



# State, Economy, and Society in Post-Military Nigeria



Edited by  
**Said Adejumobi**

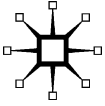


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*To my late Mother, Alhaja Risikat Adunni Adejumbi,  
who passed away when this book was being completed*

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## A C K N O W L E D G M E N T S

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This is my second book on analyses of the nature of Nigeria's political economy in the post-military era (post-1999). The first is *Governance and Politics in Post-Military Nigeria*. This book focuses on the interface between the state, economy, and society in Nigeria explicating the conflicts, contestations, and contradictions in state influences and intervention in the economy and social life. The salient character of the Nigerian state during this period was its strong neo-liberal bent in which far reaching neo-liberal economic reforms were undertaken in privatization and banking sector, a new economic blueprint (NEEDS) was put in place, and a strong enterprise to curb the menace of corruption was launched. As the neo-liberal state navigated its economic reform agenda in a highly contested civilian milieu, it was confronted with old and new challenges, some of which assumed heightened proportions, and sometimes shook the country to its very foundation. Some of the challenges include inter-ethnic, inter-communal, and inter-religious conflicts; the age-long problem of the Niger Delta and growing militant insurgency; the role of the media in a civilian dispensation and their projection of conflict situations; and the problem of citizenship, social welfare, and corruption. This book focuses mainly on the Obasanjo civilian administration; many of the issues raised and the analyses made define present developments in the country.

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The third group to whom I owe a profound debt of gratitude is my family. They remain a great source of inspiration to me, and their support reinforces my conviction that together we can make Nigeria a better place to live in.

SAID ADEJUMOBI  
Addis Ababa, Ethiopia

## ABBREVIATIONS

|         |   |
|---------|---|
| ACE     | Alliance for Credible Elections   |
| ACP     | African, Caribbean and Pacific  |
| AfDB    | African Development Bank  |
| AFRICOM | US Command for Africa   |
| AFRIGOV | African Centre for Democratic Governance                                      |
| AID     | Foreign Aid   |
| AMIS    | African Union Mission in Sudan  |
| ANAPP   | All Nigerian Peoples Party  |
| APP     | All Peoples' Party  |
| APRM    | African Peer Review Mechanism   |
| ASCL    | Ajaokuta Steel Company Limited  |
| AU      | Africa Union  |
| BLP     | Better Life Programme   |
| BPE     | Bureau for Public Enterprises   |
| BPFA    | Beijing Platform for Action   |
| CA      | Constituent Assembly  |
| CAN     | Christian Association of Nigeria  |
| CAPP    | Community Action for Popular Participation                                    |
| CBN     | Central Bank of Nigeria   |
| CCB     | Code Conduct Bureau   |
| CDC     | Constitution Draft Committee  |
| CDD     | Centre for Democracy and Development  |
| CDF     | Comprehensive Development Framework   |
| CEDAW   | Convention on the Elimination of all forms of<br>Discrimination against Women |
| CET     | Common External Tariff  |
| CFCR    | Citizens' Forum for Constitutional Reform                                     |
| CIDA    | Canadian International Development Agency                                     |
| CLEEN   | Centre for Law Enforcement Education  |

|         |   |
|---------|---|
| CLO     | Civil Liberties Organization                                    |
| CMC     | Citizens Mediation Centre                                       |
| COCIN   | Church of Christ in Nigeria                                     |
| COR     | Cross River Ogoja State Movement                                |
| COSEDEC | Socio-economic Development of Coastal States in the Niger Delta |
| CPC     | Consumer Protection Council                                     |
| CPI     | Consumer Price Index  |
| CRC     | Convention on the Rights of the Child                           |
| CRS     | Catholic Relief Service   |
| DCGG    | Donor Coordinating Group on Gender                              |
| DEOG    | Domestic Election Observation Group                             |
| DFID    | UK Department for International Development                     |
| DMO     | Debt Management Office  |
| DPA     | Darfur Peace Accord   |
| DPA     | Distributive Pool Account                                       |
| DRC     | Democratic Republic of Congo                                    |
| ECA     | Economic Commission for Africa                                  |
| ECOMIL  | ECOWAS Mission in Liberia                                       |
| ECOSOC  | UN Economic and Social Council                                  |
| ECOWAS  | Economic Community for West African States                      |
| EFCC    | Economic and Financial Crimes Commission                        |
| EOM     | European Union Election Observer Mission                        |
| ERN     | Electoral Reform Network  |
| ERP     | Economic Recovery Programme                                     |
| EU      | European Union  |
| EXC     | Exchange Rate   |
| FATF    | Financial Action Task Force                                     |
| FCT     | Federal Capital Territory                                       |
| FEDECO  | Federal Electoral Commission                                    |
| FGD     | Focused Group Discussion  |
| FGN     | Federal Government of Nigeria                                   |
| FIRIS   | Federal Inland Revenue Service                                  |
| FOMWAN  | Federation of Moslem Women Association of Nigeria               |
| GDP     | Gross Domestic Product  |
| GECORN  | Gender and Constitutional Reform Network.                       |
| GEM     | Gender Empowerment Measure                                      |
| GPAC    | Global Programme against Corruption                             |
| GSM     | Global System of Telecommunication                              |
| HDI     | Human Development Index   |
| HPRC    | Health Professional Centre                                      |

