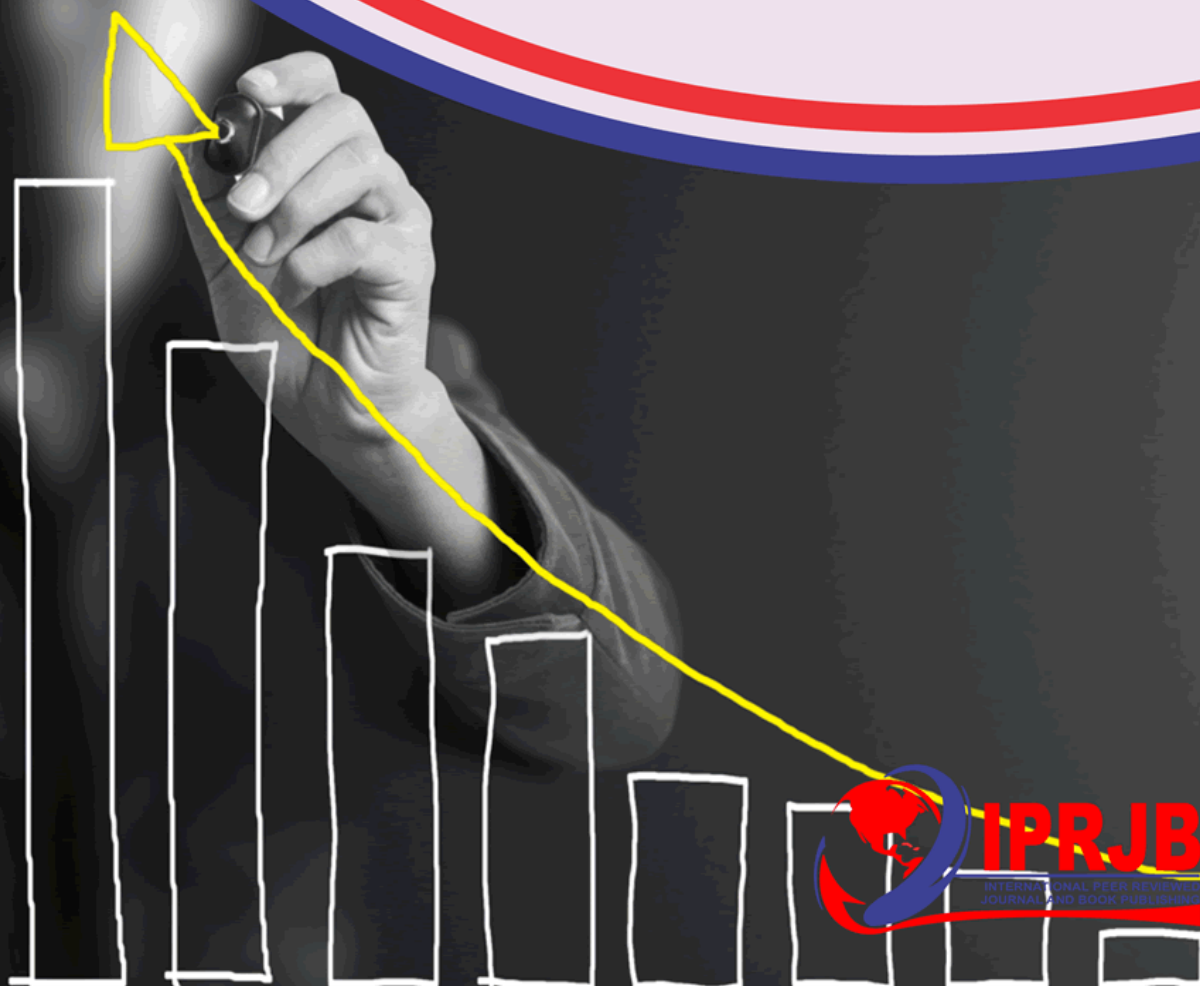


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NEO-LIBERALISM ON ITS KNEES: POSING ALTERNATIVE DEVELOPMENT

CONSTRUCTS FOR NIGERIA

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NEO-LIBERALISM ON ITS KNEES: POSING ALTERNATIVE DEVELOPMENT CONSTRUCTS FOR NIGERIA

