the replacement of the interventionist state by a private sector in the running of the economy and encourages the expansion of market forces by undertaking various market friendly policies. This trend in economic reforms was made virtually universal for all Third World countries particularly those nations in sub-Saharan Africa which were hit by economic recession in the 1980s. The International Financial Institutions (IFI) such as the IMF/World Bank made the implementation of structural adjustment policies which is merely another name for neo-liberalism a condition for debtor nation's access to new loans and renegotiation of existing private loans (Brian and Kelly, 1999). As such, by 1989, at least 27 African countries had structural adjustment programmes in place, while about 50 countries had stabilization programmes (Lipumba, 1994; World Bank, 1994). This neo-liberal policy was most ardently supported by the United States (US) and Western Europe in the 1980s during the Reagan-Thatcher-Kohl era. These leaders believed that expanding the free-market and private ownership would create economic efficiency and social well-being. Related to this anti-state position of neo-liberalism is the advocacy of market policies such as deregulation, trade liberalization and privatization, increased foreign direct investment in which almost all nations of the Third World that have implemented it had engaged in selling State Owned Enterprises (SOEs), opening up their economies to the world, and contracting our government services to private companies (Haque, 1996b).

Although Nigeria has been implementing neo-liberal policy for more than two decades, yet the neo-liberal package has attracted considerable academic debate as to its relevance or otherwise to the Nigerian economic situation and the social welfare of the people. Arguments regarding the benefits of adopting neo-liberal approach to development according to its advocates which include: the efficient allocation of resources through the market as state controlled economies proved unresponsive to economic shocks, ensure fiscal policy discipline, spur investment, promote technological transfer, innovation and responsiveness to consumer demand have been contested. In response to the claims of the neo-liberal approach in establishing efficiency in the use of scarce resources, Graham- Brown (1993) observed that:

> The SAP introduced into African societies concepts such as cost recovery and efficiency, acted as a red herring to shift the emphasis away from discussion of broader issues of development, of world trade imbalances, protectionism, and the promotion of equity and well-being to simply economic growth. It vigorously advocates export oriented free market economy, especially in agriculture, to ensure Africa's role in the economic order as the producer of raw materials for western industries and socioeconomic growth.

Similarly, proponents of neo-liberalism have also argued that SAP or economic reforms would return developing economies to growth, check inflation and correct balance of payment deficits. For them, the adjustment package of currency devaluation, trade liberalization, removal of subsidy and rationalization in the size of the public service was meant to effectively alter and restructure the consumption and production patterns of the Nigerian economy, as well as eliminate price distortions and heavy dependence on the export of crude oil and import of consumer and producers goods (Yesufu, 1996:91; Anyanwu, 1993:243). By freeing exchange rates through devaluation, the level of non-oil exports would be enhanced; discourage imports thus reducing the nominal value of imports while increasing the value of exports. Financial and trade liberalization and deregulation would spur private investment (both foreign and domestic) by removing artificial barriers to trade through government regulations such as exchange controls, arbitrary taxation and control of international trade. With growing exports and declining imports, growth would return, enhancing government revenues at the same time while the state cut-back spending on the social sectors and privatized its enterprises (Prasad, 2006).

However, according to Obadan *et al* (1993), empirical evidence from several countries of the world on devaluation does not confirm its value as an instrument for correcting a fundamental disequilibrium in balance of payments". For them, exchange rate adjustment is generally not a suitable method for evolving structural changes, and has major consequence for generating inflation. Also, Soludo (1993) opined that the probability of devaluation reducing imports is even more doubtful in view of the low price elasticity of imports in Nigeria. The situation is worsened by the absence of capital goods industry and high dependence on imports for the needs of industries. Besides, the expectation that devaluation will encourage the inflow and discourage the outflow of foreign capital is unrealistic as many other important factors (such as the size and growth of a country's market, tariff and trade policies, political stability and often general ideological orientation of the government) determine the flow of capital in a country (Ibid).

With regard to the issue of privatization, doubts have been raised with regard to its conceived strategy of improving resource allocation for government that would be used to finance essential services such as infrastructure, health and education. However, relating this position to the Nigerian state which began the privatization policy in 1988, it is sad to state that nothing fundamental has changed in terms of the provision of infrastructures and basic social services as statistical evidence from the UNDP human development report for Nigeria had shown a decline in the quality of life for the people over the decade. According to Odedeji (1996), the privatization of SOEs has led to the escalation in the cost of utilities (including electricity, transportation, housing, telephone) without the attendant efficiency. This fact was evident during the Obasanjo Administration (1999-2007) following the massive privatization of SOEs such as NITEL, Aladja, Ajaokuta and Delta Steel plants, Benue Cement Company and many others.

Furthermore, while the IMF/World Bank proposed trade liberalization for developing countries, the industrialized countries (which control the two bodies) are actually intensifying trade protectionism in their own countries. However, as Soludo (1993) opined, "there is not a single industrial country that did not employ vigorous protection at some stages in its history" and still continues to. For instance, the experience of Japan reveals that properly managed protection, so far from being an obstacle to growth is an indispensable instrument for promoting growth. More than that however, given the current structure and direction of international trade, trade liberalization has only exacerbated rather than improve the trade balance of underdeveloped countries as there are increasing demand for the products of the advanced countries (see Anyanmu *et al*, 1997:480).

Consequently, opponents of the neo-liberal package have argued that the economic reforms policy of the IMF/World Bank was merely perpetuating a system of international debt peonage, insisting that the burden of adjustment or economic reforms would be borne disproportionately by the poorest people in most developing societies as the original conception by the 'Washington Consensus' deliberately excluded poverty reduction programmes (Williamson, 1997). The removal of price supports, declining exchange rates, diminishing government spending on the social sector, infrastructure and loss of public employment all impacted the poor inordinately. This was in contrast to earlier government price controls mechanism and purchasing subsidies that focused on energy and foodstuffs which were relatively the large part of the peoples' budgets. For instance, declining exchange rates and the resultant drop in purchasing power would unduly affect the poor and their consumption habit; and that a cut in government job provision through contraction in the public sector and privatization policy would cause more and more families to fall below the poverty line (Cornia, Jolly and Stewart, 1987). Writing further about the effect of privatizing SOEs in Africa as advocated by the neo-liberal model, Herbst (1989:81) observed that:

> …There is no defined constituency that is demanding (privatization) because improved public sector management would probably mean trimming the workforce in an attempt to make parastatals more efficient, and reducing the largesse that is distributed quite widely. The privatization of state owned corporations might benefit a few individuals, but it is unlikely to bring significant benefit to many.

From the above positions, it is instructive to note that the neo-liberal policy of structural adjustment or economic reforms is in the interest of international firms (multinational corporations) from the West to own the lion's share of the productive assets in Africa, control African economies, and have the levers of political power in

Africa (Osabu-kle, 2000:523). This process was rightly instituted from the colonial era following the effective transformation of African economies in the interests of capitalist expansion occurring in Europe. As such, agricultural land, airwaves, water sources, energy sources, healthcare, banking, indigenous knowledge, plants, seeds and even ideas are now increasingly controlled and supplied by corporations for profit. As Girvan (1976) notes, a large and growing share of world production are under the control of a few hundred MNCs who own about 2/3 of the fixed assets of the entire globe. Accordingly, George (1999:3) observed the principle of competition which is the central value of neo-liberalism scarcely applies to these MNCs which are the largest actors in the neo-liberal world. Rather, they prefer to practice what is called Alliance Capitalism. It is therefore, no accident that, over the years, two-thirds to three-quarters of all the money labeled “Foreign Exchange Investment” is not devoted to new, job creating investment but to Mergers and Acquisitions which almost invariably result in job losses.

Similarly, the privatization policy has also failed to provide the stimulus for a more vibrant private sector by providing insufficient investment opportunities. Also, the weakness of the indigenous entrepreneurial groups to (due to limited savings for investment) galvanize the required capital has posed difficulties for local citizens acquiring state enterprise assets. In the same vein, little state financing, as well as other measures have not provided the level plain field to enable domestic private groups to purchase and run government concerns, especially in areas such as commerce, distribution and transport in which indigenous entrepreneurs already have some presence. In addition, the actual implementation of privatization in Africa has been affected by diverse political and personal considerations, particularly patronage politics where many divestiture transactions were subject to the political and personal interests of those in power. For instance, in Nigeria, the issues of the sale of most government enterprises and estates like the former Nicon Noga Hilton Hotel in Abuja, the 1004/Eko court housing estates, Benue Cement Company, NITEL, the steel complexes in Aladja, Ajaokuta and others are still shrouded in controversies as regards the actual value for which these enterprises/estates were given away by the Bureau of Public Enterprises to private hands.

As such, the events in Nigeria over the last decade has brought to the fore the critical fact that the whole point of privatization is neither economic efficiency nor improved services to the consumer, but simply a ploy to transfer wealth from the public purse which can redistribute it to even out social inequalities to private hands. In Nigeria and elsewhere, the overwhelming majority of privatized company shares are now in the hands of financial institutions and large investors. Consequently, it is instructive at this point that we stop talking about privatization as the cure to government inefficiency regarding its participating in business enterprises and use the words that tell the truth: we are talking about alienation and surrender of the products of decades of work by millions of Nigerian people to a tiny minority of large investors. This is one of the greatest hold-ups of ours or any generation (see George, 1999:8).

As for the policies of deregulation, liberalization and the removal of border restrictions, they have provided fertile ground for Multinational corporations to grow rapidly in size and influence making them the most productive economic units in the world, more so than most countries. As a result, the key government structures of the global economy have been primed to serve the interest of this group. Also, free trade in its current form is the foremost demand of neo-liberal globalization which simply translates to providing greater access to emerging markets for corporations and their host nations (Richard, 2000). Trade liberalization has been largely seen as having affected international private sector expansion, while thwarting the growth of the local private sector. With the removal of, or reductions in, trade restrictions and protection, African markets have been exposed to a flood of foreign exports. Competition from foreign manufacturers has undermined the fortunes of many domestic businesses. Many local manufacturing firms have had to close down due to unfavourable trade tariffs particularly high interest rates which worked against local manufacturing production. This provision instituted by the neo-liberal ideology has turned many African nations into ‘industrial cemetery’ as these countries are being saturated with ‘cheap industrial imports’ lacking in quality (see Olukoshi, 1995:176).

Furthermore, the policy of liberalization creates dependency upon commodities which have artificially low prices as they are heavily subsidized by economically dominant nations. Financial liberalization removes barriers to currency speculation from abroad. The resulting rapid inflow and outflow of currencies is often responsible for acute financial and economic crisis in most developing countries (Toye, 1995). With regard to deregulation process, the emphasis is on removal of regulations that restrict profits and to seek out favourable regulatory conditions that reduce costs and increase productive capacity. Removing these restrictions allows corporations to have greater access to and use of resources and labour, and to move freely across borders.

These conditions, however, are contrary to the original assumptions of free trade as affluent countries in the developed world have adopted and maintain protectionist measures, particularly in the agricultural sector through the provision of subsidies which are detrimental to the economy of most African nations who are primary product exporters. For instance, protectionism allows the nations in the west to strengthen their industries by levying taxes and quotas on imports, thus increasing their own industrial capacity, output and revenue. As such, agricultural and commodity subsidies in the U.S and Western Europe allow corporations to keep their prices low, effectively pushing smaller producers in developing countries out of the market and impeding their development (Connor, 1994).

Thus, the logical conclusion of liberalization and deregulation is a race to the bottom, where the lowest possible standards are sought after and legislated for globally, with little regard for workers' welfare, employment conditions, the community or the environment. Deregulation, therefore, encourages monopolization as it form virtual monopolies through acquisitions and mergers which allow them to manage competition through strategic alliances that enable corporations to arbitrarily increase the prices of goods and services far beyond the reach of the poor. It is this practice that has brought about increase in the prices of capital inputs, consumer goods and services especially petroleum products such as petrol and kerosene that are of essential necessities to low-income families in Nigeria. In the same vein, the policy of trade liberalization has also contributed to increased international economic inequality between advanced capitalist nations and developing countries (Morley, 1995a; 1995b).

Consequently, the neo-liberal policy strongly opposes issues that focus on economic development with particular emphasis on income redistribution and poverty alleviation through state intervention, which seem to portray an endorsement of inequality as a perquisite for growth (George, 1999:5; Colclough, 1991:6) The preference for emphasizing economic GDP growth rate, free trade that allow for foreign direct investment and per capita income clearly underscore its policy measures of subsidy removals, cut-back expenditures, currency devaluation which ultimately have undermined the basic economic and welfare rights of citizens to education, employment opportunities, healthcare and infrastructure. This perspective which was perceptively used by the IMF/World Bank in the 1980s and 1990s as a prime instrument for pressurizing Less Developed Countries (LDCs) to adopt the neo-liberal precepts of liberalizing their economies is seriously misplaced.

To begin with, there is a huge discrepancy between the measurable result of neoliberal ideology and its proposed benefits. The over emphasis on economic growth based on pro-market policies underestimate the importance of economic equality, environmental concerns and sustainability. It also expresses negative role for government in the economy. The question that therefore arises in terms of development objectives in the African continent concerns how these efforts have impacted on the countries' competitive position, economic growth and the well-being of the people. Therefore, the claims by neoliberals that business enterprises run by the organized private sector are more efficient than those run by the state, and that market competition and corporate efficiency would drive prices of goods and services down for consumers, create employment opportunities and improve the standards of living of people has not been realized.

As a result, UNDP (1996:57-60) identified different categories of market based economic growth - for instance, "jobless growth" which indicates a growth path that has failed to expand opportunities for employment in many developing countries (e.g.

India, Nigeria, Ghana, Egypt) and "ruthless growth" which has resulted in increased poverty where the fruits of growth rates accrue only to the rich (Umo, 2003:3). The neo-liberal model is less concerned with the distributional issues between the North and the South and the differences between the rich and the poor nations as well as the effects of liberalization on the poor and vulnerable groups in society. It is this situation that led Polanyi (1965:73) to warn of the danger of nation's commitment to the "self regulating market" with little concern about its effects on society. For him, the failure of society to move in protecting itself from unregulated market activities would breed disasters. In his words: "to allow the market mechanism to be the sole director of the fate of human beings and their natural environment…would result in the demolition of society."

Furthermore, the neo-liberal policy advocacy of government divestiture from playing a crucial role in Third World nation's economies has been criticized as incorrect. This is because the state played an active role in the industrialization process of nations such as the United States, Germany, Japan, China and others (James and Dietz, 2004). Accordingly, Stiglitz (2001:17-56) rejected the neo-liberal preference for a minimalist state, stressing that state minimalism "is at odds with the evidence of the world's development success stories." In the same vein, scholars have argued that the neo-liberal assumptions of establishing a strict dichotomy between the state and the market, and taking the position that the market is more efficient than the state in the efficient allocation of resources and enhancing welfare cannot be justified or validated in all the nations that have adopted the neo-liberal policy (Peter, 1996). For instance, the Russian government adoption of the neo-liberal policy during the Gorbachev administration in the 1990s did little to change the economic fortunes of the country. This is in contrast with the story of China's homegrown economic reforms and its attendant successes which has today made her the fourth largest economy in the world after the US, Japan and Germany (Zenith Economic Quarterly, 2007:70). As such, the cumulative impact of economic reforms (stabilization and structural adjustment) over the past two decades have been greater inequalities in developing countries with rising unemployment, poverty and reduced social protection for the masses of these societies.

Some other scholars have argued that the role of government's involvement in the economy in the first instance is the result of the degree of market failure in many societies; that is by the extent to which unregulated market outcomes are inefficient as a result of the activities of monopolistic or oligopoly forces. Besides, this situation can also occur when the market does not perform the desired function of delivering results that are economically efficient or socially acceptable by all (Toye, *op cit*: 325). Coupled with this argument is the fact that the market may fail to achieve equitable distribution of income leading to a situation where the large proportion of the population would be unable to access the goods and services produced by the private sector (Saitoti, 2002: 277).

Similarly, unlike many states in the developed world, the post independence African state, in most cases, emerged as a result of popular struggle for self determination. Hence, given the challenge of development in Africa which is to improve the quality of life of the citizens, it was thus the expectation of the general population for the state to play a liberating role of freeing them from poverty, disease, hunger and illiteracy. This is fundamentally so when we consider the role of providing public services and infrastructure which are statutory responsibilities of government to help meet the basic welfare needs of the people as a matter of human right. Thus, state intervention in economic activity particularly public services is significant for Africa where the newly independent states considered active participation in economic activity as an imperative. This is because most public services (which economists call natural monopolies) require large investment outlays for capital activities such as roads, rail tracks or power grids which most private company cannot meet. To now privatize these "natural monopoly" would result in higher prices been paid for them than they ought to be and the services provided to the consumer are not necessarily good. Therefore, from the foregoing discourse, it is imperative to state that it is the needs and conditions of each nation that should determine whether or not state involvement in economic activity is necessitated as the implications of the policies of SAP or economic reforms are far more reaching, affecting the social, cultural, and political aspects of a nation and not just economic and fiscal policies (Sigrun, 1993).

Thus, following the resurgence of orthodox liberal scholarship in industrialized countries since the late 1970s and beyond, many advocates of the neo-liberal school have defined anything public as ipso facto “inefficient”. As such, they have adopted this position in attributing much of Africa’s economic malaise to the magnitude of state interventionist role in the economy. As such, proponents of neo-liberal model view state intervention in the economy as self-serving and inefficient, crowding out available productive resources from the more efficient private sector, and therefore, advocated for the curtailment of the role of the state and expansion of the market mechanism (Cowan, 1990). Although the African experience over the years provide ample evidence that state intervention has, by and large, been both self-serving and inefficient (Mengisteab, 1995:164), there are, however, serious flaws in the diagnosis of the neo-liberal school and its prescription that replacing the role of the state by the market will cure Africa’s economic woes and restore improved standards of living.

First, while state intervention has in most cases aggravated the situation of economic deterioration in Africa through massive corruption and ineffective leadership, it is not the underlying cause of our national economic ills, although it is more likely than the market mechanism to lead to economic malperformance when the state is self-serving. Second, the neo-liberal school fails to distinguish the differences in the nature of the state and thus in the types of interventions (whether predatory, developmental or intermediate state), as it simply lumps them all together as harmful to economic development (Mengisteab, *op cit*). According to some school of thought, such factors such as colonialism, transnational firms and the World Bank activities never mentioned by the neo-liberals, had much to do in shaping the development strategies which were spearheaded by the state (Cheng, 1990:141). Besides, in calling for the reform of the public sector in Africa, little consideration has been given to insulating public institutions from the partisan and patronage politics in which much of Africa’s economy have sustained corruption and favouritism in public bureaucracies (Tangri, 1999: i; Hyden, 1983). This situation has been clearly manifested in Nigeria as exposed by the activities of the Economic and Financial Crimes Commission (Nigeria’s anti-graft agency) which has unearthed varying cases of massive corruption by public officials that has been the nation's albatross since it came into operation in 2003. Also, historical evidence in Africa contradicted the liberalization position on the role of the state in the economy, in that between the early 1960s and the mid 1970s, African economies benefited from relatively high commodity prices, grew modestly at an annual rate of 7.5 percent, with notable progress made in the development of infrastructure such as roads, schools and hospitals (Mkandawire, 1988).

Furthermore, it has also been argued that African countries are not yet market societies, mainly because of the limited development of capitalism. Over 60 percent of the population of Africa is rural, mostly peasants engaged in subsistence farming. Even urban Africa is not necessarily the sphere of capitalism. This is because of the total number of persons that constitute the labour force, the informal sector accounts for more than 50 percent of urban jobs in Africa (MacGaffey, 1988). As Ake (2000:166) argued, there is a long way to go before we can say, taking Africa as a whole, that property has become capital and labour, wage labour, so that for the bulk of the population, the means of subsistence is produced as a commodity. This is particularly so because market society is based on a principle of solidarity which is entirely different from those of pre-capitalist societies, as the basis of its integration is the nexus of exchange relations. The complementarities and the reciprocities of exchange relations produce and sustain an organic solidarity which Marx called "the interdependence of exchange relations" (Ibid: 165). Because of the limited development of commodity relations in Africa, social atomization is limited as is individualism; consciousness is still considerably communal and interests are not generally perceived as being private and in potential conflict with other interests, which is the raison d'être of a liberal state, liberal law and the juridicalization of persons (Ibid).

For the most, it has also been clearly articulated that the liberalization of the Nigerian economy without any fundamental socio-structural changes in the existing socio-economic relations is unlikely to lead to a workable market system, much less to the nation's socioeconomic development given the high level of social inequality (Adedeji, 1995: 234). In the same vein, Soludo (1993) has observed from the Nigerian experience with the neo-liberal approach that 'reliance on market resources in an environment of inefficient government bureaucracy, relatively narrow and weak private entrepreneurship, high dependence on foreign factors and a general anti-development environment may not produce the desired or optimum solutions sought. For instance, the development of the private sector and the diversification of the economy are still weak. The local private sector has been heavily dependent on the patronage of the state for survival. The peasant and informal sectors which are generally deprived of resources by the urban based development bias is still predominant. Its links with the modern sector also remain weak. Consequently, the modern sector has remained essentially an enclave relying heavily on the international market instead of expanding the domestic market (Hyden, 1980: 218).

In the same vein, the development of an African bourgeoisie was impaired as they were deprived of access to resources such as credits. As Efange (1987) pointed out, the capitalist class was only at the embryonic stage and where African entrepreneurs existed they were suppressed when regarded as a threat to the commercial interests of the metropolitan enterprises. The fragile merchant and artisan classes were also destroyed by competition from large firms from the metropolitan states (Wallerstein, 1986; Ake, 1981). Thus, at the advent of political independence in the 1960s, most African economies were generally less diversified than those of other regions of the developing world and the situation has not changed considerably as of today. Manufacturing, for example, accounted for less than 7 percent of gross domestic product for sub-Saharan Africa (see Mkandawire, 1988). It is also noteworthy to state that sub-Saharan Africa is the only region in the world where public investment exceeds private investment (given its low level of less than 10 percent of GDP), which poses as the most daunting challenge for African economies (Husain and Farugee, 1994; World Bank, 1995).

Consequently, the capitalist class which normally would have champion the ideology of the market is also by no means a dominant class that can impose its ideology over the rest of society in Africa. As such, state intervention thus remains significant as no hegemonic class capable of imposing its order has emerged in Africa. The development of the African bourgeoisie as a class has also been constrained by its inability to expand its productive capital and to develop a domestic market where it could ascertain its independence. It is for these reasons that Rodney (1971:10) contended that capitalism has proved incapable of transcending the fundamental weaknesses in sub-Saharan Africa such as underutilization of productive capacity, the persistence of a permanent sector of unemployed and periodic economic crisis related to the concept of the market - which concerned people's ability to pay for goods and services and the irrationality of incredible poverty in the midst of wealth such as it exists in most Third World countries, including Nigeria. Above all, capitalism has intensified its own political contradiction in trying to subjugate nations and continents outside of Europe. This became evident following the advent of the neo-liberal package into Africa in the 1980s. Since then, SAP or economic reforms has acted as catalyst by far and more importantly exacerbating situations of conflicts, ethnic tensions, inter-groups struggles and sharpened the divide between the "haves" and the "have nots" due to the conditions of reduced socioeconomic resources and opportunities created by its measures. In almost every nation that the SAP measures have been implemented such as Mexico, Venezuela, Nigeria, Morocco and others, it has failed to achieve its objectives of reducing inflation, creating employment and better standards of living for the people.

For instance, when SAP was introduced in Nigeria in 1986, the London Times recounted that during the period of Babangida regime, the nation went through some of the worst political, social, civil, military and intra-military crises. These include the Orka counter military coup, Vatsa coup plot, workers strikes, the bloody religious riots in Kafanchan in 1987, intermittent revolts in the rural areas, nationwide university students' unrests in 1989, protests and agitations by various associations of professional bodies, including doctors, lawyers and academics over the deteriorating standards of living of the populace. Thus, the same situation of strikes, demonstrations and riots that greeted Nigeria were also replicated in other countries such as Cote d' Ivoire, Zambia, Zimbabwe where it was also implemented (Bangura 1986; Herbst, 1990, Ake, 2001:95). These conditions have not changed substantially in most of these nations today, with Nigeria painting a vivid picture.

In all, from the foregoing discourse, it appears that the main aim of the neo-liberal measures from the onset was not to develop the economies of African nations but to ensure their continued ability to pay their debt to the borrowing institutions (Soludo, 1993). Apart from the above, Yesufu (1996) have argued that there was really nothing new that adjustment or economic reforms had to offer the country in terms of objectives which were not already continued in the various development plans of the Nigerian government. In his words, SAP or economic reforms merely catalogue but in more details the very same economic problems that have in varying degree been harped upon by all successive government since independence, and which the various development plans would have addressed. Hence the economy has buckled under SAP or economic reforms for the same reasons the development plans failed to record success as manifested by the growing deterioration in the social welfare of the populace, increasing poverty, unemployment and inequalities over the years.

Accordingly, UNECA (1989) reiterated that: there is mounting evidence that the neo-liberal package of adjustment or economic reforms are rending the fabric of the African society. Worst still, their severe impact is on the vulnerable groups in the society, which include children, women and the aged who constitute 2/3 of the population. One area where there has been obvious deterioration is in the social service sectors which have resulted in several unfortunate social welfare maladjustments, including cuts in government health and education expenditures, reductions in real food subsidies and increase in food prices. Since the economic recession hit the nation in the 1980s, it was the ‘soft’ social sectors such as education, health, basic foodstuff, petroleum products and infrastructure that often saw their budgetary allocations cut most drastically (see Onimode, 1989; ECA, 1989).

As such, the Nigerian people are poorer today than they were at the beginning of the 1980s.The proportion of the poor has doubled over the last two decades, during which time the country received over US$300 billion dollars in oil and gas revenue (Ezekiel, 2003:8). For instance, the UNDP (2004) Human Development Report showed that while Nigeria's per capita income in 2004 stood at US$ 860, the percentage of the country's income earned by the poorest 20 percent was 4.4 percent, while the income share going to the wealthiest 20 percent was 55.7 percent. Also, the life expectancy of the people has dropped from 54 years in 1990 to 43 years in 2007, her ranking in the HDI has deteriorated from 152nd position in 2002 to 159th in 2005 (UNDP, 2003;2005). These occurrences have impacted negatively on the human development of the people which remains the centerpiece of any meaning economic development. The neo-liberal package has failed to bring about poverty reduction through empowering the people as well as bridge the widening gap between the rich and the poor. In spite of Nigeria being ranked the 6th largest petroleum exporting nation in the world, it is ranked the 25th poorest nation in the world and 194th in GNP per capita (UNDP, 2001; Ezekiel, 2003:9). Paradoxically, Nigeria's level of revenue and endowment in natural resources are in opposite direction with her poverty level.