## ABBREVIATIONS

*xv*

|          |  |
|----------|--|
| HYPPADEC | Hydro-Electric Power Areas Development Commission              |
| ICJ      | International Court of Justice                                 |
| ICPC     | Independent Corrupt Practices Commission                       |
| IDEA     | International Institute for Democracy and Electoral Assistance |
| IDPs     | Internally Displaced Persons                                   |
| IEA      | International Energy Agency                                    |
| IGAD     | Inter-Governmental Authority on Development                    |
| IGP      | Inspector General of Police                                    |
| IMF      | International Monetary Fund                                    |
| INEC     | Independent National Electoral Commission                      |
| IPCR     | Institute for Peace and Conflict Resolution                    |
| IPPA     | Investment Promotion and Protection Agreement                  |
| IYC      | Ijaw Youth Council   |
| JDPC     | Development and Peace Commission                               |
| JNI      | The Jama atul Nasril Isalm                                     |
| KM       | Kaiama Declaration   |
| LEEDS    | Local Government Economic Empowerment and Development Strategy |
| LEMT     | Labour Monitoring Team   |
| LGA      | Local Government Areas   |
| LGEA     | Local Government Education Authority                           |
| LR       | Commercial Lending Rate  |
| MAN      | Manufacturers Association of Nigeria                           |
| MCIA     | Ministry of Cooperation and Integration in Africa              |
| MDGs     | Millennium Development Goals                                   |
| MEND     | Movement for the Emancipation of the Niger Delta               |
| MITP     | Memorial Institute for the Prevention of Terrorism             |
| MNOC's   | Multinational Oil Corporations                                 |
| MOPOL    | Mobile Police  |
| MORETO   | Movement for the Payments of Reparations to Ogba People        |
| MOSOP    | Movement for the Survival of Ogoni People                      |
| MULAC    | Moslem League for Accountability                               |
| MBZL     | Middle Belt Zone League  |
| NADECO   | National Democratic Coalition                                  |
| NAFDAC   | National Agency for Food and Drug Law Enforcement Agency       |
| NAPEP    | National Poverty Alleviation Programme                         |
| NAPTIC   | National Agency against Trafficking in Persons                 |