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Abstract

The integration of the Nigerian state into the international capitalist system became concretized through the neo-liberal paradigm. The adoption of structural adjustment program by the states in the global south including Nigeria was signpost of the sustained control of the core capitalist states and international financial institutions in the peripheral states. The Babangida administration adopted the structural adjustment in 1986 thereby signifying the decline of the state and ascendancy of the market. This policy, however, undermined the legitimacy of the state and it reduced its capacity for social delivery. The implementation of neo-liberal reforms socially dislocated and alienated the vulnerable social categories thus eliciting protests of the mass organizations, students' movement, working people, intellectual class, urban poor and rural peasants. The neo-liberal policy as a result of its inherent contradictions felt on its knees and it became subject of criticisms, caricature, rejection and repudiation by the people it ought to serve. It became imperative, therefore, to pose alternative development constructs to neo-liberal policy. This work argues for the reconfiguring of the state as critical player in the development nexus within the context of the capable and developmental state.

Keywords: *Neo-Liberalism, structural adjustment, social delivery, global south, international capitalist system, mass organizations, capable state, developmental state.*

I. Introduction

There is a nexus between the Nigerian state and the form economic policies assume; the nature of economic policy reflects the character of the state and the hybrid of social forces that exert preferences on state actors and state institutions. Meanwhile, the Nigerian state is not an instrument of a single social class since the social groups that seek to control the state are weak, underdeveloped, and lack the basis to develop independently. There is absence of hegemonic class in Nigeria since the economy is controlled by foreign interests amid the intense struggles of fractions of the local dominant social class to access and control state power. The Nigerian state is repressive, authoritarian, and lack consensus on its core political and ideological interest. This state is over bearing and it is perceived by the exploited and dominated social groups as alienating and malevolent. It is a contested terrain where the similar and dissimilar interests of the social classes are articulated, canvassed and pursued.

The state is not differentiated from the dominant social classes and its interests are co-terminus with those of the exploiter classes.

The Nigerian state was assertive before the adoption of neo-liberal economic policy in the mid 80s. This assertive character of the state accentuated with the oil boom and relatively strong economy. The assertiveness of Nigerian state should be understood within its capacity to expropriate, produce capital, compete with the market, ventilate strategic national interest and regulate the behaviours of private players in the economy. The global oil glut in 1980s and subsequent decline in oil earnings undermined the capacity of the Nigerian state to be assertive. This state became somewhat amenable and it was largely occasioned by the implementation of IMF and World Bank economic policies, which led to the receding of the state as critical player in the production and distribution domain. The Nigerian state receded amid the ascendancy of market forces; the market substituted the state as the essential premise for resource allocation. The relevance of the Nigerian state as leading provider of social services was largely vacated to the market.

The neo-liberal paradigm reflects the capitalist management of the economy on the basis of market ideology. The market ethos in a neo-liberal context assumes importance in terms of its centrality in the allocation of resources. The 1980s witnessed the adoption of International Monetary Fund (IMF) / World Bank – sponsored neo-liberal Structural Adjustment Program, SAP, by the states in Africa. In 1989, for instance, the global south including thirty nine states in Africa implemented adjustment program in one form or the other to address recurring economic crisis (Olukoshi & Nwoke, 1994: 11). The Babangida administration introduced Structural Adjustment Program, SAP, in Nigeria to foster a private sector led growth, correct balance of payment disequilibrium, restore stability and growth in the economy. The SAP policy is monetarist in nature and it is a conditionality to access new loans and renegotiate existing foreign debt. The implementation of neo-liberal economic reforms in Nigeria, however, altered social conditions of the working people, urban poor and rural peasants. These social groups question the purpose of economic reforms that deepen rather than moderate their living conditions. The shortcomings of neo-liberal reforms became rallying points for trade unions, academics, students' organizations, urban poor and rural peasants that are traumatized and impoverished by its implementation (Olukoshi, 1995: 148-152).