In the area of employment generation which would have availed the people the material requisites for the procurement of goods and services which are required for the satisfaction of the their needs, the neo-liberal policy package adopted by Nigeria since the 1980s has worsen the situation rather than bring about its reduction. Following the privatization of SOEs, contraction in the public and private sectors, the level of unemployment has been on the increase over the years. For instance, the unemployment rate percent has risen from 6 percent in 1985 to 12.4 percent in 2007 (IMF, 2007). The statistics further indicate that the young people (aged 15-44 years) are more affected by unemployment, accounting for more 69.6 percent of the unemployed population which goes to indicate that the economy is operating below its potential. In the absence of social welfare support such as unemployment benefits, most of these unemployed persons are left to fend for themselves with many of them drifting to the informal sector.

This happening therefore raises concern about the presumption by neo-liberal advocates that free market enterprise would result in full employment and a higher standard of living for the average person. With the massive expansion of the informal sector which results from the deterioration of conditions in the public and organized private sector, the activities of persons operating within this sector are still characterized by varying challenges of low real incomes, high cost of living, insufficient investment capital, low level of technology, inadequate infrastructural base and limited markets which have limited its capital output ratio (Mabogunje, 1994). These constraints which are attributed to the nation's macroeconomic policies of cut-back spending in the social sectors, subsidy removals, exchange rate management and deregulation of the economy have hindered the informal sector's contribution to the GDP which stood at 7 percent in 1998 in spite of constituting over 70 percent of the total labour force (CBN/FOS/NISER, 2001).

What this fact has brought to the fore is that while the government was focusing its efforts on implementing fiscal and monetary policies based on the neo-liberal model, it failed to recognize that the effect of this policy on the standard of living of the people was most critical in determining the success or otherwise of the neo-liberal package in achieving economic development (see Osabu-kle, 2000:517-518). This is fundamentally so as economic development goes beyond just growth in GDP to include other relevant social and institutional changes which include reduction in absolute poverty, increase in employment opportunities, improved productivity of labour and other factors of production, a better quality of life and development of physical and commercial infrastructure and many others.

Thus, following the Khartoun declaration in 1988 at the International Conference on the "Human Dimension of Africa's Economic Recovery and Development", the neo-liberal policy was attacked for aggravating human condition in Africa, because it was "incomplete, mechanical and too short a time perspective. It was incomplete because the neo-liberal package was often implemented as if fiscal, trade and price balances are ends in themselves and are virtually complete sets of means to production increases. Human condition imbalances as related to employment, incomes, nutrition, health and education do not receive equal priority in attention to macro-economic imbalances (UNECA, 1988:21). Besides, the neo-liberal package was mechanical in being inadequately grounded in, or sensitive to, specific national economic, human and cultural realities. This was aggravated by an incomplete articulation which allows the gaps between macro-models and contextual realities to remain largely unobserved, waiting for the attainment of external equilibrium and fiscal balances before seeking to improve the human condition of the people (Ibid). It was these concerns that led to UNECA (1989) claims that there are three factors that must be changed to make SAP or economic reforms viable for African societies:

> Firstly, SAP must be country specific; secondly, the people involved in development assistance and SAP must be accountable to the people who are supposed to benefit from the efforts and thirdly, the people themselves must participate in identifying problem areas, suggesting solutions and in planning and implementing projects, programmes and policies (African Recovery Newsletter 1989).

In the broader context, the neo-liberal policy have produced serious implications and outcomes for human centred development- including increases in poverty and inequality and decline in state capacity to meet the welfare needs of the people in many developing countries especially sub-Saharan Africa. From the early 1980s when the SAP policy gained dominance in LDCs, the number of people in poverty in Africa rose from 270 million in 1986 to 335 million in 1990 (McQuaig,1999:7; Sharma, 1994:202). The overall standards of living of people have dropped in most African countries due to reduction in social services, increases in food prices, decline in real wages and reduced access to education and health facilities.

As such, to many scholars have opined that the neo-liberal approach is synonymous with the harsh conditions of exploitation, disintegration of human dignity and welfare, corruption and the corrosion of moral values leaving the continent in the shards of trouble and turmoil, as there is a serious ‘dichotomy’ between Africa’s development goals and the objectives of the neo-liberal approach (ECA, 1989; Mosley *et al*, 1991). This is essentially so as the implementation of adjustment or economic reforms measures in sub-Saharan Africa, especially in Nigeria has not been matched with transformation with regard to improving the level and distribution of income, satisfying basic human needs (Ake, 2001). This position was corroborated by the

Brandt Commission (1980:103-104) which affirmed that: “economic forces when left entirely to themselves tend to produce growing “inequality” especially when income distribution is highly distorted as in the case between North and South, rich and poor societies.

Thus, according to Momoh and Hundeyin (1999), the current deregulation of the Nigerian economy and the attendant consequences it has generated could be said to have its root in the contest of the classical political economy. For them, the implementation of the neo-liberal policy in recent times have further contributed to the underdevelopment of the third world countries such as Nigeria and have made them to be more dependent on and subservient to the west who sponsored the agenda. Furthermore, Onimode (1988) argued that this new world economic system, which is essentially capitalist, promotes an international division of labour in which the industrialized capitalist countries produced the manufactured goods while the Third World countries were forcefully made to produce raw materials needs of the former. Corroborating this position, Amin (1976:104) argued that “the structures of the peripheral nations are shaped so as to meet the needs of accumulation at the centre, provided that the development of the centre engenders and maintains the underdevelopment of the periphery.” This unjust and unbalanced international division of labour began through the process and logic of colonialism driven by imperialism and currently propelled through the political and economic legislation of the Bretton Woods Institutions (see Copeland, 1989:13-14).

Also, since the Nigerian state began the implementation of the SAP or economic reform measures like other Third World nations, the government has always been engaged in open conflict with the people from all walks of life over the adverse consequences of the neo-liberal policy on their overall well-being. This position further emphasizes the fact that for a transition or economic reform process to succeed, it is imperative that sufficient attention be paid to the social impact of reform, and to finding ways of lessening the negative impact on the most vulnerable individuals in society. In the same context, the neo-liberal position is also faulted for making erroneous assumption that Less Developed Countries in sub-Saharan Africa have efficient competitive markets which cannot be justified.

According to scholars, the reliance on market resources in an environment characterized by inefficient government bureaucracy, narrow and weak private entrepreneurship, high dependence on foreign factors may not produce the desired success required in a nation making efforts to recover from economic recession (Ajakaiye, 1987:220-223 cited in Soludo, 1993). Thus, given the structural rigidity prevalent in a developing country like Nigeria, the various market are not characterized by efficient elastic demand and supply curves, and such wholesale liberalization of prices may not lead to the realistic or optimal price structure required to ensure efficiency in resource allocation. This is because market forces are assumed to be efficient in resource allocation when prices are sufficiently flexible (both ways), price elasticities are significantly larger than zero and the structure of output is such that all imports are competitive. When prices are sticky (downwards) however, factor proportions tend to be rigid and the production and consumption structures are significantly dependent on non-competitive imports, and adjustment programmes based on generalized market deregulation and restrictive monetary, fiscal and credit policies along with trade liberalization are unlikely to succeed (see Soludo, 1993). Worse still, the conditions required for the efficient functioning of a free market (perfect competition; availability of correct information about present and future prices and non price variables, given and independent consumer tastes, capital divisibility, and the absence of increasing returns to scale) do not exist in most developing country including Nigeria (Obadan and Ekuarhare, 1993).

Furthermore, Stiglitz (2002) argued that there is an insufficient link between liberalization policies and economic growth to warrant the special role it plays in donor agency policies. For instance, in the immediate aftermath of the Asian crisis in the 1990s, it is evident that the IMF instituted policies deepened unemployment and worsened economic recovery conditions of nations that implemented them. By contrast, China, who did not maintain any relations with IMF and thus did not follow their recommendations, experienced no significant downturn from the crisis. Besides, the idea by neo-liberals in the Western nations to use aid/loans from World Bank/IMF and bi-lateral institutions to induce shift toward neo-liberal policy for the economies of most developing countries is not ethically justifiable.

It is this tendency that led Holland (1998:5) to perceptively assert that: "the World Bank is to economic development theology what the papacy is to Catholicism, complete with yearly encyclicals." It has been pointed out that as long as the development of the dependent countries of the Third World are not controlled by them but rather dominated from outside, it amounts to a violation of national sovereignty and autonomy which should be reversed (Frank, 1969:3-6). For Frank, the dependence of the developing countries on the developed nations for their development project is an asymmetrical relationship, with the development of the developed nations being for the most part independent, that is, determined by factors largely internal to the metropolitan economy and society, while it also determines that of the periphery. It is for this reason that UNECA (1990) presented an alternative ideological framework to the Bretton Woods Institutions agenda on structural adjustment or economic reforms that go beyond policies and strategies. According to Adedeji (1990) the alternative framework to Africa's development differed from the approach of the Bretton Woods Institutions in four major ways:

- **i.** It is human centred: it distances itself from the orthodox mechanistic models such as balance of payment equilibrium and reduce government budget deficits without regard to the implication of the social sectors and the overall welfare of the people;
- **ii.** It is a holistic approach to socio-economic change: The alternative approach does not focus on a few selected economic variables but rather situate change in the broader context of social, political, cultural and economic values and institutions;
- **iii.** Its policies derive their validity and legitimacy from the structural nature of the African political economy. That means that its policies are based on a full grasp of the fact that the basic manifestations of the Africa structural distortions include elements like the predominance of

subsistence and mere trading activities, narrow, urban bias of public policies, neglected informal sector, fragmented market etc and

iv. It is sensitive to specificity: It "refrains from proposing a programme to be applied in all countries at all times as has been the discernable tendency with the orthodox 'ready-made' programme of adjustment or reforms that have been proposed to Africa, Asian and Latin American countries alike.

Consequently, the consensus has emerged among development scholars of a healthy skepticism regarding the efficiency of markets in many less developed nations. This skepticism, however, arises not from the dogmatic rejection of markets or lack of knowledge about what the markets can accomplish when they function well, but due to the understanding that the market does not always yield efficient outcomes or socially acceptable redistribution of wealth (Stiglitz, 1998). In the same vein, the market cannot function properly in a society that is in transition from a pre-capitalist, dualistic social formation to a fully articulated capitalist society as is the case Nigeria where it panders directly to the interests of the powerful by subordinating the concerns of the poor. For instance, it is clear to all that the issue of Nigeria's development is that we as a people have not been able to develop a national development project. But instead, we continually opt for dependent development allowing the metropolitan patrons through the Bretton Woods Institutions determine the agenda and find the resources to implement it.

Thus, policy making process was largely divorced from the political responsibility, and development strategy dissociated from both the social needs and from the cultural and historical realities of the developing society (Ake, 2001:40). This dissociation led to development policies that have been more disruptive than developmental. Therefore, the need for government to supplement the market process in many areas has been advocated by many development scholars, who though recognize that markets are an essential component of any well-functioning economy if it works well, stressed that every society needs some degree of state intervention to have a well-functioning social system, of which the economy is only a part, albeit an important part (Adelman, 2001; Chang, 2002).

In all of this evaluation, one issue that has been found to characterize the neo-liberal model to development is its consistent lop-sidedness. For instance, there is a powerful predisposition from the Bretton Woods Institutions when government interventions in the economy are working badly to reject such activism (rather than reforming it) and to substitute market mechanisms. On the other hand, when the latter produces poor results, there is equally strong tendency to urge that marketization should be reformed (i.e. carried out better) rather than rejecting it for some form of government involvement (Schatz, 1994:692). This policy contradiction from the international financial institutions such as the IMF/World Bank speaks volume of their perceived inconsistencies to the developmental needs of the Third world. It is therefore, the position of scholars that striking a balance between the complementary roles to be played by the government and those to be undertaken by the private sector in making the market work better and correcting market failure that is therefore an important part of sound economic management and balanced pragmatism (Wade,1990:260).

Thus, Shapiro and Taylor (1990) also opined that “getting price right” which is the neo-liberal recommendation for the ills of Less Developed nations is not enough. They stressed that attempts at price reform can only work if they are coupled with large scale state interventions such as aggregate demand manipulation, export subsidies, public investment and barter trade deals for these countries to improve their economic performance. According to them:

> During the industrialization push in all now rich nations, public interventions were rife . . . The US courts restricted individuals control over property, decisions came to favour community over absolute domain . . . . US state legislatures controlled exports and granted monopoly power to public corporations. The government targeted railroads and farmers with land give-aways and was highly protectionist until after World War II. During the Meiji restoration, the Japanese state sets itself up as an entrepreneur, financial and manager in several manufacturing lines. Its activist role continued throughout the militarist period and after World War II in the famous industrial programming of MITI (Ministry of International Trade and Industry) (p. 866).

In the same vein, the World Institute for Development Economics Research (WIDER) 1990 study also showed that public investment tend to stimulate private capital formation. This is in direct contrast to the presumed relationships postulated by the neo-liberal school which argue that public investment crowds-out private investment. This position adduced by the neo-liberal school is simply not true. The WIDER research suggests that on average every dollar of public investment induces one dollar or more of private investment. Ironically, Mexico which has received the strongest inducement to adopt neo-liberal policy measures and has carried out the largest wave of privatization in the less developed world has been plagued by modest growth, declining or stagnant living standards, massive migration of its skilled work force to the west and the near elimination of much of the small business sector (Cypher, 2001). This picture is a true replica of the happenings in the Nigerian society today.

A strong case for state regulation of the financial market in developing countries emerged from examination of the rapid growth of East Asia economies. A positive role for the state supplementing activities in the financial markets belies the neo-liberal case for pure liberalization of financial markets in developing economies without state intervention, asserting that regulation would likely prove distortionary (World Bank, 2005). Furthermore, the East Asian economic miracle experience suggests that regulation features such as improving success chances and reducing opportunities for abuse are fundamental to development. Also, the willingness to drop without questioning unsuccessful interventions as well as adapting them to changing economic conditions, all prove to be key aspects of a flexible role for state regulation in benefiting the financial market of developing economies. Thus, the issues should not be whether the state gets involved in the economy but how it gets involved. This is critically so in many sub-Saharan African countries where the majority of the poor live at or below the poverty line.

2.6.2 INSTITUTIONAL THEORY OF THE STATE

From the beginning, the discourse on 'development' in Africa has been one on how the continent compares with the rest of the world in terms of basic, conventional indicators like levels of education, infrastructure, social services, industrialization and urbanization. In this regard, the Institutional Theory of the State situates the broad understanding of development within the context of the historic role that states have to play in harnessing development efforts through the pursuit of a holistic development strategy aimed at advancing the socioeconomic well-being of the citizenry. This position statement contrast the perception of the nature of the African states by International Financial Institutions such as the World Bank/IMF that see it as the principal obstacle to the continent's development (World Bank, 1981; Deyo, 1987).

The institutional theory of the state was developed by Evans (1995) as a "comparative institutional approach" that argues that states count and do play highly positive roles in national economic development. The theory is a departure from the various approaches to development, whether of the 'modernization' variety (Rostow, 1960) or the 'Washington Consensus' neo-liberal model (Williamson, 1990) and others. As Evans (1995:3) contends: "the state lies at the centre of solutions to the problem of social and economic order. Without the state, markets, the other master institution of modern society cannot function." For him, states are the result of complex historical forces and relationships, acting as actors or agents capable of shaping and influencing the ongoing process of historical evolution. This statement suggests that any discourse on development such as the neo-liberal model, which attempts to draw a contrast between ‘the state’ and ‘the market’, is actually a presentation of false choices.

The broad thrust of the theory is anchored on the concept of embedded autonomy which stresses that the success or failure of any development strategy and/or economic performance for any nation is based on the nature and character of the state as well as the nature of the relationship between the state and other key economic factors such as business, labour, agriculture, industry (Ibid). Looking at the institutional approach to development, Evans elaborated the idea of the state under three typologies that range from the developmental state, predatory state to the intermediate state. However, for the purpose of this study, our focus will be limited to the analysis of the developmental and predatory state and their implications for promoting socio-economic development.

According to Evans (1998), the developmental state has as its internal character, an autonomous make-up that makes it to stand alone, above the fray and beyond the controlling reach of vested interests in formulating its own economic policy. It also incorporates the Weberian ideals of meritocracy, discipline and is immune to corruption. Such a state must be able to develop the capacity and power to implement its own vision of economic transformation (through indigenous economic and social policies) without collecting handouts from any external body or institutions. Also, the state’s vision has to be driven by a highly competent group of state managers who have achieved their power and authority via proven performance and professional competence. In addition, the state bureaucracy must be characterized by the values of embeddedness wherein it must forge collaborative links with certain key actors in the civil society by stimulating their entrepreneurial energies through active involvement in tax policy, control over credit and influencing the prices of raw materials so as to sway economic activity for the benefits of all.

The developmental state's first goal must be the equal redistribution of the country's wealth among the people through sustained commitment to pro-poor policies aimed at reducing poverty. To achieve this objective, the state must implement programmes that include the provision of improved services in agricultural areas, the absorption of poor households into modern agriculture and other sectors through accelerated creation of employment opportunities and the provision of social services and amenities. This kind of developmental state model has been reported as responsible for stimulating fundamental economic growth and development in South East Asian economies of Japan, South Korea, Taiwan, Hong Kong, Singapore and Malaysia (Wade, 1990; Chalmers, 1987). In all of these countries, the state played an important role; guiding the private sector toward targeted economic activities and stimulating growth in areas that the government wishes to expand. Sometimes, government planners have even pressured particular industries or companies to specialize in certain products and abandon others. This aspect of the state was able to allow it to engage international capital much more effectively and actually give the state a 'comparative advantage' in negotiating deals.

Some scholars have argued that East Asia's Confucian culture-featuring nationalism, close cooperation between different sector of the economy, and a strong work ethic have been a critical ingredient in the region's economic growth (Kahn, 1984). In the same vein, similar cultural explanations have been put forth by Max Weber who attributed the development of Western capitalism to the adoption of the Protestant work ethic. Such developmental state fails to confirm the neo-liberal portrayal of utterly unproductive role of state intervention in the economy. However, some critics have pointed out that the new industrializing countries (NICs) in the South East Asia (for example South Korea and Singapore) in the 1970s and 1980s were authoritarian and less democratic in their posture. Be that as it may, the fact remains that these states were legitimate in their operations as they instituted pro poor policies on mass education, infrastructure development and industrialization that have clear and tangible benefits for the population. Besides, the state was also capable of insulating itself from inter- and intra-class competition within the country, and thus was able to institute policies that were egalitarian.

In the same vein, it has also been established that with respect to the exercise of political power, the states in Africa have not been different from those in East Asia. Rather, it is the uses to which power and authority have been predominantly exercised that establish the differences between forms of government (Ikpeze, 1994:73). In sub-Saharan Africa, both authoritarian and democratic regimes have been found to be anti-developmental, and state power has been used to secure and enrich those in government and partly to the advantage of favoured groups and interests (see Nelson, 1992:290). Political and personal goals have informed the actions and decisions of state leaders, and African administrations have been marked by ubiquitous political intrusion, arbitrariness, massive corruption and political favouritism (Kenneth, 1994). In contrast, for a variety of historical and geopolitical reasons, East Asian political elites have been deeply committed to rapid economic growth and development which they have taken as the sacred mission of the state and are driven by it (Onis, 1991; Leftwich, 1995).

In furtherance of his conceptualization of the state, Evans conceived of the predatory state as one wherein the appropriation of unearned income via rent-seeking has become endemic. In such a state, political offices are held not for the reason of providing service to a nation, but for the purpose of individual gain in a society which may offer few alternatives to wealth accumulation. Corroborating his position, Bardhan (1990:3-7) asserts that government in a predatory state is all too often hijacked by a predatory oligarchy who siphon the national treasury and transform government bureaucracy into bribe-collection agencies which impede legitimate business, socio-economic and societal development.

In this kind of state, everything is for sale from the courts, the legislatures, the taxing authority, to the military among others. Economic mismanagement, social distrust and political instability are the hallmark of this state. Its primary characteristic is to distribute income to selected elements of society by the creation of monopolies in major sectors of the economy through the collusion between the state and its allies in the private sector to milk the nation’s resources through the execution of white elephant projects with little or no benefit (Kohli, 1999:99). This situation create room wherein rent seeking become endemic and structural as selected persons, favoured private firms, government officials and its agencies engage in “Directly Unproductive Profit Seeking” activities such as smuggling, bribery and corruption, import licensing, fuel importation which generate profits but produce no goods or services directly (Evans *op cit* :12, 248).

Furthermore, in a predatory state we also find a vitriolic mixture of traditionalism and arbitrariness characteristic of pre-capitalist societies. In such a state, there is a scarcity of trained bureaucrats, and an absence of both meritocracy and rule-governed behaviour throughout the state apparatus. The state operates under the whims of a 'leader' who functions in the "patrimonial tradition" of an absolutist ruler clustered by presidential clique who control and use state apparatus for their own ends (Kohli, *op cit*). for instance, the kleptocratic government and state institutions run by Mobutu Sese Seko in Zaire, Babangida and Abacha in Nigeria are classic examples of predatory states in Africa.

As for the intermediate states, it has the character of inconsistencies as its bane. It exhibits the loathsome features of the predatory state as well as "pockets of efficiency" characteristic of Weberian attributes of functioning bureaucracy (anchored on merit-based recruitment, coherent institutional structure) where state managers demonstrate both professionalism and competence. Such a coherent institutional structure can form a constructive counterpart to private-sector institutions in designing, promoting and completing imaginative and important projects, either jointly or on their own through state owned enterprises (Asmden, 2001:141-145). Such nations as Brazil, India, or Mexico are appropriate examples of the intermediate state (Herring, 1999:306-334). Furthermore, intermediate states also fall victim to "bureaucratic fragmentation" in which professionalism dominate in some sectors and agencies while personal ties and/or corruption form the basis for decision–making and authority in other parts of the state apparatus. Such a state fails to confirm the neo-liberal portrayal of utterly futile and unproductive state intervention. Yet, intermediate state lack the means to consistently transform society, even as they are able to engineer successful sectoral transformations (Evans, *op cit*).

Evans elaborated further the ideas of the predatory states, aptly exemplified by most states in Africa like Congo, Zaire, Nigeria and others, to the developmental states represented by the tightly knit and efficient state bureaucracy in the United States, Britain, Germany, Japan, South Korea, and Taiwan. These typologies demonstrate how differences in domestic institutional structure account for variations in national developmental outcomes. In establishing an empirical comparative setting of the nature of states, the latter countries can be seen as an exemplar of the developmental state and the former as predatory states. For him, states can vary, depending on the historical evolution of specific societies. States are the result of complex historical forces and relationships, but they are also actors or agents potentially capable of shaping and influencing the ongoing process of historical evolution. For Evans (1995:19):

> States are the historical products of their societies, but that does not make them pawns in the social games of other actors. They must be dealt with as institutions and social actors in their own right, influencing the course of economic and social change even as they are shaped by it.

In all of these typologies of state types drawn by Evans, one key factor that runs through them has to do with the nature of governance and the functions it set out to perform. What this fact brings to fore is that governance (whether good or bad) is an important determinant of economic development. According to Brautigam (1991) governance has to do with the exercise of power and authority in both economic and political spheres. This means that development is influenced by both economic and non economic factors. Although each of these factors is important, the central thesis of the 'governance-led development theory' is that good governance provides the lead. Good and intelligent governance is seen as an 'entrepreneur' which harnesses all material and human resources and alters the socio-cultural settings of people for the achievement of rapid development (see Uwatt, 2004; 370). Despite this view, there is little consensus on what constitute good governance as its definition are characterized by non-neutral and neutral connotation.

In looking at the non-neutral definition of governance, Boeninger (1992) sees governance as the 'good government of a society which guides the country along a course leading to the desired goal'. The desired goal in this case is development, broadly defined to include the concepts of equity, freedom of expression, institutional pluralism, transparency, accountability, social justice and the effective exercise of basic human rights. Since equity, social justice, human rights and the like are important characteristics of democracy, it implies that good governance is equated with democracy. This definition has been criticized on the ground that most democratic government have been found to anti-development and characterized by bad governance. However, a good example of a neutral definition of governance is that presented by the World Bank (1992). Here, governance is presented as 'the exercise of political power to manage a nation's affairs'. The focus here is on the manner in which power is exercised in the management of a country's economic and social resources for development. Whereas the basic elements of good government were earlier hinted upon, Obadan (1998) outlined five fundamentals of good governance to include:

i. accountability of government officials (public leaders and bureaucrats) for public funds and resources;

ii. transparency in government procedures, processes, investment decisions, contracts and appointments;

iii. predictability in government behavior;

iv. openness in government transactions and reliable flows of the information necessary for economic activity; and

v. adherence to and observance of the rule of law of governments and citizens.

Thus governance from the above implies efficient and public administration, good policies and sound management of national resources. It also entails ruling on the basis on equity and social justice and ending corruption, nepotism, prebendalism and political manipulations of public institutions. Thus the positive influence of good governance on national development is a derivative of the checks and safeguards it provides against anti-development forces especially corruption. As such, Obadan (1998:35) summits that "the links between good governance and economic growth are quite obvious. Elements of good government…are clearly significant impetus for economic growth". Similarly, Nelson (1991) avers that the links between elements of good government and economic growth are plain; Clear-laws, predictably enforced, reliable information, reasonably efficient expansion, maintenance of infrastructure and basic services and no more than moderate corruption are clearly growth-promoting; their opposites clearly hampers growth. Therefore, the anti-thesis of good governance is bad governance, and this is characterized by pervasive corruption, lack of public accountability and the capture of public services by privileged individuals. The World Bank (1992) identifies the main features of bad governance as:

- **i.** failure to distinguish between what is public and what is private, leading to private appropriation of otherwise public resources;
- **ii.** inability to establish a predictable government behavior in a manner conducive to development or arbitrariness in the application of laws and rules;
- **iii.** excessive rules, regulations, licensing requirements, and so forth, which impede the functioning of the markets and encourage rent seeking;
- **iv.** priorities that are inconsistent with development, thereby resulting in misallocation of national resources; and
- **v.** exceedingly narrow base for or non transparent decision making.

In the context of the foregoing discourse, Applying the institutional theory of the state in analyzing the role and functions of the states in sub-Saharan Africa vis-à-vis the neoliberal position on the minimalist role of the state in the running of African economy, questions are raised as to what is specifically the problem of states in Africa and why is it unable to provide socioeconomic development? To provide answer to these questions, it is critical to explore the historical and structural forces concerning the nature and character of the state with regard to the formulation and implementation of development strategy. This is particularly crucial given the pivotal place that the state occupies in Third World countries development since independence.