This article argues that the neo-liberal crisis partly emanated from its economic orthodoxy approach. Economic orthodoxy insists there is no alternative to neo-liberal reform; the authors of neo-liberalism arrogantly disregard the purpose and relevance of economic heterodoxy and plurality to social relations in the states undergoing neo-liberal economic reforms. The state assumed arrogant posturing, repressed and repudiated alternative ideas on the organization of the Nigerian economy.

The neo-liberal approach poses development as privatization and coping strategies for the management or alleviation of poverty. As a result of neo-liberal based economic policy, the social forces of development shifted from the state and the African people to the market. The negative fallouts of neo-liberal reforms has raised question on the purpose of the Nigerian state. This state, the article argues, ought to foster the well-being of the mass of people; but the social dislocation of specific social groups and transfer of economic wealth to the political class and their allies characterize social relations. The disparities occasioned by market reforms led to economic upheavals, deepened inequality, alienated the working and urban poor and created legitimacy crisis for the state. The socially based distortions induced by market reforms raises question on the purpose, relevance, and implications of neo-liberal agenda. This article contends that market reforms retards development and signpost

inequality. The neglect of social imperatives is, therefore, a major defect of market reform amid the lopsided sacrifices of the working people, urban poor and peasants. The social burden of economic reforms are largely borne by the weak social groups whose social lives, economic means and cultural values are seriously undermined by the neo-liberal state. These contradictions have heightened the struggle to re think of the state, re define the relationship between the state and market, and predicate development within social context.

This article proffers the capable and developmental state as alternatives to market reforms. The article insists that the state should play leading role in politics and economy in order to enhance its capability for development. The next sub-heading discusses the theoretical framework.

II. Theoretical framework

The concept of “**state capability**” is problematic in the sense that it is defined from different perspectives hence the multiplicity of interpretations. There have been several attempts at theorizing on the state in relation to its function or role the state should play in society. These theories propound varying theoretical positions on improving and enhancing the efficiency and effectiveness of the state and its apparatus.

The liberal approach perceives the state as an “honest broker” (Haralambos, Holborn & Heald, 2004:544) and a neutral player; which regulates and manages the conflicting demands of varying social groups and interests. This approach is rooted in the social contract theory, which sees the state as an entity that governs on behalf of the populace and interest groups. The liberal theory or “liberal pluralism” submits that the state is dependent and subservient to the society amid the dominance of competing interest and pressure groups (Stepan, 1978; Mingst, 1999; Onyeziri, 2005).

In Marxian theory, the state reflects the conflicting interest of social classes in the society. This approach disputed the claim of liberal pluralism that the state is neutral and dependent on other forces in the society; it insists that power resides in the social classes that control the economic base of a society. The Neo Marxian scholar, Poulantzas, posits that the state is relatively autonomous of the influence of the ruling bourgeoisie class. More so, the state required a degree of autonomy to represent the bourgeoisie effectively (Poulantzas, 1969).

To Skocpol (1985) the state can possess autonomy and the required capacity to realize its objectives, which “are not simply reflective of the demand or interest of social groups, classes or society”. The capabilities of the state, he contends, to realize its objectives are predicated on sovereignty, a reliable and strong economy, the natural endowment and resources at the disposal of the state, the level of involvement of its intellectual class in the administration of the state, and the level of development of the civil society. In specific terms, the seventh ‘African governance forum’ on building the capable state in Africa describes state capability as the capacities that a state possesses and requires to implement its functions efficiently and effectively. The role of the modern African state is not restricted to the conventional and requisite function of maintaining law and order, but it includes the promotion and advancement of the welfare of its citizens. State capability is synonymous with the concept of “the role of the state”. It refers to the constitutional obligations of the state to the mass of people. Capability, therefore, is determined by actual achievement or evidence that the ability to achieve does exist, even if the ability is yet to be utilized by the state. This article

repudiates the perception that some states do not possess capabilities; the state capability varies among states and it is equally relative.

Leftwich (1995) identifies six defining characteristics of a developmental state; determined developmental elite, relative autonomy, a powerful, competent and insulated bureaucracy, a weak and subordinated civil society, the effective management of non-state economic interests, legitimacy and performance. To Mkandawire (2005), the developmental state involves production, reproduction, distribution and protection of the people from the distortions of the market. He argued that the condition of production and protection of the weak social groups sought to reverse the setbacks the social sector suffered as a result of unrestrained neo-liberal experimentation and the commercialisation of social provisioning.

Chang (2005) insists that the successful developmental states coordinated investment plans; articulated development vision; engaged in building institutions to promote growth and development; and mediated conflicts occasioned by reactions and counter reactions to the trajectory of development between the winners and losers. The developmental state is not peculiar to East Asia contrary to the positions of Oni (2005) and Cline (2005). Mkandawire (ibid) insists that development state is visible in Africa despite the perception of the absence of mystical 'oriental' institutions and culture, prevalence of patrimonial politics and weak capital formation. Mbabazi (2005) disagree with the 'impossibility thesis' on the prospect of development state in Africa, which is attributed to the vulnerable nature of the state to vested interests.

The fear of authoritarian tendency in a developmental state is negated with the inclination to democratic developmental state that reflects and responds to the contestation of ideas in the management of the economy. In this sense, the critical economic and political decisions are predicated on intellectual disputations, compromise and consensus. It differs from the arrogance of market logic, which insists on its approach as sacrosanct in the management of the economy. The dialogue engendered through developmental state option creates a sense of ownership of the policy space by the working people, peasants, artisans, urban poor, civil society actors; as opposed to the sense of alienation occasioned by the monologue on neo-liberalism and the harsh social implications of market based economic policies. The developmental state is a leading player in the economy, which is imbued with the capacity for strategic interventions and effective bargaining in a sense that protects critical national interests. The development state is structured to protect the strategic national interests as opposed to the ventilation of narrow interests of international lenders and creditor states.

III. Neo-liberalism on its knees: the contradictions in the implementation of SAP

The neo-liberal theory is predicated on free market with the voluntary dwindling of the state in economic affairs (Handelman 2006: 292). It has its origin in the ideological contentions between the classical political economy and the Marxian/ Bourgeois political economy. The writing of Adams Smith, "*Inquiry into the Nature and Causes of the Wealth of Nations*" (1776), and David Ricardo's "*Principles of Political Economy and Taxation* (1871)" are major intellectual works on neo-liberalism. Adams and Ricardo argued for an economic system that was contingent on the invisible hand of the market and competitive market equilibrium (Chilcote, 2000: 49, Ethridge & Handelman, 2010: 42). This perspective sought the non-intervention of the government in the economy; the accumulation of capital as the basis for economic development; free trade policy; and division of labour as the basis of economic growth.

The neo-classical school canvassed for open economy and competitive markets for nations and individuals. It sought to deepen globalization, deregulation, privatization and

commercialization, and huge inflow of foreign direct investment to stimulate economic development. This approach rejected economic nationalism and preferred economic relations were based on liberalization, utility maximization, privatization and commercialization of the economy. The neo-classical perspective envisaged competitions among private firms, to the extent of liberal policies, in order to achieve efficiency and effectiveness in production relations within the national economy and globally (James & Dietz, 2004:113).