Accordingly, Ake (2000:160) argued that development in Africa has to be about the transformation of the state, before it can bring about the introduction of new socioeconomic and political processes that will positively impact on the living standards of the generality of the citizenry. This is so because the state is the framework from which public policies emerge and are propelled (through articulation and aggregation) by members of the political class (see Oyovbaire, 1987). As such, the actions and inactions of political elites who occupy positions of state control clearly underscore issues of socio-economic and political transformation of nations. This fact aligns with Weber's conceptualization of the principle of rationalization aimed at establishing the differences between various societies with regard to the dominant beliefs, practices and social relationships in the area of economic, political, intellectual and religious life, as well as differences in the bearing of these realms on each other (Freund, 1969). For Max Weber, rationalization is defined as:

> The organization of life through a division and coordination of activities on the basis of an exact study of men's relations with each other, with their tools and their environment, for the purpose of achieving greater efficiency and productivity. Hence it is a purely practical development brought about by man's technological genius (cited in Freund, ibid: 18).

Consequently, in evaluating development strategy or economic reforms implemented by the states in Africa, it must be seen essentially as much a political as an economic issue. This is so as any strategy adopted by the state changes the distribution of benefits in society, benefiting some social groups and hurting others (Killick, 1995; Herbst, 1990). Thus the significant part of a successful development strategy would depend on a good policy which to large extent is determined by country specific factors such as history, including previous leadership styles, geography, level of development, and the impact of political change taking place at that time. In this context, two distinct periods stand out in appraising Africa's development strategy. The first period spanning 1960s and 1970s was characterized by policies aimed at strengthening economic autonomy. It is during this period that diversification oriented policies were aggressively pursued in most countries. The second shift in economic policies in Africa was occasioned by the economic crises of the early 1980s. During this period, most of the post independence economic policy geared toward long term development were replaced by macroeconomic stabilization and adjustment with focus on short term goals, and this orientation of economic policy failed to yield the expected results in achieving socioeconomic development, especially the diversification of the economy that was begun in the 1970s and early 1980s (ECA, 2007).

Historically, since the 1950s, the newly independent African states have been brought into the centre of Eurocentric ideological struggle involving neocolonial forces in the area of economic development. However, the inherited chain of economic dependence forged during the colonial era ensured that economic, political, and educational models central to capitalist expansion have continue to play a hegemonic role in determining post independence African development strategies (Abrokwaa, 1999). As such, Generally speaking, Africa's socioeconomic problems have been attributed both to internal and external causes. For instance, since the era of the Atlantic slave trade and in particular during the colonial period, one message from the West has remained clear: Africa must always depend on the West for its image and destiny. This has implied that Africa is incapable of defining and solving her own problems of development. Unfortunately so, this position has consistently been manifested in the manner that African states and governments have accepted the development strategies dictated by the industrialized nations using their perspective, thus making Western development model the foundation of policy decisions in postcolonial Africa.

Firstly, it started with the modernization model which was premised on the thesis of social and economic dualism, being the clashing of an imported social system with an indigenous social system of another style. As defined by Eisenstradt (1966:1) "modernization is the process of change toward those types of socio-economic and political systems that have developed in Western Europe and North America…and then have spread to other European countries and to South American, Asian and African countries." This view of modernization perceived the traditional as a rurally-based, closed, marginal, and stagnated population which co-existed with an urban-centred, secular, and industrial society. In this context, the traditional sector was considered an obstacle to development because of its incapacity to fully incorporate into the model of development functioning in the modern sector. This mode of analysis implied the acceptance of a mechanistic, teleological theory of convergence in which homogenization is both desirable and inevitable. The underdeveloped societies, through a diffusionist and evolutionary process, were expected to move inexorably from the traditional to the transitional and eventually were to reach a stage represented by the model developed society (Hoogevelt, 1976:18).

The most elaborate and preeminent of the modernization strategy was the stage economic model presented by Rostow (1960: 4) in his historical analysis of economic development. Examining the gap between development and underdevelopment, Rostow envisioned a unique sequence of five distinct stages through which all states must pass: traditional society, precondition for takeoff, takeoff, the drive to maturity, and the age of mass consumption. His focus was on identifying and overcoming existing endogenously generated deficiencies, whether they be inappropriate values, a lack of entrepreneurship, or a low level equilibrium trap caused by a scarcity of investment capital. It is clear that Rostow's approach was derived from a Eurocentric analysis of the industrial revolution in Britain and was mechanically applied to a completely alien historical, physical, and cultural context of Africa continent and elsewhere. Besides, common to the modernization model of development was that the progress of all nations-states could and should be evaluated using measures such as GDP, per capita income, political integration, and acceptance of modern values.

It was from this model the Import Substitution Industrialization was designed to accelerate the process of industrialization in the African continent, with the expectation that the benefits of the strategy would spread downward (trickle down) within the local economy, and leading to complementary productions in mining, agriculture and manufacturing (Irrizary, 1980). However, by the early 1960s, the accelerated industrialization and the trickle–down theories had failed to produce economic gains in Africa and other developing nations. Although there was some success in raising the per capita income in a number of developing nations, including India, Sri-Lanka, Nigeria, large sections of the population in these countries faced further impoverishment because of unequal distribution of wealth both within and between states.

From the 1980s, the World Bank/IMF had imposed stabilization and structural adjustment on several African countries, which were aimed at reducing demand and expenditure within the economy of the debtor country. However, it became increasingly obvious that the stabilization and adjustment cures for the African economies based on the measures of currency devaluation, reduction of public spending, removal of state subsidies, restraint on wages and public sector employment and limits on credit expansion were not resolving the economic problems of these nations as intended, but rather they plunged them further into debt and political instability. In a nutshell, as it was earlier hinted, the main aim of these so-called economic adjustment programs was not to develop the economies of these African nations but to ensure their continued ability to pay their debts to the rich nations.

The neo-liberal policy measures acted as a red herring to shift the emphasis away from the discussion of broader issues of development, of world trade imbalances, protectionism, and the promotion of equity and social well-being to simply economic growth. It vigorously advocates export-oriented free market economy, especially in agriculture, to ensure Africa's role in the world economic order as producer of raw materials for Western industries and socioeconomic growth (Graham-Brown, 1993). In addition, adjustment takes little account of the specific sociopolitical conditions in a country where it was to be adopted, often endorsing dictators who were ready to carry out the will and wishes of the donor countries. This fact exposes the great defect of SAP or economic reforms in that it is blind to its own politics, not only about its impact on politics but also the impact of politics on its own feasibility (Ake, 2001:95).

But, this kind of development strategy prescribed for Africa by the West has offered little or no solution to African poverty, its poor majority, or its underdevelopment. It was not designed to strengthen Africa's independent socioeconomic and political growth, but instead used its adopted strategies of promising an imminent better future, to enrich themselves and their economies off the sweat and toil of the African masses (Abrokwaa *op cit*: 660). Since the 1950s, therefore, economic development has been employed as an instrument of control by the industrialized nations in an effort to change the socioeconomic and political structures of African societies for their own economic exploits. As rightly observed by Cheru (1989) today one can safely conclude that a century after the infamous Berlin Conference of 1884-1885, which led to the partitioning of Africa and the scramble for African labour, resources, and land, it appears that the continent is being recolonized by the same Western powers through the neo-liberal economic model which had no foundation in Africa.

For instance, colonialism as a political weapon destroyed Africa’s traditional organizational and economic structures and usurped the peoples’ power, initiative, and capacity to control their own development and destiny. In most cases, this tool was used to transform and control the colonies in the interests of the capitalist expansion occurring in Europe whose growth was made possible through the principal activities of multinational corporations (MNCs). These corporations established subsidiaries in many third world nations in order to exploit their cheap labour and raw materials. They also used their worldwide business structure to control production from the raw materials, through the processing to the final stages. The MNCs represent, therefore, the increasing concentration of capital and the integration of production on a worldwide scale (Webster, 1990:80).

The poverty and economic dependence of Africa arising from the colonial experience not only continued but escalated, becoming integral parts of the present world economic order, with African governments borrowing largely to solve debt obligations rather than to finance sustainable economic development. The roots of the debt crisis lie in an international system resembling global apartheid whereby the North, in collaboration with autocratic African governments and their minority elite class, continue to subvert the economic future of Africa (Ibid). Thus most governments and states in Africa have adopted and supported development strategies from the West taking little account of the specific socio-political conditions in their country and the consequence that these strategies may have on rising unemployment, rural-urban inequalities, infrastructural decay and different social groups, particularly the poor majority in the society. Across Africa today, economic reforms are initiated by African leaders only when international financial institutions convince the ruling elite that their political longevity depends on pursuing reforms (Richard, 2000:17). From this perspective, it is not the disinterested concern of the ruling elite for improving the life of the masses that lead them to implementing development strategies or socioeconomic reforms, but the cold-hearted concern for their political and economic survival that prompt action.

This was aptly corroborated by Nkrumah (1965) when he argued that the new world economic order of capitalism subsumed under modernization through the process of import substitution industrialization and other forms of economic policies such as SAP that came later were nothing but a new process of neo-colonialism, which simply means a form of socioeconomic domination from outside that does not rely on direct political control. As such the institutional, political and economic changes in most of sub-Saharan African nations reflect these processes. He asserts that:

> The essence of neo-colonialism is that the state which is subject to it is, in theory, independent and has all the trappings of international sovereignty. In reality, its economic system and its internal policy is directed from outside (p ix).

Thus the socioeconomic and political pictures of present day African societies indicate that these societies and their leaders lack control of their economic destinies because they are not given the free hands by the West to implement African oriented endogenous development strategy. The developed countries have continued to use their economic power to create an international division of labour between nations. This is significantly evidenced by the World Bank/IMF rejection of the Lagos Plan of Action adopted by African Heads of States in 1980 as a design for the restructuring of African economies on the principles of self–reliance and self sustaining participative development (Ake, 2001:22-24). However, after nearly half a century of Africa's states implementation of exogenous development strategies championed by international financial institutions (IFIs) like the World Bank/IMF, it is painfully evident that Africa's underdevelopment and poverty incidence has increased rather than decreased. This elusive quest for development was aptly confirmed by African leaders at the then Organization of African Unity (OAU) (now AU) summit in Lagos held in 1980, where they hinged Africa's poor development record on the inadequacy of exogenous development strategies (OAU, 1982:1). The Lagos Plan of Action argued:

> Africa is susceptible to the disastrous effects of natural and endemic diseases of the cruelest type and is a victim of settler exploitation arising from colonialism, racism and apartheid. Indeed, Africa was directly exploited during the colonial period and for the past two decades; this exploitation has been carried out through neo-colonialist external forces which seek to influence the economic policies and directions of African States (OAU, ibid:3).

Instead of development, African nations, particularly those in sub-Saharan Africa, have been plunged into insurmountable debts and increased poverty. The African state, therefore, has increasingly become irrelevant to the people due to its inability to provide them with their basic social needs. Hence, the people seem to have taken charge of their own development needs without the government, and they have designed applicable strategies to survive in the current harsh economic conditions and pressures dictated by the exogenous policy agenda sponsored by the West. It is evident that the African economy, societies, and its peoples are worse off now than at the time of gaining independence in the 1950s and 1960s as shown by the varying human development and economic indicators for the continent over the last three decades. Africa is now heavily indebted to the rich countries of the world, and its people continue to live in destitution-the result of total reliance on, belief in, and adoption of foreign development models and strategies.

As such, looking at the Nigerian state from the period of its evolution, it is seen as a clone of its colonial progenitor which still retains most of its features having been established in the course of the expansion of Western capitalism in order to facilitate the British colonialists' goal of exploiting the natives, their labour and natural resources. This structure of the state as inherited by our nationalist leaders at independence still retained all the major features of colonialism including its embryonic administrative state networks which are arbitrary, alien and hostile creation that does not concern itself with advancing the welfare needs of the people, thus making it reflect the features of a predatory state. This is particularly evident in the manner with which the inheritors of state power in most sub-Saharan African nation such as Nigeria has been much more interested in cornering the privileges of state office for the primitive accumulation of national resources rather than engaging in any transformative agenda that will advance the welfare of the masses in general and the society in particular (Mkandawire and Soludo, 1999; Mkandawire and Olukoshi, 1995).

Thus, the character of politics which provides the competitive platform for the political elites to seek for power to control the commanding heights of the state where decisions about public policies are made and enforced clearly reflects the nature of the state which they are trying to capture. The character of the state in turn depends largely on the economic system which invariably is capitalist in form and character. The state therefore lacks autonomy in the sense that it is externally controlled, a fact reflecting Nigeria’s dependent economy, which necessarily makes it a dependent entity. In this context, therefore, the interest of benign Africa elite are at odds with those of the masses, and conditioned by their class interests which are more linked to the interests of the metropolitan bourgeoisie (Mkandawire *et al*, 1999). This explains why they cannot launch a development project but rather opted for dependent development.

Besides, the state is not detached from the dominant class, but it is used by it directly as a tool for the pursuit of parochial interests. For instance, from the post independence period, the principal competitors for state power in Nigeria have always been the same social class, the Nigerian petit bourgeoisie who overtime have transformed to become a comprador bourgeoisie. It is the character of this class that determines to a large extent the character of our politics, socioeconomic policy formulation and the nature of our development aspirations (Ake, 1996:23). One salient reality about the political elite class within the Nigerian state context is that their capacity for the pursuit of enlightened self interest is quite limited. The class is too divided, its discipline is poor and its consciousness retarded. Besides, the class is too divided to express and pursue its enlightened self interest as a class. In the same vein, the government in which it expresses its institutional political power is too weak to lead or compel it to pursue its enlightened self interest. Regrettably, the increasing misery and alienation arising from their corrupt and incompetent rule today is what is undermining the well-being and livelihoods of the greatest majority of the Nigerian people and the corporate existence of the nation.

Furthermore, the Nigerian bourgeoisie was, and remains, a loose coalition of the elite of different ethnic groups and economic interests. It remains fragmentary, reflecting Nigeria's incoherent economy and multiethnic nationality (Ibid). Its intent right from colonial days to the post colonial era is not to change the colonial state structure, but to inherit the exploitative system which underlies its own oppressive style in relating with the citizens. This is aptly reflected in the present economic reform measures of government started in 1986, which have proven incapable of addressing itself to the needs and challenges of the poor. In the same light, the state elite in African countries have also been responsible for the poor development of the private sector, as it was 'clearly not prepared to tolerate such attempts to develop the emergence of an African business class, with power autonomous of the state.' This result from the fear that such a class would be less reliant on the politics of patronage and therefore less easy to control (see Brian, 1996:3-4).

Consequently, the political elite who assume state power are economically weak partly because of the dependent structure of the inherited economy which makes it a producer of primary products such as crude oil and cash crops which are exported to the developed world and dependent on them for manufactured consumer and capital goods that they ultimately require (Frank, 1969:3-6). The political class simply sees state power as a means for the accumulation of wealth to enhance its weak economic base which will further consolidate his relevance politically. As such, the Nigerian political elites are considered as nothing but a group of persons who seek political power as a tool to better their living conditions. So, politics is seen as a struggle among themselves for successive exploitation of the people and the nation's resources. As such, the state today is no longer a public property but a tool to serve those who control it (Amin, 1976:104). There is increasing differentiation and opposition of interests of the masses to those of the few elite who control state power and the means of production to the point where the masses have become mere tool used by them in their quest for primitive accumulation. They use state power without restraint to oppress and impoverish the people, pauperize their living conditions through ill-conceived economic policies that fail to address the enhancement of the peoples' quality of life, put their political opponent out of business, expropriate them, even to deprive them of their liberty.

The obvious manifestation of this class division is evident in the failure of the political class to mobilize the masses for any serious national purpose or aspirations given the cynicism, apathy and hostilities of the masses who are disappointed about the inability of the political class to bring them better life (see Adedeji, 1998:25). This failed relationship has further deepened the alienation of the leadership from the rest of the people where they now use the force instrumentality of the state to repress in order to curb the peoples' expression of their disappointment. This is evident in the concoction and inevitable failure of development strategies biased in favour of the parasitical political elite group which controls state power and dissociated from the interests of Nigeria's real productive forces - the self employed, peasants and the working class as it is the case with the present economic reform policy of government since 1999.

The Nigerian state today is one that is not able to maintain an impartial public institution, it is unable to mediate the competition of political contestants and social classes, provide social services and address the welfare needs of the people for which it was created. As such, politics has become essentially a competition without rules or referees. Even when there are rules they are subverted in the interest of the few in order to maintain the status-quo and continue their political and economic hegemony. This political incoherence is the bane of the Nigerian nation. The state is no longer seen in the sense of a truly public sphere or a commonwealth; rather it has been reduced to a contested space where strangers converge to appropriate for their interest groups whatever is on offer, including the power of the state (Ake, 2001:94).

In this context, therefore, every interest group is out for itself; each wanting to appropriate and privatize state power to its own benefit. As such, the issues of national interest, public interest, or even public policy scarcely arise (Ekeh, 1975). Even when they do exist, they are lost in the contradiction between the manifest and latent functions of policy implementation. The same state of political incoherence is also brought to bear on the formulation of public policy such as characterized the adjustment or economic reform measures. For instance, from the onset the introduction of SAP or the present economic reforms of government was authoritarian in nature as well as an imposition which hinges on the renunciation of politics. It was devoid of the process of aggregating interests, articulating them and negotiating consensus on the general thrusts of public policy and on the managers of public policy. The imposition of SAP calls for considerable coercion because the government doing the imposing has no legitimacy (Ake, Ibid). This fact explains the main crux of structural adjustment or economic reforms given its association with de-democratization and political incoherence. These tendencies stand in the way on a development project and a development strategy. This situation obviously is a negation of the primary goal of government which is to implement economic (fiscal and macroeconomic) policies that will increase aggregate demand by financing public projects such as the provision of basic infrastructure and evolving policy programmes that can lower the incidence of poverty, inequality and unemployment (Davidson, 1992).

These events, therefore, provide the base for explaining the paradox of development failure in most developing societies such as Nigeria where in spite of her enormous resource endowment; the citizens are ravaged with poverty which has been blamed on bad governance and corruption (FRN, 2001; Conable, 1991). Confronted with this peculiar Nigerian paradox, the World Bank (1996) gave an apt description of Nigeria, calling it ‘poverty in the midst of plenty’. Thus many scholars have ascribed the increasing poverty in Nigeria to the mismanagement of public resources by our political leaders that have appropriated our collective commonwealth for their self interests at the expense of the general well-being of the people. This is predicated on the view that wealth of the non-poor is significant only because the poor exist and the preservation of the status-quo help to accentuate the condition (Edu, 2003).

Despite over four decades of self governance in Nigeria, the number of Nigerians living below the poverty line has worsened, especially since the 1980s as majority of the people lack command over basic consumption needs (Dike, 1995). For instance, a look at the social indicators of development for Nigeria showed that the country has not done well in terms of promoting an improvement in the quality of life of the people. The life expectancy at birth has dropped from 54 years in 1990 to 43 years in 2006; the incidence of poverty has risen from 28.1 percent in 1980 to 46.3 percent in 1985, but dropped slightly to 42.7 percent in 1992; from there it rose to 65.6 percent in 1996 and to over 70 percent in 2006 (IMF, 2007; Uwatt, 2004:379). Besides, with the country's human poverty index at 41.6, Nigeria has become one of the 25 poorest countries in the world (UNDP, 1998:17; Aliyu, 2001).

Also empirical evidence in terms of economic indicators also show mixed results. The inflation rate has increased from 6 percent in 1960 to almost 37 percent in 1975. From 1987 onwards, the inflation rate rose steadily to 57.2 percent in 1993 and 72 .8 percent in 1995, declining thereafter to between 10-15 percent from 1998 to 2007. The increase in the rate of inflation has been fuelled by the neo-liberal policy of exchange rate adjustment and interest rates charged by financial institutions following government's expansionary monetary policy. The economy has also been operating below 50 percent of its installed industrial capacity in 2006 compared to over 70 percent in 1960 and 1980 (CBN, 2007; Uwatt, 2004, 378). This has resulted in the increasing rate of unemployment which has risen from 2.4 percent in 1960 to 12.4 in 2007 (IMF, 2007).

These conditions have brought to fore the central thesis of this study which is to emphasize that the state of poverty in the nation has resulted in deficiency in human development of the populace, and that bad governance and corruption looms large in precipitating this manifestations. Though the nature and causes of poverty varies just as the features and problems of the poor, they cover economic, social, cultural, political and other factors. But according to NCEMA (1995), the most significant is economic, which hinges on unemployment and underemployment. At it were, with unemployment rate hitting the double digit of over 12 percent (due to government privatization policy as well as contraction in both public and organized private sector), the activities in the informal sector has experienced proliferation over the years in order to provide a source of livelihood for most of the unemployed, majority of whom are poor. Among the characteristics of this group of persons who constitute over 70 percent of the nation's total workforce is that apart from many of them being underemployed, they also lack access to regular source of incomes and income earning opportunities which hampers their self development drive. They lack education, access to quality healthcare and limited skills. Their low education and limited skills mean that they cannot have access to opportunities for meaningful employment and income generation. They also suffer poor/ ill health and are generally unable to attend to this condition because of their low incomes. These social conditions of the people have been further worsened by government's continuous implementation of the neo-liberal policy measures which canvassed for a lesser role for government in the economy, including her cut-back spending in the social sectors where capital expenditure has been declining over time. This goes to substantiate the fact that there exists a close interrelationship between policy and poverty, which may be called the policy-poverty nexus (see Onimode, 1995).

Thus the role of the political factor in exacerbating the incidence of poverty in the nation which has resulted in the deficiency of human development is obviously manifested through corruption which the Political Bureau in 1987 and the Vision 2010 reports described as the bedrock of the country's development failure. Here the attainment of political power has become channels of enriching the operators of the state through misappropriation and mismanagement of public funds which in turn leads to the dearth of public resources for funding development projects (see Adeyemi. 1991; Ake, 1976). For instance, in a State where public office holders have near absolute political power and discretion-essentially autocratic in nature; where social control is lacking; and compliance to societal law suffer gross deficiency, political actors tend to become unaccountable to the people they rule and administer. All these factors historically have been created in Nigeria in the last thirty years. Today, there is a consensus by majority of Nigerians that corruption has pervaded every fabric of the

Nigerian economic and social institutions. This became an obvious reality when Transparency International in 2005 rated Nigeria as the third most corrupt nation in the world trailing behind India and Bangladesh.

Also bad governance and corruption has become the bane of programme-implementation in Nigeria. Funds that should be channeled into the actual operation of institutions, agencies and also to provide needed resources for programmes often disappear into private accounts. This goes to explain the lack of success in the various poverty alleviation programmes instituted by government where the perpetuation of vested political interests runs counter to the requirements of poverty alleviation target. This is where the Nigerian paradox become manifest and it was confirmed by the federal government of Nigeria in the blueprint for the National Poverty Eradication Programme (NAPEP) (FRN, 2001). Aliyu (2001:1) quotes the NAPEP blueprint as saying:

> Poverty is one of the most serious problems in Nigeria today despite various efforts by governments from independence to date. Poverty among Nigerians has been on the increase. Statistical data available indicate that by 1960 the poverty level in Nigeria covers (covered?) about 15 percent of the population and by 1980 grew to 28 percent. I 1985, the poverty level was 46 percent and dropped to 43 percent in 1992. By 1996 the Federal Office of Statistics estimated that the poverty level in Nigeria at about 66 percent and there are a number of real indicators to show that the current poverty level has gone higher.

A particular disturbing fact is that the increasing incidence of poverty has been occurring at the same time that higher resource inflows have been coming into Nigeria. For instance, within the last three decades of the 20th century, the country has earned over US$ 300 billion dollars from the exportation of petroleum alone (Edu, 2003, 278). The fact that higher resource inflows have been occurring simultaneously with declining living conditions is paradoxical and anti-thetical to normal expectations. Much of this paradox is attributable to the problem of bad governance where those leaders holding political power have failed to keep faith with the major goal in governance which is to improve the standard of living of the masses, raise the level of happiness and dignity of the citizens and provide social and economic infrastructures for the nation.

This is where the need to address the challenges of the informal sector becomes critical given its huge role and contributions it plays in weathering the economic constraints which the government implementation of the neo-liberal economic reforms have brought to fore. This position clearly underscores the submission of the Brandt Commission (1980) which stressed that when economic forces are left entirely to themselves, they tend to produce growing inequality especially when income distribution is highly distorted between the rich and the poor in societies. It, therefore, becomes evident to reject the positions of neo-liberal advocates that competitive markets will function properly in a society like Nigeria, when the original "Washington Consensus" neo-liberal model deliberately excluded poverty-reduction programmes from its proposition at the beginning, only for it to evolve later as an afterthought (Edwards, 1995).

These happenings, therefore, raises the question of the feasibility of the liberal state in the African context. This is because the modern liberal state is a historical product of industrial capitalism. The state in Africa is not a 'res publica', a public force or a commonwealth, because its members do not have common business and mutual interests in the way public activities are conducted. This public is opposed to the modern public of market society in which the liberal state is embedded. The uniqueness of the African state is that it has a very rudimentary modern public displaced and retarded by the multiplicity of primordial publics: ethnic, national, communal and sub-national. These circumstances have produced a structural dualism in contemporary Africa which is the problematic for the development of the liberal state (Ekeh, *op cit*). Regionalism and religious differences become politicized by the elites in order to find a base of power at a time of political anxiety and economic crisis.

The state in post independence Africa has, so far, largely failed to alleviate the dissociation of available resources from social need. Instead, it has in most cases created its own privileged elite, which has resulted in the loss of its commitment to economic liberation of the masses. In most of Africa, the leadership has betrayed the goals of liberation and mostly substituted itself for colonial administrators. In the same vein, they have continued with the colonial structure of authoritarian political system, coupled with the deprivation of the peoples' access to resources, as well as the exacerbating inequalities among ethnic groups and regions which have remained unresolved, causing chronic conflicts that heighten the dissociation of resource use from social needs (Mengisteab, *op cit*: 169).

From the foregoing, it is apparent that the state in Africa is still at the rudimentary public level lacking legitimacy, honesty and responsibility. Rights remain largely coextensive with power, and accountability and political participation are lacking. It is peopled by individuals and social groups who are essentially strangers to each other. Their relation rest mainly on an amoral calculus of strength and is characterized by unrelenting struggle for power. They invest nothing in the state and owe no responsibility to it (Ake, 2000:165). In most of Africa, the state is a contested terrain where different nationalities, sub-nationalities, 'ethnic groups' and communities go to fight for the appropriation of resources including power which has engendered strong centrifugal tendencies.