The Marxian theory emerged in contradistinction to liberal political economy. The Marxian analysis is based on the primacy of material condition, the capitalist nature of the state, the centrality of class struggle occasioned by class contradictions and class conflict, the inevitability of the overthrow of the capitalist state and the emergence of the dictatorship of the working class. The Marxian theory described the liberal political economy as ‘vulgar’ due to its principle of laissez faire. It critiqued the capitalist system, its anarchic production, and logic of profit as exploiting and under developing production forces. This approach posited that the state control of imports and exports, ownership and distribution of resources would end the exploitation of the dominated social classes through its non-discriminatory welfare policy, and regulate fairness in the compensation for workers that would, in the long run, foster development across the world (Ethridge and Handelman, 2010: 552).

The Great Depression of 1930s, however, shifted the theory of political economy to social and economic questions. John Maynard Keynes in his work titled “*General Theory of Employment, Interest and Money*” averred that the total withdrawal of the state from economic activities would affect the economy since the state was continuously needed to offer enabling environment for the market to thrive. To Keynes, the economy should be predicated on market forces amid the voluntary withdrawal of state from economic responsibilities. The Keynesian conceded that the state was not indispensable, but it averred that this state should play a minimal role in economic relations.

The International Monetary Fund and World Bank policies reflect the neo-liberal paradigm. These lending agencies prescribe the withdrawal of state from economic relations and leading role for the market in production and distribution activities. The ideology of neo-liberalism was popularized by the international lending institutions through their prescription of economic reform programme to the global south to resolve the crisis of development. The adjusting states were expected to replicate western pattern of development in terms of multi party based politics, private property, state withdrawal and market based economic recovery measures. The Nigerian state, for instance, pursued twin economic and political transition programme of the Western type under the Babangida administration. The economic transition was hinged on privatization, commercialization, de-subsidization and private sector led economic growth. The political component reflected the rule of law, observance of human rights, multi party based election, majority rule. The implementation of twin economic and political transition entrenched the Western model of development especially neo-liberal tradition. The Obasanjo administration implemented the post SAP, which reflected the philosophy, attributes and consequences of market reforms. These economic reforms were sustained in the Yar’Adua and Jonathan administrations except the Yar’Adua regime reversed the privatization of publicly owned refineries under the Obasanjo administration. Meanwhile, the Breton woods institutions had linked the underdevelopment of global south to protectionist policy, economic nationalism, repudiation of free market policy, and reluctance to open borders.

Conceptually, the neo-liberal idea is counter- revolutionary in the sense of repudiating the shift to big government and state intervention. The free market principle that was firmly entrenched in the United States and Britain in the 19th century affirmed the repudiation of big

government and state intervention. The adoption of ‘Reaganomics’ and ‘Thatcherism’ in the United States and Britain respectively attested to the deepening of neo-liberal value in the core capitalist states.

The foregoing suggests that the neo-liberal approach is not ideologically neutral. The ideological premises of neo-liberalism have been thoroughly examined and these provide the backdrop to discuss the social implications in adjusting states especially Nigeria.

Since early 1980s, a significant number of the states in the global south adopted neo-liberal policy. The neo-liberal framework reflected the major inputs of the international financial institutions and endorsement of the London and Paris Clubs. The Babangida administration economic reforms sought new loans and rescheduling of external debts. The reforms emphasised financial stability to the neglect of structural and developmental issues. This article analyses the neglected issues and contradictions created through pursuit of neo-liberal economic policies in Nigeria. *To Olorode (2014: 10)*, there are linkages among the Washington consensus of 1980’s, Post Washington consensus, Uruguay Rounds of 1986-1994, and World Bank’s Elliot Berg’s (SAP) report. He averred that the key elements of these economic plans are liberalization, deregulation and privatization. He argued that the identified elements are controlled and enforced by three aristocracies; the aristocracy of the industrialized states, aristocracy of capital (transnational corporations), and the transnational clergy (IMF & World Bank) that supervises national economic policies in Africa, Asia and Latin America (de Rivero cited in Olorode, *ibid*: 55). The trio of the aristocracy of mature capitalist states, aristocracy of capital and transnational clergy cohere to design and prescribe economic policies and development plans to developing countries. The coalition serves to re create Western form of development and retain the hegemonic status of the core capitalist states and their allies on state institutions and state actors in the global South.

To Momoh (1995: 16-56), the Babangida Political Transition Program, PTP, and Economic Transition Program, ETP exposed the personalization of political power by the self styled military President; the intellectuals were co-opted to formulate and reformulate state policies; the economic policy of the Babangida administration betrayed class agenda thereby leading to the loss of legitimacy by the state amid protestations and disapprovals by the affected social class groups. To Momoh (2005: 3), the World Bank and IMF attributed the failure of SAP to poor implementation; but later conceded that SAP was a bad policy that could neither have bought structural changes nor development to Africa. He noted the alienating nature of neo-liberal reforms in adjusting states and the obsession of the governing classes in Africa with theology of the market. Momoh (2005: 14) insisted that the crisis of the global south cannot be examined within the narrow limits of the Breton Woods frameworks due to the nature of capitalist relations of production, imperialist domination of the world economy, and the nature of reproduction of underdevelopment in developing states.

The privatization programme was a major element of the Babangida economic reforms. The state actors conceded to the prescription of the ‘transnational clergy’ to divest government equity in publicly owned enterprises. The public firms were described as inefficient, ineffective and mal-administered. The purpose and character of privatization elicited criticisms of anti-SAP groups. The Academic Staff Union of Universities was very visible in the struggle against SAP in the 1980s.

ASUU’s (2001) perception of the privatization exercise in Nigeria is expressed thus:

the ostensible reason being brandished for privatization is that public enterprises are not efficient. This is false. The fact of the matter is that the public enterprises are deliberately made inefficient in order to sell them. Today, the privatization programme

is part and parcel of the same process of recolonising Nigeria through the World Bank and IMF-packaged programmes of economic stabilisation, structural adjustment and liberalisation.

The Harvard Economist, Jeffrey Sachs made revealing disclosures on privatization in Post Soviet Russia when he posted his apologia titled; ‘What I did in Russia.’ Sachs comments betrayed the ideology behind privatization and the looting that characterized the exercise in Russia. He disclosed thus

The government’s privatization strategy was to move radically and quickly, so that there would be no reversal in political power and no reversion to a communist regime. The idea was to push the assets out into private hands as quickly as possible, even if corruption and unfairness ensued. This was not my approach, and I disagree with it. I was worried from the start of this process in Poland that corruption in privatization or manifest unfairness would not only damage the economy but also damage the society, by undermining the support for democracy, economic reforms, and social justice. In the end, Russia went the course of quick and reckless privatization to my dismay (Sachs cited in Olorode, 2014: 29-30).

The contradictions occasioned by the neo-liberal policy resulted in increasing poverty, increasing inequality, job losses, collapse of social facilities as a result of the abandoning of social provisioning role by the state. Consequently, the neo-liberal approach felt on its knees due to its paucity of social policy, alienation of the people from the public space and inability to address the country’s socio-economic crisis and underdevelopment. The tables below expatiate on the social implications of market reforms in Nigeria.

Table 1

Poverty Head Count from 1980 – 2010 Unit to Million

Year	Poverty Rate	Total Population Estimate	Population in Poverty
1980	27.2	65.0	18.1
1985	46.3	75.0	34.73
1992	42.7	91.5	39.07
1996	65.6	102.3	67.11
2004	54.4	126.3	68.70
2010	69.0	163	112.47

Source: National Bureau of Statistics, 2010

From the table, the poverty rate increased in 1980 from 27.2 to 46.3 in 1985, a year preceding the formal introduction of structural adjustment program. The poverty rate in 1992 was 42.7; and the population in poverty increased from 34.73 in 1985 to 39.07 in 1992. The

population in poverty further increased in 1996 to 67.11, 68.70 in 2004 and 112.47 in 2010 thereby coinciding with market reforms especially liberalization, privatization, commercialization and de-subsidization.