2.6.3 SYNTHESIS

From the discourse of the theoretical framework that underlined this study, it is clear that an examination of the social welfare conditions of the people in a given society is fundamental to understanding the nature of development strategy conceived by government and the character of the state institutions put in place to implement this strategy within a social milieu. This has enabled us to provide an in-depth analysis on issues of human development and the role which the state has played toward the promotion and improvement of the citizen's standard of living, for which the whole essence of development is the beginning and the end.

Given the nature of most African states which are predatory in their framework, it is not surprising that the development strategy or strategies implemented by several governments in Africa have always been to the detriment of the general well-being of the people. This is so given the interests that underscore these strategies and their implications for promoting socio-economic development. It is an established fact that African nations' vision for socioeconomic transformation has always been externally driven and mostly propelled by International Financial Institutions such as the World Bank/IMF. This ranges from its modernization model anchored on Import Substitution Industrialization (ISI) from the 1950s and 1960s, to the present neo-liberal strategy based on the supremacy of the market, thereby making the Western developmental strategies the foundations of policy decisions as is the case with post colonial Nigeria.

These economic programmes or strategies in all sincerity have little concern for the realities of Africa's historical, social and cultural conditions. They are mere passing enthusiasms and not development strategy, and this explains why the Nigerian state is stuck in the discourse and practice of SAP or economic reforms with no sign of anything else in the menu. In this light, the kind of development strategies prescribed for her by the West has offered almost no solution to its state of poverty, increasing unemployment, inequality or its underdevelopment. These strategies are not designed to strengthen the country's independence socially, culturally, economically and politically. As such, since the 1950s, the drive for development has been employed as an instrument of control by the industrialized nations in an effort to change the socioeconomic and political structures of African societies for their own economic interests. This is clearly manifested in the nature and character of the African state, including Nigeria, where the interests of the state leadership are consistently at odds with those of the masses, and conditioned by their class interests that are more linked to the interests of the metropolitan bourgeoisie.

Consequently, most of the development strategies adopted by African nations have failed to bring about the redistribution of the continent's massive wealth among the populace through sustained commitment to pro-poor policies aimed at reducing poverty. Similarly, African governments have consistently been unable to develop policies for the protection of consumer goods, prices of raw materials, promote full employment opportunities, ensure manufactured export competitiveness as is been done in the Western and East Asian developmental states. Furthermore, the managers of most African states lack the enlightened national self interest that is the required catalyst for the economic transformation of their societies unlike their foreign counterparts which largely underline the emergence of the developmental states. Neither do there exist domestic leaderships for whom development is an overriding priority, nor strong economic bureaucracies, nor favourable international and political environment are present to provide the catalyst for economic transformation of Africa (Gyimah-Boadi and Van de Walle, 1996).

In this context, the operators of the African states see it as the platform for promoting rent seeking activities wherein economic development policies are pursued for the purpose of individual gains other than the collective interests of their respective nations (Diamond, 1991:78). As such, the state is used directly for the pursuit of parochial interests, wherein the leadership consciously supports development projects from the West for their own benefits at the expense of the poor, ignoring the decaying social infrastructures, rising unemployment and general economic stagnation which they have created (Pauly, 1997). Besides, they are also insensitive to the realization that these development strategies are completely alien to the nation's historical, social and cultural context. In the same vein, the indicators for measuring the progress of these development strategies have consistently been the use of GDP, per capita income rather than the well-being of the people.

Little wonder, therefore, that the states in Africa such as Nigeria has always faltered in the provision of social services and amenities, creation of employment opportunities by guiding the private sector, agricultural sector, informal sector and other viable sectors toward autonomous targeted economic policy that would stimulate their economic growth and development. Unlike governments in East Asia countries which did much to nurture and support private sector enterprises in diverse ways (credit, subsidies, information), African regimes have done little to provide various forms of assistance - institutional, technical, infrastructure, microeconomics - which are vital for fostering the conditions for a vigorous and resourceful entrepreneurial activity (Wade *op cit*). These conditions have created social distrust between the government and the governed due to the inability of the government to meet the basic needs of the people. Today, the Nigerian state is no longer a public property of the people but a tool to serve those who control it. It has been reduced to an alien and hostile structure that does not concern itself with advancing the welfare needs of the people, but a tool for threatening and aggravating the well-being and livelihoods of the greatest majority of the citizenry.

From the above discourse, it is apparent that before any positive socioeconomic and political development can be developed, where public policies are formulated that would positively impact on the socioeconomic welfare of the people; the state must undergo major structural transformation from a predatory state to a developmental state. This is fundamentally so, because it is the character of the state and the operators that ultimately determine to a large extent the nature of the country's socioeconomic and development aspirations. Besides, the Nigerian state well as other states in the African continent should evolve an endogenous development project to which they are conscientiously committed. Furthermore, the political leaders in the various African states should refrain from seeing issues of development as mere ad hoc and opportunistic measures produced by a particular government in office and in the context of a determinate state and a historical configuration of social forces.

With few exceptions, the African elites are more interested in political survival than in development, and the conditions of their survival have been inimical to development. As such they have largely ceded development strategy to external agents, but in exogenizing development they have also aborted it by their parochialism. In all, given the pivotal role played by the state in the industrial development of the new industrial countries (NICs), we would posit that the position of the state in the context of development in Africa should be that of an enhanced institution, albeit a different and transformed one that is developmental in its orientation (Nyango'ro, 2002:78).

CHAPTER THREE

RESEARCH METHOD

3.1 THE STUDY AREA

Lagos State was created on May, 27 1967 by Decree No 14 of 1967. As an old Yoruba town, Lagos was founded in the fifteenth century as a Portuguese trading post exporting ivory, peppers and slaves. It subsequently fell into the hands of the British, who began exporting food crops (palm products) and other goods after outlawing slavery in 1807. In 1906, Lagos was joined with the British protectorate of Southern Nigeria, and, in 1914, when the Southern and Northern protectorate were amalgamated; it became part of the small coastal colony of Nigeria. In 1954, most of the colony was merged with the rest of Nigeria, but Lagos was made a separate federal territory. From the late 19th century to independence in 1960, Lagos was the centre of Nigerian nationalist movement. It remained the political capital of Nigeria until 1991 when the seat of the federal government was moved to Abuja on 12th December 1991 (www.lagosstate.gov.ng).

Lagos is the most populous city in Nigeria. The metropolitan area, an estimated 300 square kilometers, is a group of island endowed with creeks and a lagoon. Lagos is known for its bursting business activities. It is Nigeria’s financial, commercial and industrial nerve centre with over 2000 manufacturing industries and over 200 financial institutions (banks, insurance companies) including the Nigeria stock exchange. Indeed, the headquarters of multinational conglomerates like UAC, Unilever, John Holts, Churchgate, Chevron, Shell, ExxonMobil and the nation’s public enterprises are all located in the state. The state alone harbour 60 percent of the federal trade industrial and foreign trade while also attracting 65 percent of commercial activities. It also account for more than 40 percent of all labour emoluments paid in the country. It therefore follows that Lagos state also provide the platform for the huge presence of informal sector activities.

It is also Nigeria's chief port and economic and cultural centre. Apapa is the chief port district. With an area of 43 square kilometers, Lagos comprises several island and the adjacent mainland areas. Notable among the places on the Island are Victoria Island, Ikoyi and Isale-Eko; the mainland is made up of Ebute-Metta, Yaba, Surulere, Apapa, Ikeja and Agege among others. The capital of Lagos state is Ikeja. It takes the lion share of the location of industries, but Lagos Island has the highest concentration of retail and commercial outlets and bureaucracy (www.apps.atlantaga.gov/lagos).

3.2 STUDY POPULATION

The study population is the informal sector operations in Lagos State. The study was targeted at transport, production, wholesale and retail trade and social service operators involved in informal sector activities in Lagos State. Following the 1991 census, the population of Lagos state was put at 5.7 million people and 9 million in the 2006 national census. The State is ranked as the most densely populated in Nigeria with a labour force that has doubled the 2.5 million reported in the 1991 census statistics (National Population Commission, 1992). In conducting this study, six of the Local Government Council Areas in Lagos State were chosen using the simple random sampling technique from which respondents were selected. The size of sample respondents chosen from each Local Government Area is roughly proportional to the population sizes of each Local Government using the 1991 census figure. The Local Government Areas chosen are Apapa, Ibeju-Lekki, Ikeja, Ikorodu, Lagos Island and Lagos Mainland.

3.3 SAMPLE SIZE AND SAMPLING PROCEDURE

Since the informal sector group in Lagos State is large given its huge population density, one cannot possibly study all the subjects or items in the population. Hence the researcher selected a sample from or a subset of the population of informal sector operators using the systematic sampling technique. The systematic sampling technique is a probability sampling type which involved the selection of the **n**th subject or item from serially listed population subjects or units: where **n** is any number usually determined by dividing the population by the required sample size. The population is given by **N** which represents the total population from the six Local Government Areas (Asika, 1991:43). In this study, the random route walk method was used for selecting respondents. The random route walk method is a systematic procedure by which an interviewer moves in the field to select respondents while maintain a fixed sampling interval. By this method, the questionnaire was administered to respondents by six interviewers who were allocated different streets each and shown the direction to walk i.e. whether to the right or to the left of the random route by a supervisor.

From the 1991 census for Lagos State, the six Local Government Council Areas chosen for this study had different population. It therefore, follows, that the degree of informal sector operations/operators eking their living in these Local Government Councils Areas would be different as well. As such, the percentage number of informal operators interviewed and administered the questionnaire across the six Local Government Council Areas was proportional to their corresponding population as shown in table 3.1:

TABLE 3.1 DISTRIBUTION OF RESPONDENTS ACCORDING TO LOCAL GOVERNMENT COUNCIL AREAS

Local Government Area	1991 National Population Census Figure	Proportion of sample allocation to each local Government Area	Distribution of administered questionnaire used	Percentage (%)
Apapa	154,477	92	88	15%
Ibeju-Lekki	24,937	15	15	3%
Ikeja	203,383	121	116	20%
Ikorodu	184,674	110	105	18%
Lagos-Island	165,996	99	95	17%
Lagos-Mainland	273,079	163	156	27%
Total	1,006,546	600	575	100%

A sample size of 600 respondents was chosen from the population of informal sector operators across the six Local Council Areas for intensive study of the characteristics of the population, particularly on the levels of living and human development vis-à-vis government economic policy. Out of the 600 respondents which constitute our sampling frame (working population); 575 respondents were successfully administered the questionnaire by face to face contact in their places of work i.e. workshop, bus stop junction, park and on the street. The approach involved the identification of an informal activity and a rapport is established between the interviewer and the respondent. Upon striking a common cord the interview then takes place. The choice of the sample size was determined by the capacity to effectively manage the respondents and minimize costs given available finance at hand. For instance, a larger sample size than the number selected would have incurred heavier costs in terms of time and finances. This sample size was considered adequate enough to ensure an adequate representative spread of respondents involved in informal sector operations so as to provide sufficient data base for analysis that will allow one the capacity to use the findings from the study to make generalization for the whole informal sector. Consequently, the choice of a sample size of 600 respondents chosen for this study was done in order to ensure that we have a large sample that is amenable/ applicable to the use of the chi-square test so as to provide the required level of statistical reliability.

Besides, another factor used for selecting respondents was based on the attainment of secondary education and below. The rationale for using this level of educational attainment was to allow us deal specifically with those operators who constitute the core 'urban poor' that is actually meant to belong to the sector. This was to allow one to fully capture the essential national characteristics of informal sector groupings in order to avoid bias and obtain estimates with minimal error. The population characteristics examined were heterogeneous in terms of age, sex, household size, occupation and socioeconomic status and business conditions. The respondents chosen for the study were classified into categories such as married, single, divorced/separated or widowed. The common denominator of the population was that they were all engaged in informal sector activities. This study was carried out in the month of March 2007.

However, the administration of the questionnaire did not go without certain constraints. One major challenge initially faced was that some respondents were initially not too disposed to be interviewed seeing it as another routine study carried out by government officials with no end benefits to them. This impression was corrected by the interviewers who had to educate them that this study is not government sponsored, but an academic research whose focus is to ascertain from them the challenges they were experiencing as operators in the informal sector with a view to finding solutions to them in order to improve their standard of living.

3.4 METHODS OF DATA COLLECTION

Given the nature of the study which is mainly a descriptive/explanatory survey used to collect descriptive information to assess the relevance, reliability and validity the neo-liberal policy in promoting human development (see Haralambos, Holborn, and Heald, 2000:998), the information required for the study was obtained using primary and secondary sources. The survey was conducted using the interview schedule (questionnaire administration) and the Focus Group Discussions (FGDs) methods which served as our primary sources of data collection. The questionnaire used for this study contained a 50 set of questions used to gather data on socioeconomic, demographic and other characteristics of operators to be used in the analysis of the research questions and objectives of the study. The questionnaire contained both closed and open-ended questions. The closed ended questions were rated in a four point Likert scale format with four types of responses. The interview (questionnaire) schedule was personally administered by means of face to face contact with the use of six field assistants (interviewers) who were trained on the details and nature of the study. These interviewers were supervised by two field supervisors to ensure quality control. Other measures put in place to ensure the highest standards were for the supervisors to engage on the spot field check of field interviewers to eliminate fraud, review of all completed questionnaire for accuracy and consistency so that those questionnaire that were not properly filled were removed before data entry.

The interview schedule was organized into six sections. The first section centred on questions aimed at gathering information on respondents demographic composition: age, sex, level of education, occupation, marital status, religion, type of residence and household composition. The second section focused on questions regarding the living and working conditions of respondents in the sector. Here questions were raised on the socioeconomic conditions and overall well-being of operators. Issues regarding nature of business earnings, ability to provide their basic social needs and household requirements were examined. The third section examined questions regarding respondents awareness of government economic reform policies and its implications for their business performance and social welfare. The fourth section dealt with assessing respondents understanding regarding the specific goals of government economic reform policies. The questions raised include whether the neo-liberal policy addressed their basic social needs as well as challenges associated with their businesses. In the fifth section, questions that focus on the human capabilities/empowerment of respondents were examined. Questions that centred on whether the neo-liberal policy has created the capacity for empowering the respondents to live better quality of life were raised. The final section dealt with suggestions on means of improving the business conditions and welfare of respondents.

The interview schedule was complemented by the Focus Group Discussions (FGDs) method–to gather qualitative data on the study. It was used in discussions organized for small groups. A total of four FGDs sessions (made up of 8-9 respondents each) were held in four out of the six Local Government Council Areas. This decision for limiting the FGDs sessions to four out of the six Local Government Councils was necessitated by the demand to avoid duplication of efforts and waste of resources. This was based on the similarities of information gathered from earlier FGDs sessions carried. The discussants for the FGDs were made up of informal sector operators which constitute the study population. These discussants were different from those respondents used for the interview schedule, and they were selected on the basis of meeting the essential characteristics of informal sector groups chosen for the study. Each focus group was made of discussants with homogenous features based on similar socioeconomic and demographic criteria such as age, sex, occupation and education in order to allow for free discussion and exchange within the group. Persons with more than secondary education were excluded.

The four Focus Group Discussion sessions were held in Ikeja, Apapa, Lagos mainland and Ikorodu Local Government Council Areas. All Discussants for the sessions were encouraged to freely express their opinions and perceptions on issues raised. To control for domination by one or two discussants, questions were sometimes specifically directed at more reserved discussants to encourage them to contribute to the discussion. The discussions were conducted with the researcher being the main facilitator with a note taker and a tape recorder in all the four groups. Each session lasted for only ninety minutes. The configuration of the group was structured as follows:

Group 1. It consists of 8 males between the ages of 18-25years involved in occupations such as mechanic, phone booth operation, carpentry, musician and photography. This session was held in Ikeja Local Government Council Area.

Group 2. It is made up of 9 males between the ages of 26-45 years and their occupations include mechanics, interior decorators, drivers, electrical and electronics repairer and panel beaters. This session took place at Ikorodu Local Government Area.

Group 3. This group involves only 9 females between the ages of 18-25 years and their occupational breakdowns include hairdressing, trading and computer operators. This Focus Group Discussion session took place in Lagos Mainland.

Group 4. This group had 9 females between the ages of 26-45 years and they were involved in occupations such as trading, catering, hairdressing. This session was held in Apapa Local Government Council Area.

Although the use of the survey method has been criticized for being a superficial reflection of population sentiments offering the researcher little or no control over individual responses to surveys; subject to sampling error; data gathering may be faulty and lacking reliability and validity, respondents may provide biased and subjective information and so on (Obasi, 1999:132). The utility of using the method in this study lies in the significance of its benefits which emphasized why it is used by much of the existing studies on the informal sectors (Tokman, 1989; Hart, 1973; Amin, 1987, Mabogunje and Filani, 1977). The advantages of the use of survey are as follows: it helps to permit generalization to be made to wider population when only a sample was studied, it permit the use of a variety of data collection techniques, it is a useful tool for verifying theories and sensitizes researcher to potential problems that were originally unknown or unanticipated (Bowling, 1997:173; Neuman, 2000:301). Besides, the validity and reliability of survey instruments are enhanced through the use of pilot study, pre-test of instrument, jury opinion (Kerlinger, 1977:417-418).

It is best used for studies of this nature where the researcher is asking questions on the subject-matter and learning about reported knowledge, attitudes or behaviours of individuals regarding the issues under investigation. This instrument was adopted to elicit some important information, which might be difficult to obtain by any other means. The nature of such information gathered is not only precise but also amenable to quantitative analysis. The responses so derived from the questionnaire formed the basis upon which analyses were made. Also, data was gathered using secondary sources which include: textbooks, periodicals, magazines, journals, internet sourcing, official records and statistical data from government establishments, regional and international organizations like Central Bank of Nigeria, African Development Bank, the World Bank/IMF, UNDP, ILO, UNO and others were used in the course of gathering data for the study.

3.5 METHOD OF DATA MANAGEMENT AND ANALYSIS

Different methods were used to analyze the two sets of data that were collected from the participants. The quantitative data, which was generated from the questionnaire, were coded and data entry was done using the Statistical Package for Social Sciences (SPSS). From this, univariate analyses were carried out describing the trends and patterns of the variables in percentages. Frequencies were also presented in tables to show major attributes. The tables were structured in line with the particular item(s) relevant to the issue being examined and tested to analyze the research questions and objectives of the study. After this stage, univariate statistical analyses were utilized to further interrogate the research objectives.

The quantitative data derived were analyzed using the Chi-Square tests statistic which is most appropriate. The justification for this is that we are dealing with multinomial probability distribution in which the respondents sample were randomly selected to establish the relationship between neo-liberal economic policy and human development imperatives. The chi-square tests enabled us to analyze the distribution of opinions by respondents according to their occupation in order to indicate whether or not it differ significantly from those which would be expected under certain set of theoretical assumptions. Unlike the quantitative data, the transcription of the qualitative data was carried out as soon as the FGDs sessions were conducted and contents analyzed descriptively. Responses were summarized and important quotations were reported verbatim to highlight individual and collective views.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

‘The challenge of development in Africa is how to improve the quality of life for the citizenry’ Kofi Anan (1998).

This chapter deals with data presentation and the analyses of data. It begins with the socio-demographic profile of the respondents. It presents the results of the survey and the FGDs which provide the platform for an analysis of the research questions raised and objectives advanced. It describes the social structural factors that hinder the promotion of human development among operators in the informal sector, including its low contribution to the economy within the framework of government implementation of neo-liberal economic policy. Besides, the study also used relevant data from secondary sources and statistical indicators to complement the analysis of the findings gathered from the survey and FGDs.

4.1 SOCIO DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

The distribution of respondents’ socio-economic and demographic characteristics covers such measures as age, sex, occupation, marital status, household make-up, residence and educational levels. This data provides insight about the basic profile of respondents who took part in the study. On occupation, traders were 41 percent, artisans (35 percent), taxi/bus drivers (6 percent), motor-cycle riders (8 percent), service providers (9 percent) and others (1percent) as presented in table 4.1:

TABLE 4.1 DISTRIBUTION OF RESPONDENTS BY OCCUPATION

Occupation	Number	Percentage (%)
Traders	234	41
Artisans	204	35
Taxi/bus Driver	35	6
Motor Cycle rider	45	8
Service Providers	53	9
Others	4	1
Total	575	100%

TABLE 4.2 AGE DISTRIBUTION OF RESPONDENTS

AGE CATEGORY	PERCENTAGE (%)
20 – 30 years	47.8
31 – 40 years	36.7
41 – 50 years	12.6
51 – 60 years	2.9
Total	100

Table 4.2 shows that respondents between 20-30 years were 47.8 percent, 31- 40 years had 36.7 percent, 12.6 percent for 41-50 age group and those within 51-60 years constituted 2.9 percent. This distribution indicates clearly that operators in the informal sector are generally made up of young persons in the prime of their lives, as 85 percent of them falls within the age of 20-40 years. The fact that those between 20-40 years cohort now dominates the informal sector in Lagos can be attributed to the neo-liberal policy of government non-interventionist role in the economy, large scale contraction in the public/private sectors following the liberalization and deregulation measures, lack of employment among youths who have left the secondary school and those that are yet to secure admission to tertiary institutions. The sex composition of respondents revealed that 65 percent were males and 35 percent females. Most of the respondents representing 68 percent were married, while 29 percent, 1 percent, 2 percent and percent were singles, divorced/separated and widowed in that order.

On the basis of educational level, the distribution reveals that 71.8 percent have secondary school education, 19.6 percent with primary education and 8.5 percent with no formal education. These statistics paint a picture which reflects the fact many of the operators in the sector are young persons who on the completion of their primary or secondary education enter the informal sector in the absence of employment opportunities in the formal sector. This is in contrast with the past where people with primary education dominated the informal sector (see Mabogunje and Filani, 1977). Majority of the respondents (64 percent) were Christians; Moslems constituted 32 percent while others (practicing traditional religion) were 4 percent. The distribution of respondents' household composition shows that 83 percent of the respondents have five household members living with them, 6 percent with 8 members, 2 percent with 1 member, 5 percent with nine members and 4 percent with 10 members respectively. This shows an average of six members live in a household. The implication of this for the operators is that their per capita expenditure would be affected given the real incomes from their businesses which may ultimately affect the basic needs of their households.

The types of houses occupied by the respondents include one room (face-to-face), room and parlour, self contained, flats and bungalows. However, majority of the respondents lived in one room (face-to-face) as well as room and parlour, both accounting for 52 and 46 percent respectively, with 1.4 percent in self contained flat, 0.5 percent in two bedroom flat and 0.1 percent in 3 bedroom flat. In addition, most of the respondents share facilities such as toilets, bathroom and kitchen with their co-tenants in the house. About 50 percent of the respondents live in houses with pit toilet. The popularity of pit latrines may be due to irregularity of water supply which makes it difficult to maintain a flush toilet, especially in large households. Furthermore, the distribution of respondents by occupational categories was as follows: Traders (234), motor-cycle riders (45), Taxi/bus-drivers (35), artisans (204), service providers (i.e. restaurant operator, phone booth operator, barbers) (53) while other occupation outside the ones identified were 4 persons respectively.

In all the distribution of the sample respondents for each of the Local Government Areas was as follows: Ikeja (116); Ikorodu (105); Apapa (88) Ibeju-Lekki (15); Lagos Island (95) and Lagos Mainland (156). The target population for this study was made up of informal sector operators involved in transport, production, wholesale and retail trade and social service operations.

4.2 SOCIO-ECONOMIC CONDITIONS OF INFORMAL SECTOR OPERATORS

Achieving egalitarian society through equitable distribution of income and poverty alleviation has been a major development goal evident in development plan since the 1980s. As such, all development policies of governments are evaluated in terms of how far they have achieved these stated objectives. Over the past two decades the

Nigerian economy has undergone fundamental structural changes as a result of the government's implementation of the Structural Adjustment Programme (SAP) and economic reform measures. This has continued with the implementation of the National Economic Empowerment and Development Strategies (NEEDS) (2003-07) programmes, whose purpose was to promote growth and raise the standard of living through a variety of reforms, including macroeconomic stability, deregulation, liberalization, privatization, transparency and accountability. However, an assessment of these programmes has shown that they have had salient repercussions on the standard of living of the people.

The SAP or economic reform measures have had negative influence on the human development of the people in terms of empowering them to meet basic needs, achieve improvement in their business activities and exercise of their human rights in making positive contributions to national development (World Summit, 1995). To ascertain the state of respondents' social welfare, they were asked to describe how their living conditions have been over the last seven years (1999-2006). This period corresponds with the time when the Obasanjo government vigorously implemented neo-liberal reform policies of privatization, liberalization and deregulation of the economy. About 22 percent said they were coping with the challenges thrown up by the government economic reform measures as it did not have drastic effects on their standard of living while 78 percent of the operators described their living conditions as frustrating and challenging. They said they were finding it extremely difficult to meet their social responsibilities to their families because of the high cost of living which have resulted in the decline in their overall standard of living. They particularly complained about the incessant increase in the prices of petroleum products (especially petrol and kerosene) which have driven up the prices of other goods and services beyond the reach of the poor. Coupled with this situation was the poor state of infrastructure, especially power supply which has increased the cost of doing business in Nigeria. These conditions ultimately have resulted in the worsening poverty level of Nigerians which has been on the upsurge over the years.

TABLE 4.3 DISTRIBUTION OF RESPONDENTS BY WHETHER CONDITIONS OF LIVING HAVE IMPROVED OR NOT IN THE LAST SEVEN YEARS

	Occupation													
Responses	Trader		Cycle-Rider		Taxi/bus Driver		Artisan		Service providers		Other		Total	%
	f	%	f	%	f	%	f	%	f	%	f	%		
Yes	92	40	17	40	13	37	76	39	24	46	1	25	223	40
No	129	56	26	60	22	63	109	56	26	50	2	50	314	56
Don't know	8	3	-	-	-	-	6	3	2	4	1	25	17	3
N /A	2	1	-	-	-	-	4	2	-	-	-	-	6	1
Total	231	100	43	100	35	100	195	100	52	100	4	100	560	100%

$$X^2 = 29.95, DF=15; P < 0.05.$$

Table 4.3 shows 56 percent said their conditions of living had deteriorated over the last seven years. The reasons given by the respondents for this condition include low income returns from their businesses (40 percent), high costs of living (10 percent) and poor infrastructure (6 percent) which have made them to live deplorable and austere lives. In emphasizing the challenge of low income returns from business and the consequences it has for their living conditions, one of the female discussant in the FGDs made this remark:

> "If you don't have money how will you buy food, pay for house rent, pay children's school fees" "Without money you cannot live comfortably, and, also you cannot do anything in this world" (43 years old female trader in Apapa).