Table 2
Statistics of Population Employed and Unemployed

Year	2006	2007	2008	2009	2010	2011
Population	140,431,790	144,925,607	149,563,227	154,349,250	159,288,426	164,385,656
Figures						
Economically Active	78,922,666	81,448,191	84,054,533	86,744,278	89,520,095	92,384,738
Labour Force	57,455,701	59,294,283	61,191,700	63,149,835	65,170,629	67,256,090
Employed	50,388,650	51,763,909	52,074,137	50,709,317	51,224,115	51,181,884
Unemployed	7,067,051	7,530,374	9,117,563	12,440,517	13,946,515	16,074,205
Newly Unemployed		463,323	1,587,189	3,322,954	1,505,997	2,127,691

Source: National Bureau of Statistics: Annual Socio-Economic Report 2011

From the table, the unemployment figure of 7,067,051 in 2006 increased to 7,530,374 in 2007. The level of unemployment further increased to 9,117,563; 12,440,517; 13,946,515; 16,074,205 in 2008-2011. The unemployment figures and dates coincided with the adoption of market reforms, withdrawal of the state from social provisioning and liberalization of the economy. The increase in the size of the newly unemployed in 2007-2009 and later 2011 further attests to the social impacts of market reforms in Nigeria.

Table 3

Year	GNP Per Capita	Value of Naira	Capacity Utilization	Incidence of Poverty
1986	US \$770	N2.0	40%	47%
1993	US \$330	N22.0	37%	65%
1999	US \$270	N92.0	35%	67%
2002	??	N125	35%	70%

Source: Jega, 2003: 6

From the table, the GNP Per Capita in 1986 at the introduction of market reforms was US \$770. It decreased to US \$330 in 1993. The value of Naira to USD nosedived from N2.0 to US \$ 1 to N22.0, N92.0 and N125 in 1993, 1999 and 2002 respectively. The value of Naira tumbled terribly through the implementation of neo-liberal reforms under the Babangida administration. The value of Naira further depreciated in Obasanjo's tenure in 1999-2002 amid the adoption of post structural adjustment programme. The industrial capacity utilization was 40% at the inception of SAP in 1986 and it declined to 37%, 35%, 35% in 1993, 1999 and 2002 respectively. The incidence of poverty in 1986 was 47%; it increased to

65%, 67%, 70% in 1993, 1999 and 2002 respectively. The figures point at the increase in the incidence of poverty following the adoption of neo-liberal reforms in Nigeria.

IV. The capable state and Developmental state as alternative development paradigms for Nigeria

The social consequences of neo-liberal policy have reduced the capacity of the Nigerian state. The primary purpose of the Nigerian state is to foster the general well being of the Nigerian people. The implementation of SAP has reduced the capability and capacity of the state on social provisioning. The state gained legitimacy as a result of its social provisioning role especially preceding the introduction of market reforms. The pursuit of neo-liberal reforms in the mid 1980s reduced the role of the state to regulatory framework and it conceded social services to the private domain. Ironically, the private control of social services has not enhanced the efficiency delivery of social services. The assumption of efficiency in privately controlled social services sector is negated by its haphazard delivery of social facilities.

The level of underdevelopment in Nigeria and centrality of social services to the well being of the mass of people requires the rethinking of privately controlled social services sector. The state should play major role in social provisioning to moderate poverty level and underdevelopment. The state should reacquire equities in order to intervene in critical issues such as pricing and quality of social delivery.

The decline of the Nigerian bureaucracy especially following the purge of the civil service in the 1970s had impact on the capabilities of the state. The bureaucracy is the intellectual wing of the state; and policy designs and implementation reside in this institution. The national development plans of the 1970s and the concrete impacts on the economy had tremendous inputs of the bureaucracy. In the mature capitalist states, the bureaucracy is central to governance and development. It is the linchpin of development and the intellectual, ideological arm of the state. The bureaucracy in Nigeria lost its professionalism since the military purge. The resultant politicization of the bureaucracy has reduced its capacity; and consequently, the capabilities of the state to enunciate sound, logical, well thought and coherent policies and development agenda are constrained. It is imperative to de-politicize the bureaucracy and recreate its professionalism in order to enhance the capabilities of the Nigerian state.

The governing elite in Nigeria has not shown the capacity to enunciate long term, people centred development agenda. It is self serving and pre-occupied with the pursuit of personal and group objectives. The governing elite lack hegemony amid fractions that are eternally engaged in internecine struggle for political power. The capabilities of the Nigerian state are constrained by the nature of politics and the character of the political elite. The capable state, however, requires developmental elite as opposed to self serving political elite. The nationalist elite consider the long term, strategic interest of the country in the management of national affairs and external relations. The character of the Nigerian elite reflects the nature of the state. The state is lacking autonomy and it is amenable to the manipulation politics of the elite. The political elite are engaged in relentless struggle to access the state and control its machinery and the task of development suffers. The predatory nature of the political elite and the implications for the capabilities of the state compels the shift to democratic developmental state paradigm in order to alter the nature and character of the political leadership.

The Nigerian state is endowed with various natural resources; this element of power heightened the perception of the country as a potentially regional and global power. The Nigerian state lacks the resources to expropriate its natural resources; the crude oil sector is dominated by transnational oil companies amid the Rentier nature of the state and Rentier mentality of the governing class. The Nigerian state has not acquired the capacity to control its crude oil sector despite the central nature of oil to the economy. The economy is a monoculture economy and the price of crude oil is contingent on the international market. The nose dive in the price of oil and the recent fluctuations in pricing affect the capabilities of the state in terms of social delivery, security function, et cetera.

The failure of neo-liberal policy in Nigeria; the social dislocation occasioned by market reforms, the abandonment of social policy by the state, the emasculation and pauperisation of the weak and vulnerable social groups compel a re think on market reforms. This article insists on the repudiation of neo-liberal economic policy in the light of its failures and contradictions. The developmental state is posed as viable alternative to address the negative consequences of neo-liberal regime and create the requisite desiderata and structural frameworks for focused growth and development.

The market policy foisted harsh social conditions on workers, urban poor, artisans and peasants with occasional pretence to pro-people social policies. The developmental state protects the populace particularly against the backdrop of the experimentation with the neo-liberal policy. The drastic reduction of social policy and its substitution with technocracy increased social discontents and heightened social conflict in Nigeria. The neo-liberal policy, however, failed to mediate the resultant struggle between the state and the victims of economic reforms.

V. Conclusion

This article found that the state is not necessarily involved in a struggle with market liberalism; rather it is pre-occupied with economic growth and democracy. The state, is therefore, predicated on the expectations of the citizens and their preferences.

It is problematic to adopt successful strategies of western liberalism and statism to define the functions and influence the state should assume in Nigeria. The rethinking of the state should be hinged on the specific historical conditions and challenges that the Nigerian state engages with.

The article examined the philosophical underpinnings of neo-liberalism and the contestations of social forces under market reforms. Nigeria's structural distortions and underdevelopment; and the failure of neo-liberal policy to address its economic crisis raised the argument for the capable state and developmental state as alternatives to neo-liberal paradigm. The thrusts of the capable and developmental states are to secure economic development; concretely impact on the extraction and distribution of resources and the human conditions. The article examined the decline of state capabilities in Nigeria and the imperative of developmental state to offset the setbacks occasioned by the implementation of neo-liberal policy.

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