Conversely, 40 percent of the respondents said that they have experienced some improvement in their living conditions over the last seven years. The reason adduced was that they have engaged in some trading activities of buying and selling of consumer goods from which they have earned some income to make a living. Some (10 percent) respondents also mentioned access to modern communication following the introduction of the Global System of Mobile (GSM) communication which had enhanced easy communication with their clientele as one benefit that has helped to keep their businesses going. Another 10 percent identified change of social status in terms of being married with children as part of what has made life meaningful for them.

With reference to the chi-square value of 29.95 for Table 4.3, it is imperative to note that there is significant evidence from the operators' responses to indicate that the consequences of SAP or economic reform measures have aggravated their quality of life due to rising costs of living. For instance, following the currency devaluation since 1986, the value of the naira to the dollar has depreciated from N22 to US$1 dollar to N85 in 1997 and N126 in 2007. The value of the naira over the years have tended to push up the prices of goods and services and costs of production for local business enterprises which have invariably resulted in the rise of inflation leading to a decline in the peoples' purchasing power due to fall in the value of their real income. Similarly, the reduction of government expenditures on the social sector has had devastating effects on the provision of education and healthcare; the contraction in the public/private sectors have led to increasing loss of paid employment which have affected peoples' source of income. By 2003, the unemployment rates in Nigeria had reached 10.8 percent from 3 percent in 1999. Besides, the inflation rate in 2005 was estimated at 15.6 percent from 8 percent in 1999, with about 57 percent of the population living on less than 1US$ per day (Federal Research Division, 2006, CBN, 2000).

This information was further buttressed by findings from the Focus Group Discussions sessions where all the discussants indicated that their living conditions have been aggravated by problems arising from lack of access to funds to start a viable business or expand existing ones, increase in the prices of essential goods and services which have made it tough for them to meet their basic human needs. Some of the remarks expressed by some of the male discussants regarding the poor living conditions they were experiencing include:

> "We are only managing; we're only struggling. Like me that is doing interior décor, I have no facility. I'm only managing…" (25 years old male interior decorator in Ikeja);
>
> "if you don't have money, how will you buy food, pay for house rent, pay children's school fees" (35 years old male mechanic in Ikorodu).

TABLE 4.4 DISTRIBUTION OF RESPONDENTS BY CAPACITY TO MEET THEIR PERSONAL AND FAMILY NEEDS GIVEN THEIR EARNINGS

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Service Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*		
Yes	37	16	6	14	5	14	26	13	3	6	0	-	77	14
No	182	78	36	82	29	83	170	84	48	90	3	75	468	81
Don't Know	14	6	0	-	1	3	4	2	1	2	1	25	21	4
N/A	0	-	2	4	0	-	2	1	1	2	0	-	5	1
Total	233	100	44	100	35	100	202	100	53	100	4	100	571	100%

X2 = 26.95, DF=15; P < 0.05

In order to ascertain the conditions of their household welfare, the respondents were asked if the incomes from the businesses could meet up with the demands of their personal and family needs. Table 4.4 shows 81 percent said the earnings from their businesses could not meet the demands of their personal and family needs in terms of accessing basic social necessities such as healthcare; quality education for their household members, living in a good accommodation, access to pipe borne water and sanitation, among others. Only 14 percent of the respondents said their income could meet their personal and family needs. The responses from the remaining respondents representing 4 and 1 percent were negligible. When asked to rate the level of their standard of living before 1999, 49 percent said they were fairly satisfied with their living conditions, 30 percent were living in poor conditions, 9 percent in very poor state of living and 12 percent had a satisfactory lifestyle.

From the survey, the major effects of the economic reforms on the socio-economic conditions of operators in the informal sector have been the incessant increase in the prices of goods and services particularly food, utilities (transportation, housing), raw materials, inputs and cost of services like education and healthcare which have been a major threat to their overall well-being, individual dignity and freedom and those of their families. With the removal of subsidies on educational and healthcare services, user fees have been introduced which have increased the costs of people accessing these services, thus leaving them to seek alternative means toward meeting these needs. These outcomes have brought a dislocation in the quality of education, health system and basic infrastructure that the respondents could afford, and this has had severe consequences for their individual capacity building, business performance and the overall well-being of their household members.

This condition is very critical when one realizes that knowledge, skills and healthy living are the most vital variables that impact positively on any development agenda of a nation. It becomes incongruous to comprehend government's position that the rationale for the removal of subsidies on essential goods and services was to make them competitive in order to attract potential investors; whereas it fails to put in place the institutional mechanism for the distribution of social benefits (health insurance, educational financing, price controls) that have been made by advanced capitalist states to reduce the burdens of 'free market' operations which have become the hallmark of our development strategy. Relating this information to the chi-square test value of 26.95 for table 4.4, it shows that the implementation of the neo-liberal policy by government has had significant negative repercussions on the quality of life of the people which negates the position of neo-liberal advocates that free market mechanism would improve the living conditions of the populace. For instance, United Nations sponsored National Millennium Goals update for Nigeria in 2004 found that the nation was lagging behind on the goals of eliminating extreme poverty and hunger, reducing child and maternal mortality and combating diseases such as malaria and HIV/AIDS.

TABLE 4.5 DISTRIBUTION OF RESPONDENTS EXPERIENCES REGARDING THEIR BUSINESS PERFORMANCE

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/Bus Driver		Artisan		Service Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*		
Yes (Satisfied)	38	25	5	17	7	27	25	18	2	8	2	100	79	76
No(Not Satisfied)	114	74	23	79	16	62	109	77	24	92	-	-	286	21
Don't Know	1	0.64	1	3.44	1	4	6	4	-	-	-	-	9	2
N/A	1	0.64	-	-	2	8	1	0.7	-	-	-	-	4	1
Total	154	100	29	100	26	100	141	100	26	100	2	100	387	100%

In responding to the question regarding the experiences faced by respondents in the performance of their business activities, Table 4.5 shows 76 percent were not satisfied with the performance of the business operations as they encountered varied challenges such as poor electricity, high cost of transportation, multiple tax charges and levies, constant harassment from government officials (state/local agents) collecting rates from them for operating their businesses and poor infrastructure, while 21 percent said they were satisfied with their business performance. The varying challenges experienced by the respondents was also corroborated by findings from the FGDs sessions where majority of the discussants particularly those operators involved in social services operations described the condition as the bane of their businesses. This factor has had negative consequence on their daily incomes as they have to look for alternative source of power which involves the use of generator which has driven up the cost of doing business in Nigeria. Some of the remarks made by some of the discussants include:

> "It's 'light' that is our major headache, because it affects us a lot, it affects my job a lot" (24 years old male tailor in Ikeja);

> "I need light so much, if you keep on telling your customer that you can't deliver on time because of light, it is not good' (30 years old female Hairdresser in Apapa).

TABLE 4.6 DISTRIBUTION OF RESPONDENTS BY WHETHER THEY WERE SATISFIED WITH THEIR LIVING CONDITIONS

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Service Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*		
Yes	33	14	3	7	2	6	16	8	4	8	0	-	58	10
No	191	82	37	82	33	94	187	92	49	92	4	100	501	87
Don't Know	9	4	4	9	0	-	0	-	0	-	0	-	13	2.3
N/A	0	-	1	2	0	-	0	-	0	-	0	-	1	0.2
Total	233	100	45	100	35	100	203	100	53	100	4	100	573	100%

$$X^2 = 39.50, DF=15; P < 0.05$$

In responding to the question of whether the respondents were satisfied with their living conditions since the Obasanjo administration began its economic reform programme, Table 4.6 shows 87 percent said they were not satisfied with their standard of living. Among the reasons adduced for their present poor state of living is the inability to take care of their children's educational needs, live a decent accommodation, lack of access to good healthcare and inability to meet the nutritional needs for themselves and their household due to high costs of living. Accordingly, they observed that the incessant increase in the pump prices of petroleum products have fuelled inflation, thereby driving up the prices of basic needs particularly foodstuff which is essential to their existence. For instance, from 2000 to 2007, the Obasanjo administration raised the price of petrol from N22 naira to N75 per litre, which is over 240 percent increase. Conversely, 10 percent of the respondents said they were relatively satisfied with their present living conditions, while the remaining 3 percent were undecided as to the nature of their present condition of living.

This information which depict the state of their social well-being explain further the poor quality of life of the people as shown by the country's low placing in the UNDP human development index ranking. For instance, the UNDP (2004) sponsored assessment report of the national millennium development goals for Nigeria (2000-2015) showed that the standard of living in the country has not improved despite implementing a variety of economic reforms, including macroeconomic stability, deregulation, liberalization and the National Economic Empowerment and Development Strategy (NEEDS). This was shown by measuring human development indicators such as life expectancy, infant mortality, maternal mortality, amount of malnutrition, access to clean drinking water, and the occurrence of diseases which could be prevented by inoculation and public health services. Furthermore, the IMF (2007:35) progress reports on NEEDS and MDG 2006 for Nigeria show that infant mortality rate (per 1000 live births) has deteriorated from 100 per 1000 births in 2003 to 110 per 1000 in 2005, maternal mortality has increased from 704 in 1999 to 800 per 100,000 live births in 2004, and a fall in life expectancy from 56 years in 1980 to 43 years in 2005. These conditions have been identified as being influenced by underlying factors of both biological and socioeconomic determinants, including poor sanitation resulting in such diseases as diarrhea, acute respiratory infections, measles, bronchopneumonia and others. This data goes to buttress the fact that the continued decline in the standards of living of the people since the introduction of the neo-liberal policy by government can be attributed to the removal of subsidies on essential goods and cut back of government expenditures in the social sector due to its neo-liberal policy of rolling back of the state and decline in the provision of infrastructure. This was perceptively acknowledged by one of the female discussant who remarked:

> "Things are very expensive, especially foodstuffs. Before a bag of rice was N3, 500, but now it is N6, 000; even some sell it N7, 000" (40 years old female in Apapa).

Also, within the two decades of Nigeria's implementation of the neo-liberal policy, the proportion of Nigerian population living below US$1.00 (PPP) dollars a day for the period 1990-2004 was 70.8 percent compared to 38.3 percent between 1980-1989 and 47 percent in 1997; 92.4 percent live on less than $2.00 a day (1990-2003). Similarly, in the UNDP Human Poverty Index, Nigeria is ranked in the 76th position, with a national poverty line of 34.1 percent, and in 2004, 52 percent of the population was without sustainable access to improved water source (UNDP, HDR, 2006). Relating this information with the chi-square test value of 39.50 for table 4.6, it shows that there is a significant interrelationship between the neo-liberal policy of government and the state of living of the operators in the sector. These findings clearly confirm Hoogevelt's (1997) and Adedeji's (1999) views of identifying economic adjustment/ reform measures as catalysts for the destruction of embryonic institutions, intensification of unemployment and poverty, declining quality of life and retardation of socio-economic development in sub-Saharan Africa. As such, many of the problems that the nation has faced over two decade ago such as corruption, poor leadership, unemployment and poverty have become more acute, while most of her potentials have yet to be fully realized (UN-NADAF, 1996).

TABLE 4.7 DISTRIBUTION OF RESPONDENTS BY WHETHER THE IMPLEMENTATION OF NEO- LIBERAL POLICY WAS DESIGNED TO IMPROVE THEIR LIVING CONDITIONS

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Service Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*		
Yes	49	21	15	34	12	34.3	49	24	5	10	0	-	130	23
No	156	67	27	61	19	54.3	135	66	46	88	4	100	387	67
Don't Know	28	12	2	5	4	11.4	20	10	1	2	0	-	55	10
Total	233	100	44	100	35	100	204	100	52	100	4	100	572	100%

$X^2 = 281.41$, DF=10; P < 0.05.

In answering question on whether government neo-liberal policy was designed to improve their overall well-being, Table 4.7 shows 67 percent said government economic policy was not designed to improve their living conditions as reflected in the real income earnings from their businesses or occupational activities which could scarcely meet the demand of their basic needs. These respondents remarked that the deregulation policy of government in the oil sector which has resulted in the removal of subsidy on petroleum products have led to the frequent increase in the prices of the petroleum products particularly petrol as presented in table 4.8 below:

4.8 FUEL PRICE INCREASES FOR PETROL (1982-2007)

Date	Price Per Litre	Regime/Administration	% Increase
April 20 1982	20k	Alhaji Shehu Shagari	31%
March 31, 1986	39 ½	General Ibrahim Babangida	97.5%
April 10, 1988	42	General Ibrahim Babangida	6%
Jan 1, 1989	42k public, 62k private	General Ibrahim Babangida	
Dec 19, 1989	60k for all	General Ibrahim Babangida	43%
March 6, 1991	70k	General Ibrahim Babangida	16.6%
Nov. 8, 1993	N5.00	Chief Earnest Shonekan	614%
Nov. 22, 1993	N3.23	General Sanni Abacha	
Oct. 2, 1994	N15.00	General Sanni Abacha	361.5%
Oct. 4, 1994	N11.00	General Sanni Abacha	
Dec. 20, 1998	N25.00	General Abdulsalami Abubakar	127%
Jan. 6, 1999	N20.00	General Abdulsalami Abubakar	
June. 1, 2000	N30.00	Chief Olusegun Obasanjo	50%
June. 8, 2000	N25.00	Chief Olusegun Obasanjo	
June. 13, 2000	N22.00	Chief Olusegun Obasanjo	
Jan. 1, 2002	N26.00	Chief Olusegun Obasanjo	18.2%
June 20, 2003	From N26 to N40	Chief Olusegun Obasanjo	54%
July 9, 2003	From N40 to N34	Chief Olusegun Obasanjo	17%
Oct 1, 2003	From 34 to N42	Chief Olusegun Obasanjo	23%
May 29, 2004	From 42 to N49.90	Chief Olusegun Obasanjo	19%
Jan 2005	From N49.90 to 50.50	Chief Olusegun Obasanjo	1%
August 25, 2005	From N50.50 to N65	Chief Olusegun Obasanjo	28%
May 27, 2007	From N65 to N75	Chief Olusegun Obasanjo	15%
June 2007	N70	Alhaji Umuru Musa Yaradua	7%

Source: Fawehinmi 2002; Daily Times, June 23, 2003; The Punch, May 28, 2007 P6.

This situation has brought about a hike in inflation rate which average 14 percent (1990-2006) has resulted in the skyrocketing prices for goods and services as well as inputs (raw materials/equipment) for their businesses. The same situation was manifested in the public sector where although the minimum wages of workers were raised from N3, 500 to N7, 500, but the multiplier effects of fuel price increases have eroded the real income of workers. This position was evidently affirmed to by the Central Bank of Nigeria (2007:14; 2005:41), when it observed in its annual report that: "The phenomenal rise in oil prices; however have some negative impact on the economy. The upsurge in the global price level, especially for petroleum products and manufactures, which Nigeria imported in large quantities, drive up domestic prices…"

This fact contradict the arguments canvassed by previous administrations, including the Obasanjo government for the deregulation of the downstream sector of the oil industry where it has argued that removing 'subsidy' was to make the products readily available by attracting foreign and domestic investment into the industry, curtail smuggling as well as use the revenue which would have been used to subsidize the petroleum sector to provide education, health, water supply, roads, security and food. As such, since 1999, the Obasanjo government has continued to import petroleum products while the four national refineries are operating below capacity utilization with the result that Nigerians have been made to bear the costs of importation through repeated increase in the prices of fuel, kerosene and diesel which has had negative impact on their consumption. In the same vein, the government has failed to put in place the institutional mechanism for the distribution of social benefits (health insurance, educational financing, price controls) and the provision of basic infrastructure that have been made available by advanced capitalist states to reduce the burdens of 'free market' operations.

Furthermore, it is also necessary to note that most of government economic reform policies have continually been focused on issues of privatization, deregulation, liberalization, banking/financial reforms, monetization policy, health insurance scheme, ports and custom reforms rather than address itself to matters of high unemployment, poor infrastructure and deteriorating social services. Consequently, the continued implementation of the reform measures have been used as a medium for creating room for "rent seeking" activities in which persons in private firms, government and its agencies engage in "directly unproductive profit seeking" that favour the rich and the elites by corruptively enriching themselves through inflated contract awards and looting of the national treasury at the expense of the welfare of the masses. Such as is the case with the deregulation of the oil sector in which government officials have consistently failed to make the refineries to work or build new ones in order to promote the proliferation of "windfalls" through fuel importation which takes precedence over pursuit of collective goals that would benefit the masses (see Evans, 1995:12, 248).

While the government has initiated a number of poverty alleviation programmes and projects for the poor which include Operation Feed the Nation (OFN), Green Revolution, Universal Primary Education (UPE), Directorate of Food, Roads and Rural Infrastructures (DFRRI), National Directorate of Employment (NDE), the erstwhile People's Bank of Nigeria, among others. These programmes for the poor, apart from those directed at particular sectors of the economy had multi-sectoral programmes as well. A look at the sectors that were targeted under the poverty alleviation programmes indicates that some of them remained on paper, others collapsed after their initiation. For instance, the Bank of Industry was put in place to put in place to grant loans to small and medium scale enterprises (SMEs); the collapsed People's Bank of Nigeria, the Community Banking Scheme which had recently been converted to Microfinance Banks were intended to make funds available to micro enterprises. However, the underfunding of the bank of industry by the government has not helped in revamping the activities of small and medium size companies. Besides, out of the N50 billion budgeted as takeoff grant for SMEs, only N5 billion (10 percent) was released. Also, there is difficulty in assessing the over the N20 billion equity investment funding for Small and Medium Industries Equity Investment Scheme (SMIEIS) from the financial institutions (see The News, 2005:34). In the same vein, the poverty alleviation schemes have rarely been able to tackle the various problems confronting microenterprises, many of which are found in the informal sector due to the same problem of underfunding, poor execution of projects and mismanagement of funds, corruption and bad governance. The failure of the state to ensure the successful implementation of various poverty related programmes, projects and policies has been identified as the factor that have made poverty to loom large in Nigeria.

These conditions align with what Osabu-kle (2000: 515) perceptively pointed out in his work “Politics of one sided Adjustment” that; the neo-liberal policy is not primarily concerned with making decisions for organizing resources (materials and capital) for human development projects, but rather about who gets what, when and how, which have now become the source of power struggle between competing political elites in Africa. Furthermore, the significant ideological shift by government from earlier development concerns designed to achieve redistribution with growth, in order to ensure the satisfaction of peoples’ basic needs and enhance their participation in governance (UNDP, 1996:47-48) to the SAP or economic reform policies have produced serious negative implications and outcomes for human centred development among operators in the informal sector.

Besides, the implementation of the neo-liberal policy has brought about increased inequalities among various income groups which have worsened the poverty situation even further as a result of the drop in the standards of living of the people in spite of the huge revenue accruing to the country from the sales of crude oil. This reemphasizes the fact that increases in the level of income earned or resources available to a country’s GDP does not necessarily lead to economic development as evident in the case of Nigeria with huge foreign reserves. The crux of the matter, however, has to do with the positive utilization of such revenue or resources in socio-economic development process such that it would impact positively on the citizenry by improving their standards of living as well as create employment opportunities.

Also, the expectations by the neo-liberal advocates that trade liberalization would bring about low exchange and interest rates which would boost the nation’s export base as well as galvanize the positive informal sector supply response with finances has not been realized (see Becker, 1986:164). If anything, the informal sector operators have had to depend on the market distortions to access most of the equipment and inputs that they need at higher costs because there are no substitutes. Similarly, the structure of entry into the informal sector since the implementation of the neo-liberal policy shows that a greater percentage (80 percent) of entrepreneurs are involved in low income activities due to lack of capital and the high costs of inputs needed to engage in high-income activities. This tendency has brought with it the attendant problem of increased competition and declining returns in the lower end of the informal sector, thus eroding the productive capacity of the majority of informal actors and generation of employment opportunities.

These conditions have compelled most of the low-income operators in the informal sector to devise survival strategies in adjusting to the strain of the economic reform measures which has worsened the living conditions of the people (Oladeji and Abiola, 1998; Dawson and Oyeyinka, 1993:60). Thus, coping with the pressures and challenges of economic reforms by informal sector operators revolve around stressful economic activities at the level of the household which manifests itself in the attempt to maximize their real incomes. In most cases, the income maximization strategies have not been able to compensate for the dramatic rise in the costs of living, and this has reduced their purchasing power.

With regard to the data gleaned from the survey interview schedule and FGDs, a good proportion of the respondents (75 percent) said they have employed the measures of cutting back on the quality, quantity and variety of food requirement as well as other consumables that they need. Some of them (50 percent) claimed that they only eat once or twice a day not because they don't want more food, but because they can hardly afford it. As two of the female discussants in the FGDs recounted in their own words:

> "We eat moderate now… not fully, because of high cost of foodstuffs. It's no longer 'my child are you full? You will not eat excess but moderate (40 years old female trader in Apapa);

> "Before, children will eat to their full. They will not ask you for more. I will even ask them do you want more. But now I cannot" (24 years old female hair dresser in Lagos Mainland).

Majority of the respondents (65 percent) remarked that they have had to reduce their consumption of luxury foods such as tea, eggs, and bread. Also, the consumption of protein nutrients such as meat, fish has been reduced as well by majority of the households. Also, 60 percent of the respondents now buy their staple foodstuffs in small quantities where the unit costs are higher than if they were bought in bulk. In addition, the people because of the high cost of kerosene (which is a basic energy source for majority of the households) tend to revert to the use of firewood and charcoal pot which are strenuous and time consuming, and hence pushing up the price of firewood due to their high demands. The patterns of coping with high cost of clothing were fairly uniform across various respondents' households. Many of the respondents (80 percent) have cut back on purchasing new clothing since government economic reform programmes began and majority now patronize second hand clothes popularly called 'Okrika.'

Furthermore, expenditures on shelter and health have also suffered. Strategies for managing high rental costs include moving to cheaper lodgings/accommodation or cutting down on the numbers of rooms rented, creating a situation that makes them easily vulnerable to contagious diseases. As for those who need shops for their businesses, they either squat with a friend, share the cost with them or simply organize make-shift structures by the wayside or take to street trading which is now very common in most major city centres in Nigeria. A large proportion (65 percent) of the respondents said they go to hospitals or clinics for medical care less often than they used to because of the high costs of accessing healthcare services. About 25 percent said they have shifted to traditional medicine, although they also pointed out that traditional medicine has become extremely costly as well due to the shift. A common strategy among low-income informal households was to seek medical advice directly from chemists.

The commitment to formal education for the operators' household members remains strong despite the rising cost of education and the urgent need for the children to contribute to income generation. Majority of the respondents (65 percent) said they still sent their children to public primary schools (which could no longer deliver qualitative education due to poor infrastructure and personnel) as they could not afford the fees charged by private institutions. At the secondary level, many operators (55 percent) are still struggling to educate their children due to exorbitant fees. The foregoing discourse lends credence to Hoogevelt (1997:179) perceptive argument that the implementation of economic reforms has been very much tied in with the spread of the poverty and the "new racism" which have come to underpin popular explanations for the growing political instability, inter-communal conflicts, and declining quality of life in Africa. These facts were attested to by the World Bank (2000/2001:46-47) development reports which state that national economic development processes is pivotal to effective poverty alleviation, as poverty, inequality and deprivations among the rich and poor nations and peoples is an outcome of economic, social and political processes that interact with and reinforce each other in ways that can worsen or ease the deprivation poor people face every day. The information thus highlighted gives substance to the chi-square test value of 281.41 for table 4.7 which provide sufficient evidence to buttress the position that the neo-liberal policy of government has significantly weakened informal sector operators' capacity to attain positive improvement in the sourcing of the basic necessities of life.

4.3 THE ANALYSIS OF THE INFLUENCE OF NEO-LIBERAL POLICY ON HUMAN DEVELOPMENT IN THE INFORMAL SECTOR

In this context, we evaluate the extent to which the neo-liberal policy has induced human development, in terms of reducing incidence of poverty among operators in the informal sector and advancing their standards of living. This is fundamentally so because the basic success of any development policy anchors on its capacity to meet human needs through providing them access to health services, education, comfortable housing, affordable food and decent employment so that they can enjoy long, healthy, and creative lives (UNDP, 1996).

Since the 1990s, the annual UNDP Human Development Report has been published to compare the levels of promoting human development among countries of the world. This is done by using the Human Development Index (HDI). The HDI combines a measure of purchasing power with measures of physical health and educational attainment to indicate progress or retrogression in human life. This approach gives a more comprehensive and reliable information regarding development as the critical components of poverty indicators is taken into consideration. Accordingly, the Central Bank of Nigeria (1999:11) captures the HDI thus: “the building blocks of the HDI are data on longevity, knowledge and income. Longevity is measured solely by life expectancy at birth, while knowledge is measured by the adult literacy rate and mean years of schooling weighted at 2:1 respectively. For income, purchasing power parity (PPP) (based on real GDP) per capita adjusted for the local cost of living) is used.” It further stated that “these three measures are combined in a 3-step process to arrive at an average index.” There is a minimum and maximum rate for each component of measures in HDI. It expresses the ranking of nations in values that range between 0 and 1.

TABLE 4.9 DISTRIBUTION OF RESPONDENTS BY WHETHER NEO-LIBERAL POLICY ADDRESSES THE PROVISION OF BASIC SOCIAL NEEDS

	Occupation													
Responses	**Trader**		**M-cycle Rider**		**Taxi//bus Driver**		**Artisan**		**Service Provider**		**Other**		**Total**	**%**
	F	***%***	***F***	***%***	***F***	***%***	***F***	***%***	***F***	***%***	***F***	***%***		
Yes	**10**	**7**	**4**	**14**	**3**	**12**	**18**	**13**	**1**	**4**	**0**	**-**	**36**	**10**
No	**113**	**76**	**22**	**76**	**17**	**65**	**103**	**73**	**22**	**85**	**2**	**100**	**279**	**75**
Don’t Know	**24**	**16**	**3**	**10**	**6**	**23**	**20**	**14**	**3**	**11**	**0**	**-**	**56**	**15**
No Answer	**2**	**1**	**0**	**-**	**0**	**-**	**0**	**-**	**0**	**-**	**0**	**-**	**2**	**0.5**
Total	**149**	**100**	**29**	**100**	**26**	**100**	**141**	**100**	**26**	**100**	**2**	**100**	**373**	**100%**

X^2 = 39.50, DF=15; P < 0.05

Table 4.9 shows 75 percent said government neo-liberal policy has not addressed their basic social needs of housing, transportation, food provision, infrastructure, healthcare and qualitative education. Only 10 percent of the respondents said that government economic policy did address some of their basic social needs with specific reference made to the introduction of mobile communication which has afforded them the opportunity to make a living through the sales of recharge cards and commercial telephoning centre. Nevertheless, they expressed their ill-feelings with regard to the high tariff charged on calls.

TABLE 4.10 DISTRIBUTION OF RESPONDENTS BY WHETHER NEO-LIBERAL POLICY PROMOTES IMPROVEMENT IN INFORMAL SECTOR ACTIVITIES

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Service Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*		
Yes	47	20	12	27	5	14	50	25	21	40	2	50	137	24
No	133	57	27	60	19	54	109	54	25	47	2	50	315	55
Don't Know	44	19	6	3	9	26	32	16	6	11	0	-	97	17
No Answer	9	4	0	-	2	6	10	5	1	2	0	-	22	4
Total	233	100	45	100	35	100	201	100	53	100	4	100	571	100%

X^2 = 75.3, DF=15; P < 0.05

Table 4.10 shows 55 percent indicated that government neo-liberal economic policy was over-concentrated on institutional/structural reforms such as deregulating the oil sector (i.e. petroleum pricing); privatization; monetization policy; tax reforms; pension reform; financial sector reforms; procurement/due process reforms, among others. These policy measures according to the respondents are not pro-poor policies targeted specifically to address their immediate basic needs of food, education, healthcare and other infrastructure which have direct outcome on the standards of living of the populace, particularly those operators in the informal sector.

Thus, 50 percent of the respondents observed that government cut-back of funding on the social sectors and removal of subsidies on essential social services including petroleum products (fuel and kerosene) have been detrimental to their well-being as a result of their inability to purchase the necessities of life. This was further compounded by the problems of double taxation, harassment from state/ local government officials over indiscriminate rates charged them for operating business centres (legal/illegal) and use of equipment. They also mentioned the seizure of their wares by various government regulatory bodies for operating in prohibited areas, all of which have adversely affected the real incomes from their businesses. In contrast, 24 percent of the respondents said their business activities have witnessed relative improvement in terms of the income they earn from their daily business, while the remaining 17 percent said they don't know.

While it is acknowledged that the urban poor have used the sector as means of survival strategy, all this has changed following the advent of the neo-liberal policy measures in Nigeria since 1986. As such, the form and content, as well as the types of activities and services provided by the sector have been altered. Given the escalating cost of living amidst declining real value of the naira that have made the income earned insignificant, many persons have found easy entrance into the sector. As such, many working class people as well as those in the middle and upper income social groups have now turned to the informal sector in order to supplement their official incomes. This trend has now affected the survival strategies of operators in the informal sector where the relatively better off middle and upper class persons are increasingly joining in activities which were traditionally the domain of the desperate urban poor. This has increased competition in the sector to the detriment of the poor.

These conditions have now altered the structure of social relationships with regard to ownership of enterprise, class and social status of informal sector participants. As such, the desperately urban poor and low income earners have now found themselves perpetually stuck in low and marginal income generating activities such as street hawking, petty trading, among others where the returns they get can barely suffice beyond subsistence. In a virtual "zero sum game," the informal sector has now become an arena of competition, exploitation and struggle between the desperate "chronic poor" and other better off participants who have relegated them to the position of labourers rather than owners. In using the data from the foregoing discourse to examine the question regarding the informal sector operators' capacity to achieve better livelihood and participation in socioeconomic activities in the face of government implementation of economic reform programme, the chi-square test value for table 4.9 (39.50) and 4.10 (75.3) indicates that there is significant relationship between the neo-liberal policy and the incapacity of operators to achieve better livelihood and lack of empowerment to make positive contributions to national economic development. Many of the respondents observed that given the imposition of government economic programme of liberalization, deregulation, they have faced difficulties in accessing their basic needs for livelihood due to price increases for basic goods and services. Besides, the high cost of raw materials and equipment has hampered their economic capability and business sustainability. The direct consequences of the neo-liberal policy aggravating the social welfare of informal sector operators have been associated with government cut-back expenditures on health and education (two factors that are vital to economic growth and development) and the elimination of subsidies on basic commodities and key raw materials and equipment. This is exemplified by the nature of government recurrent expenditure where greater attention is given to servicing public debt (Internal/External) than education and health in budget allocation as presented in the table below:

TABLE 4.11 FEDERAL GOVERNMENT RECURRENT EXPENDITURE (=N='MILLION) 1999-2004

Year	Education	Health	Defence	Debt Serving	% of Total Expenditure for Education	% of Total Expenditure for health	% of Total Expend for Defence	% of Total Expenditure for Debt services
1997	12,136.0	3,179.2	11,607.2	56,000.0	7.5	1.9	7.2	34.8
1998	13,928.3	4,860.5	15,130.8	66,000.0	7.6	2.6	8.2	36.1
1999	23,047.2	8,793.2	28,019.4	16, 300.0	10.4	3.9	7.7	7.3
2000	44,225.5	11,612.6	33,119.4	100,000.0	12.5	3.2	9.3	28.3
2001	39,884.6	24,523.5	47,071.6	155,424.0	6.8	4.2	8.1	26.8
2002	100,240.2	50,563.2	86,053.8	203,902.9	11.5	5.8	9.9	23.5
2003	64,755.9	33,254.5	51,043.6	363,363.0	6.5	3.3	5.1	36.9
2004	76,527.7	34,198.5	76,324.4	397,315.2	7.2	3.2	7.1	37.3

Source: Central Bank of Nigeria Statistical Bulletin 2004.

The data presented shows that Nigerian government is more committed to promoting the interests of the World Bank/IMF and bi-lateral organizations like the Paris and London Clubs through debt servicing than to meet up to its statutory responsibility of providing for the welfare of the people. This fact was brazenly manifested in 2006 when it paid over US$ 12 billion to the Paris club in order to secure debt relief while over 70 percent of Nigerians live below the poverty line of US$ 1 dollar per day. This occurrence was a complete negation against the recommendation in the 1996 Human Development Report on Nigeria (1996) that not less than 20 percent of its annual budget was to be spent on both education and health if it is to achieve any progress in its anti-poverty objectives. The data on Nigeria's recurrent expenditures for 1999-2004 reveal that Nigeria has not complied with these requirements.

Despite the CBN (2007) report that the nation has achieved a GDP growth rate of 6.0 percent, the real growth rates have remained low relative to her development goals, particularly on the issue of human development of the populace over the last two decades. This buttresses the fact that "although economic growth is a prerequisite for poverty alleviation, it is not by itself a sufficient condition, especially where growth is accompanied by inequity in income distribution." This position clearly attest to the realization that basic human requirements involve not only physical and financial resources, but also human and social resources, which substantiate the relevance of the UNDP human development approach to development which states that people are the real wealth of a nation and hence the basic objective of development (UNDP, 1990:9).

TABLE 4.12 DISTRIBUTION OF RESPONDENTS BY THEIR PRESENT LIVING CONDITIONS DUE TO GOVERNMENT IMPLEMENTATION OF NEO-LIBERAL POLICY.

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Svc Provider		Other		Total	%
	F	%	F	%	F	%	F	%	F	%	f	%		
Yes (Positive)	34	21	8	28	8	32	47	32	5	18	0	-	102	26
No (Negative)	108	66	21	72	17	72	90	61	18	64	2	100	56	65
Don't Know	18	11	0	-	0	-	9	6	2	7	0	-	29	7
No Answer	4	2	0	-	0	-	2	1	3	11	0	-	9	2
Total	164	100	29	100	25	100	148	100	28	100	2	100	396	100%

Table 4.12 shows 65 percent have experience a decline in quality of life since government began implementing the neo-liberal policy of liberalization and deregulation. They express their inability to earn sufficient incomes which have hindered their opportunity to access the basic necessities of life. Specific reference was made to the persistent increase in the prices of basic foodstuffs, housing, education for their children, among others. This situation has reinforced the vicious cycle of poverty and deprivation among the people which represents a lack of command over basic consumption needs, thus bringing to fore the policy-poverty nexus discourse in which Nigeria has been described as a "land of plenty where the people live in poverty". To buttress the gravity of the peoples' poor conditions of living, one of the male discussant in the FGD sessions made this remark on the issue of fuel price increase:

> "The increase in fuel price affects all aspects of our life, from food, transport, house rent and other things" (35 years old male carpenter in Ikorodu).

This fact has been consistently underscored by the increasing incidence of poverty in Nigeria which has grown from 28 percent in 1985 to 46 percent in 1992, 66 percent in 1996 and over 70 percent in 2006. In contrast 26 percent of the respondents stated that their conditions of living have witnessed improvement as the income they make from their businesses could sustain them and their households. Furthermore, all the respondents blamed bad governance for the state of the peoples' poor living conditions, claiming that the government at all levels have neglected their responsibilities to the people following the continued implementation of economic reform programme which has failed to provide them with the basic necessities of life and security that would improve their standard of living. This fact was confirmed by one of the female discussant in the FGDs who remarked that:

> "A bag of rice was N3500 but now it is N6000; even some sell it N7000", "Foodstuffs are very expensive". Before I use to buy a tin of evaporated milk for my children, But now I cannot buy it as the price has gone up from N200 to N400 hundred naira. I now buy 10 naira sachet milk" (39 years old female trader in Apapa).

All the respondents accused the political elites in government of plundering away the wealth of the nation through mismanagement of resources and massive corruption. These factors have been blamed for the increasing poverty and human development problems in the nation (FRN, 1997; 2001). For instance, within the last three decades, the country has earned over US$ 300 billion dollars from the exportation of petroleum alone, but the huge resource earnings has not reflected in improved living conditions for the people. The above situation substantiates the notion regarding the predatory character of the Nigerian state where the apparatus of government has been high jacked by a few group to siphon our national commonwealth, while neglecting the discharge of their statutory responsibility to the people. This affirmed the position of scholars who hold the views that African regimes have always been more interested in individual accumulation than national development. It is evident from historical evidence that from the inception of the Nigerian state, neither the colonial nor the post-colonial operators had any interest in development, endless policy declarations notwithstanding. Rather, the political 'leaders' are only self-serving individuals perpetually trapped in the dilemma of choosing between endogenous agenda that they cannot find the means to implement and exogenous agenda that they cannot bring themselves to accept such as is the case with the neo-liberal policy which has further worsened the living conditions of the Nigerian people rather alleviate it.

Consequently, a broad evaluation of Nigeria's standing in the UNDP Human Development report Index ranking for measuring average life expectancy, literacy rate and purchasing power parity does reveal how the standard of living of the citizenry in the nation which have significantly declined over the last decade. This goes to show the extent to which the neo-liberal policy implemented by the Nigerian state has aggravated the social welfare condition of Nigerians. The state has become oblivious to the fact that providing the citizenry access to basic social services is a fundamental human right that is enshrined in the United Nations (UN) Convention on Economic, Social and Cultural Rights to which governments are obliged to serve. Since 1986, when Nigeria began implementing the neo-liberal policy measures till the present time, there has always been obvious discrepancy between the nation's economic indicators such as GDP and per capita income which is its main focus and the corresponding increase in the living conditions of the people. This is shown by comparing the nation's GDP growth rate (2001-2005) and per capita income (1980-2006) with the level of human development of the people as presented in following tables:

Table 4.13 NIGERIA'S REAL GDP GROWTH RATES 2001-2005

Year	2001	2002	2003	2004	2005
Real GDP Growth Rates %	4.7	4.6	9.6	6.6	6.2
Oil sector	5.2	5.7	23.9	3.3	0.5
Non-Oil Sector	4.5	8.3	5.2	7.8	8.2

Source: Central Bank of Nigeria Annual Report, 2005.

Table 4.14 NIGERIA'S GDP PER CAPITA (US$) 1980-2006

1980	1990	1999	2003	2004	2006
2,262.68	699.59	463.23	621.15	673.01	1,011.73

Source: Central Bank of Nigeria, 2007.

Table 4.15 NIGERIA'S REAL GDP AVERAGE GROWTH RATES (1980-2006)

Year	1980-83	1984-85	1986-93	1994-99	2000-02	2003-2006
Total GDP Growth Rate	4.17	4.99	6.23	2.33	4.75	7.07
Oil GDP Growth Rate	-9.76	10.18	7.84	0.51	3.55	5.76
Non-Oil Growth Rate	-1.94	3.30	5.77	3.00	5.23	7.61

Source: Central Bank of Nigeria, 2007.

A look at the table on the Gross Domestic Product growth rates indicate that the nation is experiencing economic growth which has reflected in the rise in per capita income from US$ 463 to 1,011 dollars (1999-2006). Besides, between 1999 and 2006, the three-tiers of government received N6,047 trillion. However, within the same period, the UNDP Human Development Report for Nigeria showed that the nation has consistently remained in the low human development ranking. Since 1999, the country's position on the HDI has been on the decline from her 146th position to 151st in 2000, 153rd, 154th, 157th and 159th in 2003-2006. The HDI value has remained below 0.5 point which indicates that she is not making progress in advancing the living conditions of the people, and this has been the trend for over two decades. This is further evident when compared with other nations like China, Singapore and Malaysia which were in similar economic state with Nigeria in the 1960s and 1970s, but have progressively improved their HDI value over the years in tandem with their improved economic development as presented in the table 4.16:

Table 4.16 COMPARISON OF NIGERIA, SINGAPORE, MALAYSIA AND CHINA ON THE HUMAN DEVELOPMENT INDEX (1975-2004)

Year	1975	1980	1985	1990	1995	2000	2004
Nigeria	0.317	0.376	0.387	0.407	0.419	0.433	0.448
Singapore	0.727	0.763	0.786	0.823	0.862	0.897	0.916
China	0.527	0.560	0.596	0.628	0.685	0.730	0.768
Malaysia	0.616	0.659	0.696	0.723	0.761	0.791	0.805

Source: UNDP, Human Development Report, 2006.

Furthermore, other human development indicators lend credence to this critical reality. For instance, the number and proportion of poor people in Nigeria has been increasing, and the gap between the rich and the poor has also been increasing. Accordingly, the Federal Office of Statistics report in 1999 indicated that, "with a national population estimate of 102.3 million there were at least 67.1 million poor people in Nigeria, compared to only 18 million in 1980" (FOS, 1999:8). The proportion of the "core poor" increased from 6.2 percent to 29.3 percent in 1996 and over 70 percent of Nigerians live below the poverty line presently. According to the UNDP Report (2003:257), only 62 percent of the population has sustainable access to improved water source in 2000. But this has reduced to less than 50 percent in 2007(ADB, 2007). Besides, the health status of Nigerian citizens is relatively poor, with adults and children often dying of common ailments and infections such as malaria. Life expectancy at birth has fallen from 54 years in 1990 to 52 years in 1999 to 51 years in 2001 and 43 years in 2006 compared to 57 years for Ghana, 72 years for China and 74 years for Malaysia (UNICEF, 2007). Furthermore, Infant Mortality Rate (per 1000 live births) has remained high, having increased from 85 in 1990 to 191 in 1993 and 110 in 2001; maternal mortality rate was 1,100 per 100,000 live birth (UNDP, 2003:257), while under five mortality (per 1000 live births) in 2005 stood at 194 compared to 27 and 12 for China and Malaysia. All these indicators therefore have serious implications for the quality of life of the people.

4.4 THE ANALYSIS OF PERFORMANCE AND EMPOWERMENT OF OPERATORS IN THE INFORMAL SECTOR

The issue of business performance and growth is central to the social and economic life of every country. It provides the framework that constitutes the vicious cycle which explains the endemic nature of poverty in developing countries. Therefore, it is the continuous growth and expansion of businesses or enterprise that provides the basis for the adequate supply of goods and services, thereby improving the welfare of the people and social progress, in addition to reducing the incidence of poverty and unemployment. For without it there would be no growth in per capita income and inflation would be all the more difficult to control (Rensburg and Nande, 1999). It is within this context that we evaluate the implications of neo-liberal policy for empowering the dynamic development of informal sector enterprises toward making positive contributions to the national economy.

TABLE 4.17 DISTRIBUTION OF RESPONDENTS BY WHETHER THEIR BUSINESSES HAVE IMPROVED FOLLOWING GOVERNMENT IMPLEMENTATION OF NEO-LIBERAL POLICY

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Svc Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*		
Yes	28	19	5	17	2	8	20	14	6	23	0	-	61	16
No	115	77	24	80	22	88	117	84	18	69	2	100	298	80
Don't Know	4	3	1	3	1	4	3	2	2	8	0	-	11	2.9
No Answer	2	1	0	-	0	-	0	-	0	-	0	-	2	0.5
Total	149	100	30	100	25	100	140	100	26	100	2	100	372	100%

X^2 =171.47, DF=15; P < 0.05

Table 4.17 shows that 80 percent reported that their businesses have not witnessed positive improvement due to the harsh economic environment occasioned by government implementation of economic reform policy measures. The reasons for this include high cost of raw materials, increase in the prices of petroleum products, epileptic power supply, high cost of rents (business and residential), low business patronage which results in low income returns, among others. They also mentioned that the cost of utilities have also gone up. Conversely, 16 percent said they were making progress while the remaining responses were negligible. Majority of the respondents (70 percent) remarked that since the implementation of economic reform programme by government, the activities in the informal sector have been marginalized by the embargo government has placed on the importation of second hand consumables such as foodstuff (oil, turkey and chicken, rice), electrical and electronics appliances, clothing, parts and equipments which have denied them of the social means of existence. These anecdotes confirm that things are very difficult with the operators in the sector in terms of making a living for themselves.

TABLE 4.18 DISTRIBUTION OF RESPONDENTS BY WHETHER THEY RECEIVED ANY GOVERNMENTAL ASSISTANCE TO START THEIR BUSINESS.

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Svc Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*f*	*%*		
Yes	2	1.32	1	3.44	1	4	4	3	1	4	0	-	9	2
No	145	96	27	93	22	92	126	97	25	96	2	100	347	96
Don't Know	2	1.32	0	-	1	4	0	-	0	-	0	-	3	1
No Answer	2	1.32	1	3.44	0	-	0	-	0	-	0	-	3	1
Total	151	100	29	100	24	100	130	100	26	100	2	100	362	100%

X^2 = 310.00, DF=15; P <0.05.

Table 4.18 shows that 96 percent did not receive any form of assistance from the government in terms of credit facilities, equipment provision, skill empowerment or provision of social infrastructure, among others. Only two percent said they had received some assistance with the provision of transportation facilities through the 'Keke NAPEP' tricycle acquisition scheme which has provided them employment with which they have been able to get the means to feed themselves and their families. When asked how they sourced for funding to start their enterprise, 75 percent said they got their funds from personal savings through the "Esusu" or "Ajo" scheme, with about 10 percent receiving assistance from their relatives and friends. When asked why they did not go to the bank to seek for loans or financial assistance, most of the respondents remarked that they did not bother to apply for bank loans because of the demand for collaterals which they could not afford, coupled with the uncertainties that characterized the productivity of their typical businesses etc. As regard belonging to Cooperatives Societies which could provide them the avenue to pull their resources together, the respondents were of the view that most existing Cooperative outfits have not earned their patronage due to their lack of reliability in giving them back their money whenever they needed it.

These reports have, therefore, raise the fundamental question about the reach of government poverty alleviation programmes and projects in getting to the intended beneficiaries and the success it has recorded. This is measured by the increase in the number of persons who fall below the poverty line in Nigeria. For instance, in the poverty line at the national level in 1980 stood at 27.2 percent. By 1985, the level went up to 43 percent and by 2006 it has increased to over 54 percent (IMF, 2007). With regard to the question of whether the respondents have benefited from government poverty alleviation schemes, an overwhelming 85 percent of the respondents said they have never benefited from any of the schemes, while 9 percent said they had benefited.

It is necessary to note that the objectives of the NEEDS programme pioneered by the Obasanjo administration in 2004 which has as its core elements the reduction of poverty, creating wealth and generating employment in order to raise the country's standard of living have not been achieved. The government has not been able to create the suitable environment through the provision of basic social services particularly electricity that will empower persons in the informal and other sectors to take advantage of the economic opportunities available to boost their business performance. Even the government's goal of providing 7 million new jobs, diversification of the economy and improvement of agricultural productivity is yet to be seen. These conditions, therefore, re-emphasize the inadequate policy initiatives put in place by government over the years which have not been able to break the low performance trap that characterized informal sector operations. This is depicted by lack of access to capital resource, skills development and social incentives required by them to develop the capacity for producing higher quality consumer and intermediate/light capital goods that will immensely contribute to the development of the nation's economy.

4.5 THE ANALYSIS OF SUPPORTIVE EFFORTS FOR INFORMAL SECTOR ACTIVITIES

TABLE 4.19 DISTRIBUTION OF RESPONDENTS BY THE NEED FOR SOLICITING ASSISTANCE TO IMPROVE THEIR BUSINESS

	Occupation													
Responses	Trader		M-cycle Rider		Taxi/bus Driver		Artisan		Svc Provider		Other		Total	%
	F	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*	*F*	*%*		
Yes(Need Assistance)	127	79	26	84	22	85	132	85	21	66	1	50	329	81
No(Don't need Asst.)	31	19	5	16	3	11	21	14	11	34	1	50	72	18
Don't Know	3	2	0	-	1	4	2	1	0	-	0	-	6	1
Total	161	100	31	100	26	100	155	100	32	100	2	100	407	100%

Table 4.19 shows that 81 percent needed assistance from the government which would ultimately enhance the performance of their business, while 18 percent said they don't need assistance. The desired assistance required by the respondents varied, including financial assistance (60 percent), easy access to buying equipment and raw materials at affordable rates (70 percent), provision of shops and workshop space(s) (60 percent), efficient infrastructure especially electricity, pipe borne water and security (95 percent). Looking at their current conditions of living, the respondents expressed the desire for government to design pro-poor policies and welfare programmes that will directly touch their lives such as the provision of social security benefits such as affordable housing, low-priced foodstuffs, free healthcare, free and qualitative education for their family members, pipe borne water, good roads, transportation and effective sanitation. It is these provisions that set the platform for effective social impact assessment of any public policy by looking at the extent to which government in its implementation of the neo-liberal policy has been able to mobilize resources to meet the basic social needs of the citizenry.

This position substantiate the fact that the provision of social welfare is a key factor in the human development of people as it has a positive multiplier effect on both economic productivity/performance and basic needs required by the people. This position was affirmed by majority of the respondents who said that living a healthy and functional quality of life was central to their functioning as well as the sustainability of their businesses and satisfaction of their basic needs, including those of their families. By and large, the foregoing findings highlight that the lack of access to employment opportunities, credit facilities, market, inadequate physical assets such as land and capital have had adverse consequences for the socio-economic well-being of operators. Besides, the continued implementation of economic reform programme by the government has further aggravated the situation, having deleterious effects on business performance and capacity building in the informal sector.

Firstly, the liberalization of the economy has reduced the growth of the informal sector to the demands of market forces which has had severe implications for operators' access to equipment and inputs. For instance, most of the equipment and inputs used by informal sector operators have no local substitutes i.e. vanish and glue, gums used by carpenters and shoe makers, films by photographers, hair products by hair dressers, spare parts (car/motorcycle) by mechanics, dryers, bending machines, electric rods for welding and so on. This buttresses the fact that the operational activities of operators in the informal sector are susceptible to the fragilities of the market given the disparity in the exchange rate of the naira to the dollar which invariably lead to high costs of production of goods and services provided by the sector. This is particularly so as they have to pay high prices for these raw materials and inputs without subsidies provided by government.

Secondly, under the present economic condition in the nation, the entry of new enterprises into the informal sector has mostly been concentrated in the low income activities such as the operation of phone booth centres, trading, hawking, barbing, restaurants which have the least potential for employment and income generation. Besides, they are also characterized by cases of increased competition and declining returns. In the same vein, the decline in the entry into high income activities by entrepreneurs owing to rising capital costs poses further threat to the absorptive capacity of the informal sector to adequately cater for the huge daily influx of persons entering the sector. This occurrence contradicts the belief held by the World Bank/IMF and our national policy makers that the policies of deregulation and liberalization would eliminate the privileged access to resources enjoyed by inefficient state enterprises, and free up resources that would allow for a more dynamic entrepreneurship to thrive (Liedholm, 1990:39).

Thirdly, the issue of capacity building and skill acquisition through apprenticeship training has been distorted following the implementation of the neo-liberal policy by the government. This has resulted in the low availability of apprentices which is further complicated by the varied coping strategies devised by would be apprentices and their families to meet their survival needs. On the one hand, the pressure to get out and start earning income, either for their own needs or to supplement the household incomes of their families is causing most apprentices, wherever they are available, to rush through their training without acquiring the requisite knowledge which negatively affects their competence on the job. In the same vein, high level skill development within the informal sector has been undermined by lack of adequate tools and shortage of business enterprises engaged in construction and fabrication of consumer goods/inputs from which apprentices could acquire training and gain experiences in the process. Besides, financial pressures on apprentices have also become an obstacle to training. Among the new entrants into the informal sector, the prevailing economic environment has intensified the tension between the need for immediate earnings and the desire to enter long term lucrative occupational activities which require 3-5 years training. Most of the informal sector enterprises like tailoring, mechanic, carpentry and others that usually depend on the use of apprentices for labour now complain of acute shortage of apprentices who are ready to learn a trade.

4.6 DISCUSSION OF FINDINGS

From the data presented and analyzed, we have brought to the fore the fact that the neo-liberal policy cannot succeed in Less Developed Countries (LDCs) like Nigeria whose economy is not based on the exportation of manufactured goods, but primary products (agricultural and natural resources) orientation whose objectives are not guided by a development process that is internally generated and sustained from within. With particular reference to the neo-liberal policy implemented by the Nigerian government, it is obvious from the findings of the study that its social costs implications on the socioeconomic conditions of the people working in the informal sector has worsened over the last two decades. This is profoundly so as the economic reform programmes of government have failed to address the myriad of social problems confronting the nation, especially poverty, unemployment which has resulted in the proliferation of the sector.

The problems of unemployment and underemployment have not abated, while the poverty incidence among Nigerians has been on the increase with the young people (aged 20-44 years) mostly affected. A look at the demographic characteristics of respondents reveal that composition of operators in the informal sector are made up of mostly persons within the ages of 20-40 years which amounts to 85 percent. This fact indicates that the number of dependants in each operators households would have increased, thus placing greater demand on their incomes for the maintenance of expenditure required by their household members. The resultant consequence of this condition is a drop in the standards of living of this class of persons. As such, many of the respondents (over 90 percent) live in either one room or one room and parlour accommodation without the requisite social facilities to match, thus resulting in the poor quality of life and individual dignity.

These conditions thus explain the persistence of poverty in the country as revealed by Nigeria's ranking in the UNDP human development index reports which has been on the increase over the last two decades, rising from 27 percent in 1980 to over 54 percent in 2006. Besides, UNICEF (2007) report indicated that over 70 percent of the population living below the 1 US$ dollar per day, which is an increase from 27.2 percent in 1980, 43.6 percent in 1985 and 42 percent for 1992. This data shows that the effects of the neo-liberal policy on the poorest groups, many of whom belong to the informal sector have been hurting and deplorable. This was confirmed by the survey data in Table 4.6 which showed that majority of the respondents were not satisfied with their living conditions which have been further aggravated with the implementation of SAP measures. For instance, the general emphasis of the neo-liberal policy measures on drastic devaluation, removal of subsidy on essential goods, particularly petroleum products have been decried for having too many negative effects, including inflation, high cost of goods/ services and inputs and the decline in the purchasing power of the operators. These conditions have resulted in many of them operators (75 percent) lacking access to society's productive resources, particularly human capital assets like education, healthcare and skill acquisition/training. This fact substantiates the major criticism against the World Bank/IMF neo-liberal development agenda in sub-Saharan Africa which have shifted the burdens of the economic reforms to the poorest and vulnerable groups in society. This stance is often viewed as an irony of fate given the Bretton Woods institutions involvement in sponsoring researches on poverty and its reduction strategies aggravated by its neo-liberal policy approach.

Furthermore, the study also emphasized the fact that the nation has not fully developed the requisite social institutions (a developmental state) equipped with the capacity to accommodate such economic policy programme as well as deal with the disruption associated with its implementation particularly with regard to its severe consequences for the well-being of the people. Associated with this dilemma is the top-down imposition of the conditionality of the neo-liberal policy which has generated serious repercussions for the well-being of the people. This is evidently manifested in the manner with which the government has shown little or no regard for addressing the core issues of development objective such as issues of employment or promoting equity in terms of a fair and just distribution of income. This has brought to the fore the conclusion reached by many scholars that the economic model of neo-liberalism cannot be conceived as a development strategy as it has not been matched with transformation with regard to satisfying basic human needs (Ake, 2001:92). These facts openly challenge the 'Washington consensus' view that "the combination of democratic government, free markets, a dominant private sector, trade liberalization and foreign direct investment is the recipe for prosperity and economic growth that will “trickle down” to the poor in LDCs (Christopher and Vines, 2000:16).

It is obvious with the Nigerian case that the economic reform measures was not conceived with the informal sector as a prime target, in spite of the fact that it has had direct and indirect consequences on the sector. This goes to explain government non-recognition of the enormous challenges hindering the growth of the sector and the well-being of the operators and the need to urgently focus attention on addressing them. For instance, the Nigerian government has consistently argued that the incessant increase in the domestic prices of petroleum products due to oil subsidy removal was necessary to provide additional revenue for development, avoid perennial fuel scarcity and check smuggling of the product to neigbouring countries. Also, the process was to allow for private sector participation and foreign investment in the sector. But the same government also fails to realize the reality that the persistent price increases have worsened the inflationary situation, imposed higher factor costs on productive activities and aggravated the sufferings of the people.

Consequently, scholars have rejected the ‘trickle-down’ strategy of neo-liberal ideology, regarding it as an approach that has made most governments in Less Developed Countries not to allow room for local participation in the formulation and implementation of pro poor policies targeted at addressing the needs of the people. It also creates lack of responsibility on the part of the government in neglecting its primary task for improving the welfare of the people given its perceived minimalist role in development. This belief has critically affected its capacity to provide crucial infrastructures such as transportation, communication, electricity and social services such as education, healthcare and sanitation facilities which are essential public goods required for development (Riddell, 1992:67). It is not surprising to most enlightened minds that the Nigerian governments have consistently failed to channel our commonwealth resources for the betterment of the populace and other aspects of human capital necessary for industrialization as shown in the Federal Government of Nigeria recurrent budget expenditures (1997-2004) for the key social service sectors which include education, health as presented in table 4.11. The data reveals that during this period, the health sector consistently received the lowest share of budget allocation.

Thus, an assessment of the impact of government expenditure on education and health indicate plainly why the Human Development reports on Nigeria have continuously been on the decline over the years. For instance, average life expectancy which was 58 years in 1980 dropped to 54 years in 2002 and further down to 43 years in 2005. Infant mortality rate has increased from 75 per 1000 live birth in 2002 to 100 in 2003 and 115 in 2005. This data exemplify government inconsiderate concern for focusing on fundamental issues of health and education which are of vital benefits to the people. From the foregoing, it is obvious that expenditure in the social sector and infrastructure have been of least concern to governments in Nigeria, while a huge percent of its total budget expenditures are expended in servicing debts and administration. This, however, has serious implications for human development efforts which bring to fore the point that has been canvassed by some development experts that to effectively stimulate human development and combat poverty alleviation; all nations including Nigeria needs to commit not less than twenty percent of their recurrent and capital budgets to the provision of key basic social services (UNDP, 1998).

In the same context, the neo-liberal policy of government divestiture from the economy through privatization, deregulation and liberalization has been criticized as an incorrect policy. This is because a strong state is an essential prerequisite for Third World economic development, just as the earlier industrializers such as the United States and Germany did in the 19th century, as well as the East Asian NIEs from the 1950s to the 1980s requiring a large degree of governmental intervention in order to catch up with the leading powers. Accordingly, scholars have rejected the neo-liberal policy preference for a minimalist state, arguing that state minimalism “is at odds with the evidence of the world’s development success stories, as government has been an important agent of economic transformation and success” (Stiglitz, 2001:17-56). The evidence from the most economically successful countries in the past fifty years such as the newly industrialized countries (NICs) of East Asia supports extensive state intervention as been beneficial to economic growth and development.

In view of this fact, Development, therefore, requires an effective state, one that plays a catalytic, facilitating role, encouraging and complementing the activities of public/private businesses and individuals. This position contradicts the World Bank (1997) development report which attributed sub-Saharan Africa's severe development problems to deterioration in the effectiveness and legitimacy of the state. The issues we must, therefore, address our minds to should be how to create a developmental state rather than a predatory one which has been the bane of our development aspiration as a nation. Similarly, the neo-liberal policy measures has over the decades subordinated peripheral governments in sub-Saharan Africa to the control of International Financial Institutions such as the IMF/World Bank, Multinational Corporations and core Western nations such as the United States and Britain.

This has been profoundly so since Nigeria's independence where the political leadership in the quest of struggling for power and survival, coupled by their betrayal for nationalistic revolution always opted for dependent development strategy rather than launch a national development project. Thus, the various development strategies we have implemented which include import substitution industrialization, export promotion, structural adjustment and the present economic reforms have little concern for addressing the realities of Nigeria's socioeconomic crisis since they are exogenously formulated development agendas. These development agendas have consistently widened the increase in the inequalities of income between classes as well as the gap between the rich and poor. For instance, in the UNDP (2004) Human Development Report on Nigeria, the distribution of per capita income between the rich and the poor was highly inequitable. With a per capita income of US$ 860 dollars, the ratio of richest 20 percent to poorest 20 percent was 12.8 percent, while the share of the income going to poorest 20 percent was 4.4 percent as against 56 percent for the richest 20 percent. As such, it has become difficult to sustain the position that structural adjustment or economic reforms will benefit the poor in the medium and long term as development 'trickle down' to them or the expectation that its social impact will be effectively cushioned.

Consequently, the neo-liberal policy measures have also been faulted on the ground that it views the economy as a whole rather than looking at individual sectors, firms or households that are viable and have the capacity to make contribution to the economy other than just the organized private sector. The over emphasis on market oriented policies to the neglect of looking at the social and human aspects of peoples' conditions of living causes the burden of the policy to fall heavily on the poorest groups in societies (see Wade, 1990). Therefore, the World Bank in its 1991 development report had to acknowledge that "governments need to do more in those areas where markets cannot be relied upon such as health, education, informal sector and poverty alleviation, and less in those areas where markets work or can be made to work (World Bank, 1991:9). This emphasizes the fact that for any economic development strategy to succeed, it must strike a realistic balance between the state statutory responsibilities to its citizens and the markets so as to stimulate a positive and dynamic interaction between them. The World Bank (2000/2001) development report further emphasized that: Third World governments need to take a much broader approach to development that goes beyond reforms, emphasizing linkages among financial, social and institutional aspects of development. This comprehensive development framework was to "substitute a top-down approach to development with a consultative mechanism by establishing a partnership between the government and the civil society to collectively discuss and negotiate government policies for socioeconomic development."

It is this strategy which reinforces the developmental state approach of embedded autonomy that helps to explain the economic success of the East Asian NIEs of South Korea, Taiwan, Singapore, Malaysia, among others. Similarly, it also proposed a three pronged strategy for attacking poverty which involves promoting opportunity, facilitating empowerment and enhancing security which was a marked departure from the traditional focus on economic issues of growth which forms the core of the neo-liberal policy. In Africa, however, state/private sector interactions have been typically individualized. Governments still exercise considerable discretion in the application of rules and regulations, coupled with the array of bureaucratic controls characterized by corruption, inefficiency and maladministration.

It is within this framework that we incorporate the human development approach discourse to development which is people centred. This approach, therefore, has helped to expose the pitfalls associated with focusing on the growth aspects of development to the relative neglect of the latent social and human strains/experiences which the implementation of neo-liberal policy measures have brought on the overall welfare of the people. In this regard, the UNDP (1996) human development report emphasized the fact that there is no automatic link between growth and human development, stating that it is only by taking into consideration human issues that involve promoting opportunity, facilitating empowerment and enhancing security that we can understand that the main purpose of economic development is to improve human well-being (UNDP, 1996:1).

In the light of these happenings, there has been a growing clamour on the World Bank/IMF as the main multilateral development agency and governments of African nations since the 1980s to devote significant attention to the distributional effects of economic reforms in order to give it a human face (Cornia, Jolly and Steward, 1987). This call has, therefore, raised the continued conflict that exists between the vigorous pursuit of the economic reforms, on the one hand, and the concerns with African states and its preparedness to solve the problem of poverty, hunger, unemployment, disease, squalor and social inequality on the other. This was confirmed by the data in Table 4.4 which show that the impact of the economic reform policies have had severe repercussions for the earnings of operators which could barely meet their personal demands as well as those of their household members.

Despite the measures taken by government through the institutionalization of poverty alleviation programmes to cushion the harsh impact of the neo-liberal policy, its implementation has led to the deterioration in the overall wellbeing of the populace. This is shown by the fall in the real minimum wage (1990-2007) of workers from N2,837 in 1980 to N1,633 in 2007 (CBN, 2007:16), the collapse of the social sector and infrastructure, including water supply, electricity and sanitation facilities. This development is having serious negative effects on the informal sector's absorptive capacity to accommodate the large numbers of unemployed persons who have lost their jobs as a result of the neo-liberal economic policy which creates 'jobless' and 'ruthless' economic growth.

Besides, a close evaluation of the various poverty alleviation programmes such as the National Economic Empowerment and Development Strategy programme, National Poverty Eradication Programme (NAPEP), National Directorate of Employment (NDE), the closed People's Bank of Nigeria, Community Banks (now transformed to micro-finance bank) and others show that they were deficient in capacity building with regard to reaching out to the intended beneficiaries. Besides, the sustainability of these poverty alleviation programmes are suspect as there is little or no involvement of the actual beneficiaries in the design, selection and implementation of programmes and projects targeted at them. This fact was confirmed by the data in table 4.18 where more than 70 percent of the respondents said they have not received any assistance from any of the poverty alleviation schemes. Also, these programmes are not given adequate publicity by the government agencies in the print and electronic media on how the operators can avail themselves of the various packages that the programmes offer.

Besides, many of the poverty alleviation programmes do not adequately address the demands of informal sector activities given the diverse nature of varying occupations in the sector and their peculiar challenges. For instance, the challenge of an automobile mechanic in terms of inputs requirement and working space cannot be the same as that of a carpenter or a petty trader or restaurant operator. In the same vein, the implementation of the neo-liberal policy in Nigeria has brought to the fore the criticism by some scholars who regard it as a process of economic recolonization of the African economy. For them, SAP or economic reform measures has exacerbated the conditions of increased social dereliction, worsening social problems and increasing social inequalities in countries such as Nigeria, Benin Republic, Ghana, Cote d'Ivoire, Mexico, Chile etc where it has been implemented (see Cypher, 2001b).

This was attested to in the data from the survey in table 4.12 where more than 60 percent indicated that their living conditions has been undermined following government implementation of the neo-liberal economic policy.

It is the recognition of this fact that SAP or economic reform measures of government from its inception was resented by the vast majority of Nigerians who believed that its objective was not in their best interests, particularly in the area of enhancing their social welfare needs. This fact has been manifested in the incessant conflict between government and the civil society, especially among organized labour organizations and the academia, who continuously opposes its intensification, particularly the issue of deregulation in the downstream oil sector of the economy. For instance, since 1999, the Nigerian Labour Congress has called six general strikes to protest increases in domestic fuel prices that occurred ten times within the 8 years period of President Obasanjo's imperial rule.

Similarly, the proposition by the advocates of the neo-liberal policy that free market economy will promote the needed economic growth which would translate to a better standard of living for the people is yet to be realized. Available statistics indicate that the neo-liberal policy has contributed to widening the levels of social inequality between the rich and the poor, failed to combat unemployment rate which has led the increasing proliferation of informal sector activities. Furthermore, the neo-liberal policy measures has for over two decades been anchored on the use of aggregate economic performance measures such as growth of GDP, trade, foreign investment and per capita income as a tool for measuring the levels of development of nations that will translate to better advancement in people's well being. This position has always been a disputed issue as regards its bearing on human development.

It has been argued that where economic growth as measured by macroeconomic aggregates of GDP and per capita income are not accompanied with inclusiveness in terms of creating the enabling conditions that enhance the standard of living of the people, such growth may lead to a lopsided development which cannot establish an automatic link between it and human welfare. While economic growth may be one aspect of economic development, it is not a measure of the level of human welfare for the majority of the people in the society (CBN, 1999:7). It is the need to resolve this dilemma that informed the clamour by development scholars to Seers (1969:3-4) to signal the shift of focus away from the goal of growth to issues of human welfare and empowerment (Seers, 1969:3-4).

It is this demand that eventually brought about the creation of the UNDP human development index report since the 1990s and the United Nations Millennium Declaration in 2000 which set up the Millennium Development Goals that provides the benchmark for assessing national development targets of nations in terms of promoting human welfare. These positions were also re-echoed at the United Nations (1995) World Social Summit, where world leaders agreed that the main themes upon which development strategy should focus upon are: elimination of unemployment, alleviation of poverty and enhancement of social integration. In line with the above, the record of economic growth and human development over the past 30 years in Nigeria shows that the nation has followed a course of lopsided development for a long time, where the level of economic growth has not been matched by advancement in human development. For instance, in 2005, Nigeria's GDP rose by 6 percent in real terms over the previous years as shown in table 4.15 in this study. However, using the Atlas method based on a three year exchange rate, the per capita income was US$390, a figure lower than that of US$ 778 in 1985, thus leading to a fall in the standards of living of the populace.

This condition goes to buttress the fact that high GDP growth rates, budget surpluses, and foreign exchange reserves are of limited value if they are not accompanied by a more equitable distribution of resources and access to basic social welfare and infrastructure, and the empowerment of the people, among others. Thus, establishing a link between growth and improvement in human development however requires a concerted actions and good will on the part of government as observed in the UNDP (1996) Human Development Report which states that: Unless governments take timely corrective action, economic growth can become lopsided and flawed. Determined efforts are needed to avoid growth that is jobless, ruthless, voiceless, rootless and futureless (p2).

Putting all these facts into proper context, available data on Nigeria's economic growth during the Obasanjo administration as presented by the CBN (2007) statistics, tend to show some appreciable profile in its real GDP growth rate and per capita income as presented in table 4.13 and 4.14. Within the same period, Nigeria's human development trend as shown by the UNDP Human Development Report revealed that the nation has dropped in the Human Development Index ranking from 146th in 1999 to 151st in 2000, 153rd position in 2003, 154th in 2004, 157th in 2005 and 159th position in 2006, with a life expectancy which had fallen from 58 years in 1987 to 52 years in 1999 and 43 years in 2006 (UNDP, 1997; 2006). Furthermore, the human development progression for Nigeria (1975-2004) has declined when compared with other countries such as Singapore, China, and Malaysia which at a time were at the same economic conditions with the nation in the 1960s and 1970s as presented in table 4.16. While these countries have over the years become industrialized economies, their levels of economic progress have correspondingly reflected in their human development trend. But the same cannot be said in the case of Nigeria where the HDI values has consistently remain below the 0.5 benchmark which shows that she has not made progress in the promotion of human development of the citizenry.

Similarly, within the two decades of Nigeria's implementation of the neo-liberal policy, the proportion of the population living below $1.00(PPP) a day for the period 1990-2004 was 70.8 percent, 92.4 percent live on less than $2.00 a day (1990-2003). In addition, in the UNDP (2006) Human Poverty Index, Nigeria is ranked in the 76th position, with a national poverty line of 34.1 percent, 52 percent of the population are without sustainable access to improved water source. These data present a paradox which stresses the fact while GDP growth rate seems to be growing; the poverty incidence is also increasing instead of declining.

In the same vein, high level of social inequality has permeated the Nigerian nation since the implementation of the neo-liberal policy started in 1986. For instance, the

UNDP (2004) measurement of income distribution between the rich and the poor in Nigeria showed that her per capita income was US$ 860. However, the percentage of this annual income that is earned by the poorest 20 percent was 4.4 percent compared to the share of 55.7 percent going to the richest 20 percent, while the ratio of incomes for those in the richest 20 percent of the population to those in poorest 20 percent is 12.8 percent. Accordingly, it has been argued that over the past twenty years of implementing the neo-liberal policy measures, the government goal has always been to balance national budgets, service external debts while neglecting the issues of human development of the people which is supposed to be the instrument of development objectives as presented in table 4.11. As a result, the neo-liberal policy implemented by government has not been able to restore economic prosperity and development; rather it has resulted in several unfortunate social welfare maladjustments, failing to build human capacity and capabilities for the people, particularly among the vulnerable groups which constitute the majority in the informal sector in Nigeria.

This trend reaffirms Galbrait's (1999) claim that no "economic improvement is possible with unimproved people". This position emphasizes the critical fact that the merits of any economic reforms programme should be judged by the efficiency with which it corrects the factors underpinning economic imbalance, and by their ramifications and side effects on the well-being of the people. Therefore, the success of the neo-liberal policy in Nigeria should be judged on the basis of increased production which is translated into both increased earnings and improved standards of living for a significant cross section of the population. It is within this context that one is increasingly perplexed as to how the seemingly huge funds allocated to government at all levels have failed to translate to improved human development for the populace, particularly the vulnerable and poor groups. This is exemplified by the dearth of basic social services and infrastructure in the country which portends formidable challenges to sustainable human development, particularly for those persons in the informal sector. For instance, the Vanguard of May 29, 2006 reported that between 1999 and 2006, the Federal, State and Local Governments and the Federal Capital Territory got N6,047 trillion, which represent 54 percent of revenue allocation, with the balance accruing to the federal government. With such huge allocations to the three-tiers of government, it was expected that basic social necessities like food, water, electricity, healthcare, education, roads, housing and transportation would be adequately provided.

But this is not the reality on ground as the funds have been plundered away through bad governance, mismanagement and corruption at the three levels of governance. Even where some social services are available they are either grossly inadequate or lacking in quality due to poor project execution. All these reasons explain while many development scholars have attributed the increasing incidence of poverty and human development deficiency in the nation to bad governance and corruption (Aliyu, 2001:1). This is predicated on the view that the wealth of the non-poor is significant only because the poor exist and the preservation of the status-quo serve to perpetuate the process. More often than not, the political elite do not provide good leadership for the people to follow. They are guilty of exhibiting behaviours that are more inimical to objectives of national development. For instance, it is the elite more than any other category of people who violate the self reliance principles through their consumption patterns and lifestyles, as they are the ones with high taste for imported goods. Herein, lies the political economy of poverty and human development dilemma in Nigeria.

With regard to the issue of diversifying the economy, the government lack of recognition of the contribution of the informal sector as a survival zone for millions of Nigerians has been responsible for its non-incorporation into the mainstream of the economy. This is shown by the nature of hostile institutional, political, social and regulatory environment within which the operators operate that stifles the growth of the sector. This results from the belief that with modernization and economic growth in the Nigerian economy, the sector will disappear. Coupled with this is the realization that only few governments believed that the informal sector is capable of contributing to national output. This is in contrast to the ILO estimation that the proportion of the urban labour force engaged in the informal sector is the highest in sub-Saharan Africa, accounting for more than 50 percent of the urban employment in more than two-third of the countries surveyed in 1999, and therefore, emphasized that the sector should be given adequate attention through legislations for effective performance (Population Reports, 2002).

Contrary to what the advocates of deregulation and liberalization had presumed, the economic recession of the 1980s and the subsequent implementation of the neo-liberal policy measures by government has affected the informal sector adversely both on the demand and supply sides as markets contracted and input costs rose. Besides, there are varied numbers of regulations and bureaucratic procedures from different institutions and levels of government which tend to stifle entrepreneurship potentials in the informal sector. These constraints range from public policy bias in favour of the formal private sector, under funding of programmes and projects targeted at the informal sector, land use regulations (regarding rental, tenure and land transaction). Others include lack of fixed location for business operations, poor infrastructure, lack of access to resources and markets, as well as training institutions which exacerbate the vulnerability of operators in the informal sector and their inability to participate in development.

More than any time before, it is now understood today that the general “one-fits-all” growth policies embedded in macroeconomic stabilization and second generation economic reform programmes will not help the Nigerian economy. Besides, to sustain the nation’s macroeconomic stability, the economy needs to tailor its fiscal and monetary policies to promote domestic investment, employment generation and growth through diversification. Moreover, it is necessary to identify binding constraints to growth as well as sources of growth potentials at a disaggregated level and design incentive mechanisms to channel resources to selected sectors such as the informal economy, manufacturing, agriculture and social services with the potentials for growth and employment generation, but these sectors have suffered severe neglect over the years.

Economic diversification is, therefore, imperative for an oil exporting economy like Nigeria to reduce vulnerability to oil price shocks and to achieve sustainable growth. High commodity dependence such as oil exposes the Nigerian economy to trade fluctuations and exchange rate volatility which undermines labour supply and productivity. Historical evidence indicates that countries that promote diversification first before specializing enjoy higher and more sustainable levels of welfare. As such, the institutional environment is critical for diversification which is deepened by industrialization. It requires good institutions and good governance to provide an enabling environment for diversification. Thus, providing the right regulatory policy framework both at the macro level (e.g. the legal system) and at the micro level (e.g. business and resource/capital regulation) for the informal sector is required. This will allow for the effective expansion of the sector in order to make effective contributions to the economy.

Even though, the formal private sector still monopolized much of the support that government provides in the course of implementing the neo-liberal policy, it has made little or no effort to foster formal-informal sector linkages in the promotion of economic development. Given the limited scope of the formal sector to enhance the growth rate of employment due to poor resource availability to establish high capital investment, the burden of employment generation has fallen on the informal sector. As such, many formal sector enterprises have forged links, sometimes exploitative links with the informal sector to cope with the difficulties of the economic crisis. This occurs through involvement in informal activities like food processing, fabrication of tools, shoe making, sales of packaged sachet water and others. Nonetheless, the contribution of the informal sector to economic development can be viewed from the interaction between the various operators in the sector and between the informal sectors operators and the formal sector operators which the government has not looked into critically when formulating and implementing poverty alleviation programmes for the nation.

As for the informal sector, its form, content, operations and social relationships existing in the sector have been completely altered since the introduction of the neo-liberal policy over two decades ago. Consequently, the size of the sector has enlarged over time following the contraction in the public/private sectors as a result of the economic reform measures. However, many of the new entrants into the sector often locate themselves in the low rank of activities such as petty trading or service provision which require simple skills and/or no much capital investment. Also, there has been a rise in the entry of better educated entrepreneurs. Others have engaged in various kinds of sub-contracting arrangement either to lease equipment/machines from its owner, obtain credit in form of raw materials or working on a piece rate basis, from which they are being exploited.

Finally, the greatest drawback in the implementation of the neo-liberal policy in Nigeria is its authoritarian imposition by the political elite in government. This is coupled with their tendency for public corruption and lack of transparency by the leadership about its policy direction which has made it impossible to realize the goals of economic reforms. This is fundamentally so because they are neither in the habit of subjecting public policy to democratic determination nor are they willing to expose governance record to public debate. With respect to the formulation and implementation of economic reform policy, only two groups namely the International Financial Institutions (IFIs) and the ruling elite make decisions about how and when to pursue policy reform as well who gets what, when and how. Besides, economic reform programme is pursued by the ruling elite when convinced by the IFIs that their political longevity depends on pursuing reforms and not the concern for improving the life of the masses. Moreover, it is political expediencies that have consistently dominated the implementation of economic reform/adjustment and the manipulation of its benefits and liabilities.

Conclusively, the pursuit of economic reform goes in hand in hand with the militarization of the society as was seen during the Babangida and Obasanjo administrations. This concern has, therefore, raised the question regarding the social contract that exists between the government and the governed on one hand and the statutory responsibility of government to develop and implement public policy that will enhance the social welfare of the people rather than impoverish them. The conclusion to be drawn from this discourse is that while Nigeria has been implementing the neo-liberal policy for over two decades, it is still faced with serious economic and social problems that are impacting negatively on the overall well being of the populace. At present, what the free market enterprise policy has done is to narrow the scope of democracy by alienating the people from the political process (as they do not see themselves as having anything to gain through political participation), widens the gap between social classes and pits the state against its own citizens. In all, what the neo-liberal policy had done in Nigeria is to merely change the mode of operation of the economy while leaving its operators intact to continue to milk the national wealth to the benefits of a ‘few’ at the detriment of the bulk of the population.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

The importance of appreciating what development ought to be and the course it should follow provides the platform for devising appropriate strategy(ies) to address the social, economic and political challenges of humanity. As such, both quantitative and qualitative methods were employed in the course of this study to gather relevant data on the socioeconomic and structural realities of informal sector operators within the purview of government's implementation of the neo-liberal policy since the 1980s. This has given us insight to determine the extent to which operators in the sector have been able to advance the promotion of their human development in terms of having the resources and means for self development and command over basic consumption needs. Based on the objectives and research questions of this study, the following findings of the research were as follow:

Generally, the socio-demographic characteristics of the respondents showed that majority of them were young individuals between the ages of 20-40 years which constitute about 85 percent. The fact that this age cohort permeates the informal sector reiterates the incidence of unemployment and underemployment which the government's liberalization and deregulation policy have thrown up in the economy. The gender distribution of the respondents showed that we had more males (65 percent) than females (35 percent). The educational qualification of respondents revealed that 71.8 percent have secondary education, 19.6 percent have primary education and the remaining 8.5 percent have no education. This situation showed that the operators in the informal sector have need for adequate skill development and training for them to be able to function in society. There low education and limited skills means that they lack access to opportunities for meaningful incomes and incomes generating activities which have had negative effects on their social welfare conditions. The results showed that majority (64 percent) are Christians, 32 percent are

Muslims while the remaining 4 percent are traditional worshippers. In the same vein, the marital status of the respondents showed that 68 percent are married, 29 percent are single and 3 percent are either divorced/separated or widowed. Majority of the respondents (83 percent) have an average of 5 household members, 15 percent have above 5 members, while 2 percent have 1 member only. Majority of the respondents (52 percent) lived in one room, 46 percent in one room and parlour.

In assessing the socioeconomic conditions of operators, the study revealed that the standard of living of the respondents have been on the decline over the last two decades. The neo-liberal policy has had negative consequences on the human development of operators as they lack the required empowerment and capacity to meet the basic necessities of life. Specifically, the respondents mentioned the high cost of living, especially the escalating prices of basic foodstuff, petroleum product (kerosene and petrol) and poor infrastructure as having negative repercussions on the quality of life that they are living.

The study also revealed how government continued cut-back expenditure spending in the social sectors and removal of subsidy on essential goods and services have deleterious effects on the quality of education, healthcare, skill development and infrastructure available to the people, particularly majority of the poor which belong to the informal sector. Available evidence shows that since Nigeria began the implementation of the neo-liberal policy of free market enterprise, liberalization and deregulation of the economy, the country has not performed better in the various social indicators (national and international) such as life expectancy at birth, infant mortality, maternal mortality, adult literacy, sanitation facilities, access to clean drinking water, purchasing power capability of the populace, among others that is used to measure the level of human development promotion by nations. Furthermore, the study also showed that the government economic reform programme has not induced human development among informal sector operators by providing them social benefits in terms of access to health services, education, comfortable housing, affordable food and decent employment opportunities. Besides, the neo-liberal policy has been criticized for over-concentrating on institutional and macroeconomic reforms to the utter neglect of formulating and implementing pro-poor policies which should form the anchor of a pragmatic development policy that have direct effect on the welfare of the people.

In the same vein, the study also brought to front burner a striking association between the informal sector and poverty which have been consciously induced by the neo-liberal policy. The study focused on the livelihood based activities of informal sector operators which are the substantial constituents of the social welfare which was a clear departure from previous studies which have tended to focus on the economic measures of enterprises, wage based employment in exploring the many dimensions of informal sector. The study also showed that given the limits of industrialization, increasing growth of urban centres and the economic crisis since the 1980s, the country has witnessed the proliferation of the informal sector in the labour markets, following the severe cuts in the rate of expansion of employment within the public/private sectors following the implementation of the neo-liberal policy model.

Consequently, the study revealed that the form, content, and structure of the informal sector have completely been altered since Nigeria began the implementation of the neo-liberal policy. Many working class people who have either been retrenched or retired as well as those still in paid employment have all turned to activities in the informal sector. As such, the informal sector has now become the arena of competition, exploitation and struggle between the desperate poor who has using the sector as their domain for survival and the middle and rich entrepreneurs who have now relegated them to the position of labourers rather than owners of their business. Besides, many of the new entrants into the sector have been completely related to low income activities which have the least potential for employment and income generation. Similarly, the study showed that the operational activities of operators in the informal sector are susceptible to the fragility of the market system which has resulted in the high cost of production of goods and services provided by the sector as most of the raw materials, equipment used by them have no local substitutes.

The study also showed that the informal sector is still characterized by features of low productivity, poor working conditions, lack of access to funds, limited markets, business vulnerability and marginalization. In the same vein, the institutional theory of the state was used to give theoretical backing to the major arguments of the thesis that the neo-liberal policy has served as a catalyst that has exacerbated the intensification of unemployment, poverty and retardation of socio-economic development in the nation. It also revealed that bad governance, corruption and mismanagement of resources by the political elite in power that should held responsible for the poor state of human development in the nation. The study showed that in spite of the huge resource endowment, the people are living in squalor, malnutrition and destitution. The same concern of bad governance and corruption has also been traced to the lack of success in the implementation of the various poverty alleviation programme which are grossly underfunded. Finally, the findings of the study have advanced further the frontiers of knowledge in the study of human development with particular reference to the activities in the informal sector which government must consider as a crucial engine for driving development given its absorptive capacity for employment and income generation.

5.2 CONCLUSION

For many years, macroeconomic policies and planning in Nigeria have emphasized growth rather than development. We have not pause to ask Growth for whom? The time has come to focus development efforts on what happens to poverty, unemployment, societal attitudes, institutional structures, infrastructures, basic needs and general social welfare of the populace. Following the major findings from this study, it is imperative to state that any credible development strategy aimed at reducing urban poverty and promoting human development in Nigeria must pay due attention to the human needs of operators in the informal sector. This is so as experience from national economies such as South Korea, Malaysia and Indonesia that has made successes in developing the informal sector shows that micro-enterprises are a major catalyst in stimulating industrial and commercial development. Besides, the informal sector businesses also contribute important connecting points between the various sectors of the economy. So, neglecting this sector in the schemes of government development planning policy and implementation will be counterproductive. Thus, the significant findings of this study are therefore enumerated as follows.

1. It has been strongly emphasized in the study that socioeconomic and political based reform programme would work better if the country has decided on its own to reform by setting the agenda for such economic reforms and not adopt one that is externally created and for which it has no absolute control.
2. The state must acknowledge the dynamics of employment generation and growth in the urban informal sector. It must come to grip with the reality that the informal sector will continue to be a major absorber of labour, and therefore deserve due recognition and incorporation into the mainstream economy. This is in the light of the high rate of growth of the labour force, high and increasing level of poverty, low and dwindling labour absorptive capacity of the formal sector, among others. As such, the government needs to consciously fund research into the informal sector to effectively tap into its potentials.
3. The study concludes with the position that all socioeconomic development strategies should be measured by the benefits they bring to the majority of citizens, while the value of a particular development model should be measured by the extent to which they will contribute to that end. This, therefore, raises the question regarding the essence of economic reform programme in a developing country like Nigeria, where the majority of the population is engaged in comparatively less productive agricultural and informal sector activities.

5. 3 RECOMMENDATIONS

The results of this study have both policy and academic implications for the utmost development of the informal sector as a crucial engine in the nation's quest for economic development. It is, therefore, imperative to emphasize that the Nigerian nation and its people need a developmental state that puts the individual in the very centre of the development policy formulation and implementation. Based on the findings of the study, the following vital recommendations are given below:

Firstly, the Federal Government of Nigeria must create a ministry of informal sector development to specifically see to the needs and requirement of the sector like it did for issues that bother on women affairs rather than lump it with the activities of the National Poverty Eradication Programme (NAPEP). This is significant so when one realizes that more than 60 percent of the nation's economically active labour force population depend on the sector for their main source of employment.

Secondly, government must develop legislation that will channel at least 20 percent of her budgetary expenditures to the funding of the social sectors and provision of infrastructure specifically targeted at improving the quality of life of the greatest majority of the people. This is critically so as contemporary development strategy has transcended the emphasis on macroeconomic growth to the needs of enlarging peoples' capacity to live healthy, flourishing and good life. This fact today forms the fundamental raison d'être for measuring the viability of any economic system as a tool of social engineering, which centre on the capacity to effect positive changes in the well-being of the individuals, their families and communities. And this has not been achieved with the nation's implementation of the neo-liberal policy as what we can count among its social costs are rising unemployment, fall in standard of living, hunger, malnutrition and official corruption.

Thirdly, the government must come to terms with the truth that engaging in a thorough evaluation of any of its economic policy, weighing the social cost on the welfare of the people and taking decisions in the overall interests of the populace will go a long way to ensure the success of such policy. For instance, the government can borrow a leave from what the Ghanaian government has done by funding research in the various universities of technology in the country to produce the equipment and other ancillary tools required by operators in the informal sector. This will help conserve scarce resources expended in their importation from the developed nations.

Fourthly, the various sub-groups in the informal sector must be properly structured and organized into viable bodies by the operators. This will help give them a voice to engage the government and other players in the economy particularly the financial institutions about the challenges confronting the activities of the sector and collectively working out ways to find solutions to them. Besides, the operators in the sector can establish their own bank by pool their resources together through clusters which involves the use of the Etsusu schemes which has been found to be the most viable means of savings and sourcing for funds by operators rather than the use of public banks or cooperatives. Furthermore, the government must be a key player in the financial sector by partnering with selected microfinance banks through equity funding or channel such funds through existing banks branches across the six geopolitical zones in the country for the exclusive use of those in the informal sector that truly need funds to acquire equipment to start or expand existing business operations.

5.4 CONTRIBUTIONS TO KNOWLEDGE

This study adds to the frontier of knowledge in the political economy of development. It brings to fore the critical role that states play in national economic development contrary to the prescriptions by the Bretton Woods Institutions and its proponents. This was clearly shown by reference to the pivotal role that states in the Western world and South East Asia have played in the development outcomes of countries in those parts of the world. The study stressed that the development of Nigeria cannot be different if her desire to be a major world economic giant is to be realized. The study further emphasized that the development of the Nigerian nation must begin with the transformation of the state, as it is the character of the state that ultimately influence the course of economic and social change even as it is shaped by it. On this basis, the study rejects in totality the neo-liberal policy position on the role of the state as an obstacle to development in sub-Saharan Africa. After all, state-centrism was not manufactured by the African state; rather it was a legacy of colonialism. Prior to the 1980s, development economists from the west reposed faith in the state as the engine of economic development, using it to achieve its objectives of promoting state-centric modernization projects and peripheralization of African economies.

The study states that the main objective that underlines the neo-liberal policy must not be misplaced from the purview of political economic discourse. It is as much a political as an economic issue. The study stressed that neo-liberal policy couched in economic reform programme was not designed for the development of African economies, but a stop-gap strategy to ensure that the debtor nations pay the debt owed to the Bretton Woods institutions and other Bi-lateral bodies. Besides, almost all of the economic development strategies for Africa's development have always been dictated by the industrialized nations using their perspective, thus making Western development strategies the foundations of politico-economic decisions in post colonial Africa. To buttress this fact, the Bretton Woods institutions on many instances have consistently been antagonistic to attempts by African governments to develop their independent self-reliance economic restructuring model that would alter Africa's position in the existing international division of labour and change their pattern of production from primary commodities to manufacturing goods i.e. The Lagos Plan of Action. The neo-liberal policy is primarily used by the Western World as a smokescreen to shift emphasis from the discussion of broader development issues such as world trade imbalances, trade protectionism, the promotion of equity and social well-being to economic growth.

On the one hand, the advocates of the neo-liberal policy takes little account of the specific sociopolitical conditions in a country before prescribing its measures for adoption. On the other hand, the kind of development model prescribed for Africa by the west has offered no solution to Africa poverty, its poor majority or its underdevelopment. For instance, the African Economic Outlook (2004) report showed that of the 31 countries at the bottom of the UNDP Human Development Index ranking, 28 of them are in Africa, specifically sub-Saharan Africa. Also, since the 1950s, the drive for economic development pursuit in Africa has been employed as an instrument of control by the industrialized nations in an effort to change the socioeconomic and political structures of African societies for their own interests. As such, the introduction of the neo-liberal policy is not different. It is a second scramble after the first one that came with the infamous Berlin Conference (1884-85) for control of Africa's labour, resources and land through the aegis of capitalist globalization that rely on measures of free market mechanism rather than direct political control.

The study point out that in all of the theoretical evaluation that centres on the neo-liberal discourse, one finds a consistent asymmetry with their prescriptions. There is always a powerful predisposition when African government interventions in the economy are working badly to reject such activism (rather than reform it) and substitute it with the market. On the other hand, when the latter produces poor results, there is equally strong tendency to urge that marketization should be reformed (i.e. carried out better) rather than rejecting it for some form of government involvement. This position amounts to clear bias, inconsistency and lack of transparency on the part of the Bretton Woods Institutions which underscore the covert interests that the economic reform programme is serving, including the real beneficiaries and ultimate losers. It is the position of this writer that striking a balance between the complementary roles to be played by the government and those to be undertaken by the market is an important part of sound economic decision management and balanced pragmatism.

The study exposed the facade that belie the neo-liberal policy as it failed to recognize that promoting human capital is a vital key to attaining sustainable development and productivity. It was evident from the start that the core objectives that underlined the neo-liberal policy couched in economic reform programme in Nigeria were not oriented toward the peoples' welfare by tackling the pervasive problems of poverty, unemployment, social inequality that permeate the nation. Rather, the reform programme focused primarily on promoting economic growth such as GDP, per capita income, budget surplus and favourable balance of payments as regard terms of trade without giving priority to investment in human capital which would empower the peoples' quality of life. The open bias was manifested by such anti-poverty measures such as subsidy removals, government cut-back expenditures on the social sectors, currency devaluation and introduction of user fees.

This position was a complete negation against the prime status accorded human development as the most important of all productive resources. This is fundamentally so other factors are generally dormant and cannot make contributions to production until humans actuate them. It is on this premise that human development is considered vital to the prosperity of nations as reflected in the skills and methods that drive production and productivity. It is this differential in the level of knowledge, skills and the commitment to it that clearly explain one of the seeming paradoxes in contemporary development discourse where countries with fewer resources have often prospered more than others that are much more richly endowed. Available evidence have shown that countries that have been most successful in tackling poverty and achieving sustainable economic growth and development have done so by making efficient use of labour through investing in people i.e. Malaysia, Singapore and India. This vicious cycle of low investment in human capital as shown in the table on Nigeria's recurrent expenditure for education and health relative to defense and debt servicing is one issue too many that we must address very urgently if we are to make any head way in our quest for economic development. The failure to squarely address these needs have consistently reflected in the country's low human development index rankings and social indicators which mirrored the socioeconomic status of the people over the past decade.

With regard to the informal sector, it has over the years become the survival zone for millions of Nigerians to make a living following the neo-liberal policy of free market system, privatization, liberalization and deregulation which produced considerable privation and discontents across the society. However, the impact of the economic reform programme on the informal sector has been extremely unsettling. With the implementation of the neo-liberal policy in Nigeria, there has been an upsurge in the number of operators into the informal sector which has changed the form, content and profiles of the sector. Besides, the policies of currency devaluation, removal of subsidies on essential commodities and cut-back expenditures in the social sector have caused the urban poor involved in this sector to spend more on consumption, thus causing their real incomes to decline, thus having devastating consequences on their living standards and human development concerns.

The study also wish to highlight the erroneous policy bias undertaken by the government regarding its prime focus on the organized private sector as the engine of growth to the exclusion or underestimation of the importance of the informal sector. As a result, the activities in the informal sector has been undermined by lack of access to resources, insufficient investment capital, low technology, lack of infrastructure due to limited government involvement in its operations. It is the view of this study that the national economy be diversified, with the informal sector given adequate attention as a key contributor to national development. This is because of the immense benefits that abound in the sector which includes creating important connecting points between the various sectors of the economy as well as having the desirable quality of been home-grown enterprises. The study also emphasized that since the economy is essentially monolithic (depending on oil) and the belief that free market will ultimately create the necessary conditions for sound development has not been realized, it would be sound economic sense to develop the informal sector as a viable alternative sector that can create employment and generate wealth for the country. It is now general acknowledged in contemporary development discourse that the one-fits-all growth policies embedded in macroeconomic stabilization and second generation economic reform programme cannot revitalize the Nigerian economy.

Finally, in the course of accomplishing this study, certain research gaps were identified with particular reference to the informal sector and promotion of human development which calls for further scholarship. Among the issues identified include the following:

- **i.** There is the need to further investigate how the linkages between the Informal and formal sectors can be properly developed and harnessed.
- **ii.** Further investigation should be carried out to know the actual size of the informal sector.
- **iii.** The need to focus on the structural causes of poverty which permeates the sector rather than focusing on poverty alleviation programmes.

iv. The need to propagate bottom-up approach to development.

5.5 LIMITATIONS OF THE STUDY

Given the stage of development in Nigeria, with its concomitant level of sophistication in the recording of socioeconomic data, this study encountered certain constraints in the process of its execution. The major limitations experienced in the course of conducting this research has to do with the dearth and inadequacy of official data from relevant government establishment on the state of the economy and human development indicators. Also, the issue of limited finance did not allow for the broadening of the scope of study to include other major states in Nigeria. Nonetheless, these limitations did not in any way blur the import of the study as concerted efforts were made to surmount them and ultimately achieve the goals of the study.

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APPENDIX I

Department of Sociology
Covenant University Ota
P.M.B 1023
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Neo-liberal Socio-economic policy and human development in the informal sector of Lagos State

Questionnaire

I am from Covenant University Ota. I am presently conducting a research titled: "Neo-Liberal Socio-Economic Policy and Human Development in the Informal Sector of Lagos State." This questionnaire is administered in order to obtain factual information from you on the study under investigation. All answer provided to the questions will be treated with utmost confidentiality. Your earnest response to the questions will be greatly appreciated.

Thank you.
Egharevba Matthew

Part 1: Demographic Data Information

Q1. Gender: Male…….1 Female ………..2

Q2. Marital Status: Single…1 Married ……2 Divorced ….. 3 Separated ….3 Widowed……4

Q3. Religion: Christianity ….1 Islam … 2 Traditional Religion …3 Other: specify ……..4

Q4. Level of Education attained: Primary school …1 Secondary school ….2 Other: specify …….3

Q**5.** How many children do you have? ……………………………………….

Q**6.** How many of you are in your household?..

…………………………………………………………………………………………

Q7. What is your present Age? 20 - 30… 1 31 -40…. 2 41 – 50…….3 51 -60…..4

Q**8.** What is your state of Origin? …………………………………….

Q9. What is your Occupation? Trader … 1 Motor cycle rider … 2 Taxi driver…3 Artisan: Specify ……….4 Service provider: specify ……… 5 Commerce: Specify …….6 Other: specify ……7

Q10. Type of residence: One room (face to face) ….. 1 room and parlour …. 2 Flat: Please specify ……3

Part 2: Determining Conditions of Living

Q11. What is your experience concerning meeting the daily basic social needs of your family?

……………………………………………………………………………………...

Q12. Has there been any improvement in your living conditions in the last seven years?

Yes…. 1 No ….2 Don't know ….3 N/A……4

Q13. Does what you earn from your occupation adequately take care of your family daily requirements? Yes…. 1 No…... 2 Don't know…… 3 N/A ………4

Q14. Rate your present financial standing? Very good….. 1 Good …. 2 Fair…. 3 Poor … 4 Very poor ……5

Q15. Are you satisfied with your present level of living?

Yes…. 1 No …. 2 Don't know…3 N/A ………4

Q16. If not, why not?..

……………………………………………………………………………………..

Q17. Does anybody contribute to help in meeting the basic needs of your household?

Yes….. 1 No……… 2 Don't know……3 N/A ………4

Q18. If Yes, who ………………………………………………………………………..

……………………………………………………………………………………….

Part 3: Awareness of government economic policy

Q19a. Are you aware of any government economic policy that can make life better for the people?

Yes….1 No …. 2 Don't know……3 N/A ………4

Q19b. If yes in Q10a ask: What policy are you aware of? ………………………..

………………………………………………………………………………………..

Q20. How did you come to know about these policies, I mean what are your sources **of information?** Radio…. ..1 Television… 2 Newspapers…3 Word of Mouth…. 4 Others: (specify)……….5

Q21. What is your understanding of government economic policy?

…….

Q22. Have your living conditions improved since the introduction of government **economic reform policy?** Yes…. 1 If yes, ask, How? ___No …. 2

Don't know …….3 N/A…..4

Q23a. What is your comment about increase in the price of fuel in Nigeria?

……

Q23b. How are you coping with the increase in the price of petrol and kerosene?

Petrol	Kerosene

Part 4: Measuring Government Development Goals

Q24a. Are you aware of government economic policy designed to address the basic social needs of life?
Yes…..1 No …. 2 Don't know ……. 3 N/A……….4.
Q24b. If yes, ask which one is that?
…….
Q25. Have you ever benefited from any of the government poverty alleviation schemes like NDE, NOAS, NAPEP? Yes…. 1 Which One? ___ No…... 2 Don't know……3
N/A ………4
Q26. If yes, of what benefit was it to you? ……………………………………………
Q27. If not, why? ……………………………………………………………………..
Q28. What are the things required by you now to help your business go better? ……….
Q29. Are there specific problems you currently face in the conduct of your work / activities?
Yes…. 1 No …. 2 Don't know……3 N/A ………4
Q30. If yes mention them ………………………………………………………………
Q31. How do you get money to run your business?
Personal Savings….. 1 Cooperative/Thrift…2 (Esusu/Ajo)…… 3 Bank Loan…….4 Other: (specify) ………5
Q32. Do you make enough income from your occupation that can take care of your family?
Yes…. 1 No …. 2 Don't know…… 3 N/A ………4
Q33. What are the problems you face in meeting the needs of your family? ……..
Q34. Are you better-off working for yourself or for another person?
For myself…. 1 For another person …. 2 Don't know……3 N/A ……4

Q35a. Are you presently working for yourself or for another person?
For myself…. 1 For another person …. 2
Q35b Apart from your main job, do you engage in any other activity/other job in order to meet the needs of your household? Yes….. 1 No……… 2
Don't know……3 N/A ………4
Part 5: Human Capabilities/ Skill Development in Informal Sector
Q36a. Do you think government is interested in making your living conditions comfortable? Yes…. 1 No …. 2 Don't know……3 N/A ………4
Q36b. If yes ask, in what way?………………………………………………………

Q37. How long have you been doing this job? 1-3years …. 1 4-6 years….. 2 7-10 years……..3, 11years and above…….4

Q38. Did you undergo any training for the job you are doing presently?
Yes……1 No……2

Q39. If yes, how long did this take? ……………………………………..

Q40. Does the job you presently do require any particular skill/ assistance for effective for effective performance [for example; particular expertise, access to credit, inputs]? Yes…. 1 No ….2 Don't know……3 N/A ………4

Q41a. Did you receive any government assistance in starting your business?
Yes…. 1 No ……2 Don't know……3 N/A ………4

Q41b. If yes what kind of assistance did you receive……………………………..

Q42. Are you doing something that is different from what you were trained for?
Yes….1 No …….2 Don't know……3 N/A ………4

Q33. If yes to Question 32; what business were you doing before now? ……………………………………………………………………………………………

Q44. Are you satisfied with the progress you are making in your business?
Yes……1 No ………2 Don't know……3 N/A ………4

Q45. Do you need any assistance to improve your skill in what you are doing **presently?** Yes…… 1 No ……….2 Don't know……3 N/A ………4

Q46. If yes, which kind of assistance? …………………………………………………

……………………………………………………………………………………

Q47. If no, give reasons ……………………………………………………………..

…………………………………………………………………………………

Q48. What basic things do you need to live a happy and fulfilled life?.........................

…………………………………………………………………………………

Part 6: Means of Improving Your Business Activities

Q49. In what ways do you think your business activity can be improved?..................

……………………………………………………………………………………

Q50. What do you want government to do for you as a citizen of Nigeria? ……………………………………………………………………………………

……………………………………………………………………………………

APPENDIX II

MODERATOR'S GUIDE FOR FOCUS-GROUP DISCUSSION

Introduction & Warm-up

Designed to put respondents at ease, to allow the moderator develop some rapport with respondents, and provide a brief explanation of the interview process to the respondents.

- Moderator will introduce self and observer(s), if any.
- Respondents introduce themselves (ask a few questions about each person's background).
- Explain that all opinions are relevant. Like to hear from everyone.
- No right or wrong answers.
- Explain the use of a recorder; session is being audio taped and notes also taken.
- Explain format and likely length of discussion.

Part 1: Conditions Of Living

- What are the typical needs of your family on a day to day basis? What do you do to meet these daily needs of your family?
- What basic things do you need to live a happy and fulfilled life?
- Looking at the last seven years, has there been any improvement in your lifestyle? Is there anything you could buy then, that you cannot afford nowadays? *Probe:* in what areas have there been improvements/deterioration?
- Does what you earn from your occupation adequately take care of your family daily requirements?
- Are you satisfied with your present level of living? Why/Why not?

- Does anybody contribute in meeting the needs of your household? If Yes, who? How far does the assistance go?
- How would you rate your present financial standing? Are you financially ok, or not?
- What are the problems you face in meeting the needs of your family?

Part 2: Awareness of Government Economic Policy

- Are you aware of Government policies that can make life better for the people? If yes, what policies are you aware of? *Allow respondents explain in their own words*

- How did you come to know about these policies, I mean what are your sources of information?
  - Radio
  - Television
  - Newspaper
  - Word of Mouth
  - Others
- What is your understanding of these policies?
- Has your lifestyle improved since the introduction of Obasanjo's government economic reform policies? If yes, ask, HOW?
- How do you feel about fuel increases in Nigeria? Do you feel affected in any way? Is that positive or negative? *Explain*
- How are you coping with the increase in the price of petrol and kerosene? *Probe*

Part 3: Measuring Government Development Goals

- Is there any government economic policies addressing the basic needs of your livelihood? If yes ask which one is that?
- Generally, how do you see these policies?
- Have you ever benefited from any of the government poverty alleviation schemes like NDE, NOAS, NAPEP etc?

  WHICH ONE? Of what benefit was it to you? If not, why not?
- What are the things required by you now to help your business go better?
- Are there specific problems you currently face in the conduct of your work / activities? If yes mention them
- How do you get money to run your business? Check for:

  Personal Savings

  Cooperative/Thrift

  Esusu/Ajo

  Bank Loan

  Others

  Also ask for the difficulties/challenges and advantages they have encountered with each of these (Briefly)
- Do you make enough income from your occupation that can take care of your family?
- Are you better-off working for yourself or for another person?
- Apart from your main job, do you engage in any other activity/other job in order to meet the needs of your household?

Part 4: Human Capabilities/ Skill Development In the Informal Sector

- Do you think government is interested in making your life comfortable?
- If yes ask, in what way?
- How long have you been doing this job?
- Did you undergo any training for your present job
- If yes, how long did this take?
- Does the job you presently do require any particular skill?
- Did you receive any government assistance in starting your business? If yes what kind of assistance did you receive? *Explain*
- Are you doing something that is different from what you were trained for? If yes, what business were you doing before now?
- Are you satisfied with the progress you are making in your business? *Probe*
- Do you need any assistance to improve your skill in what you are doing presently? If yes, which kind of assistance? If no, give reasons

Part 5: Means Of Improving Your Business And Job Activities

- In what ways do you think your business can be improved?
- What do you want government to do for you as a citizen of Nigeria? Check for:
    - In your business?
    - In your personal life