|         |   |
|---------|---|
| NASS    | National Assembly   |
| NBOS    | National Bureau of Statistics                               |
| NDC     | Niger Delta Congress  |
| NDDC    | Niger Delta Development Commission                          |
| NDLEA   | National Drug Law Enforcement Agency                        |
| NDPCRC  | Niger Delta Peace and Conflict Resolution<br>Committee      |
| NDVF    | Niger Delta Volunteer Force                                 |
| NEC     | National Electoral Commission                               |
| NEEDS   | National Economic Empowerment and<br>Development Strategies |
| NEIT    | Nigeria Extractive Industries Transparency Initiative       |
| NEPAD   | New Partnership for African Development                     |
| NGO     | Non-Governmental Organization                               |
| NGSF    | National Gender Strategic Framework                         |
| NHRC    | National Human Rights Commission                            |
| NIDO    | Nigeria Diaspora Organization                               |
| NIIA    | Nigerian Institute of International Affairs                 |
| NIOMCO  | National Iron Ore Mining Company                            |
| NIMASA  | National Maritime Administration and Safety Agency          |
| NIPC    | National Investment Promotion Council                       |
| NITEL   | Nigerian Telecommunications Limited                         |
| NLC     | National Labour Congress                                    |
| NNPC    | Nigerian National Petroleum Corporation                     |
| NNVS    | Nigerian National Volunteer Service                         |
| NOA     | National Orientation Agency                                 |
| NOC's   | National/State Oil Corporations                             |
| NPRC    | National Political Reform Conference                        |
| NSCIA   | Supreme Council for Islamic Affairs                         |
| NTF     | Nigerian Trust Fund   |
| NXIM    | National Export-Import Bank                                 |
| OUA     | Organization of African Unity                               |
| OMNC    | Oil Multinational Cooperation                               |
| OMPADEC | Oil Mineral Producing Areas Development<br>Commission       |
| ONAF    | Oran National Forum   |
| OPC     | Oduaa Peoples' Congress                                     |
| PCC     | Consumption Per Capita                                      |
| PCC     | Public Complaints Commission                                |
| PDP     | Peoples' Democratic Party                                   |
| PEFS    | Programme on Ethnic and Federal Studies                     |

## ABBREVIATIONS

*xvii*

|           |  |
|-----------|--|
| PHCN      | Power Holding Company of Nigeria                         |
| PR        | Proportional Representation                              |
| PRC       | Provisional Ruling Council                               |
| PRONACO   | Pro-National Conference                                  |
| PRSP      | Poverty Reduction Strategy Paper                         |
| PWYP      | Publish What You Pay                                     |
| REC       | Resident Electoral Commissioner                          |
| RECs      | Regional Economic Communities                            |
| SAP       | Structural Adjustment Programme                          |
| SEEDS     | State Economic Empowerment & Development Strategy        |
| SERAC     | Social and Economic Rights Action Centre                 |
| SMEDAN    | Small and Medium Enterprises Development Agency          |
| SNC       | Sovereign National Conference                            |
| SOKAPU    | Southern Kaduna Peoples Union                            |
| SRI       | Shelter Rights Initiative                                |
| TAC       | Technical Aid Corps                                      |
| TI        | Transparency international                               |
| TMG       | Transition Monitoring Group                              |
| TRANSCORP | Transnational Corporation of Nigeria                     |
| UMBC      | United Middle Belt Congress                              |
| UNCICP    | United Nations Centre for International Crime Prevention |
| UNDP      | United Nations Development Programme                     |
| UNICEF    | United Nation Childrens' Fund                            |
| UNOMIL    | UN Mission in Liberia                                    |
| UNSC      | United Nations Security Council                          |
| USAID     | United States Agency for International Development       |
| VP        | Vice President   |
| VVF       | Vesico-Vaginal Fistula                                   |
| WAGP      | West African Gas Pipeline                                |
| WARDC     | Women's Advocacy Research and Documentation Centre       |
| WEP       | Women Environmental Programme                            |
| WORNACO   | Women for Representative National Conference             |

## C O N T R I B U T O R S

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## CHAPTER ONE

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### *Introduction: State, Economy, and Society in a Neo-Liberal Regime*

SAID ADEJUMOBI

#### Introduction

The introduction or practice of civilian or democratic rule carries a burden with it. Democracy has relevance especially in underdeveloped countries when it provides a link to social progress and economic improvement in society. Although democracy is fundamentally good in itself, given the freedom and political opportunities that it affords, but this is certainly insufficient in developing societies. Rising expectations and unfulfilled demands are part of the peoples' underlying basis of political support for democratization in developing countries (Adejumobi, 2002). As Claude Ake (2000: 31) rightly noted, the people "see their political empowerment through democratization as an essential part of the process of getting their economic agenda right at last, as well as managing the development project better, so as to address the intensifying poverty and the prospect of physical extinction." Thus, the support for democracy in Nigeria, as in many other African countries, is premised on the delivery of both *political* and *economic goods* (Bratton and Lewis, 2007) or what Stein Ringen (2007) calls *economic and political democracy*. In Ringen's words,

If we have democracy in political life but not in economic life and if the weight of economic power grows relative to political power,

then the citizens might have reason to question how democratic their society is and whether political democracy is really of much relevance. . . . *The absence of economic democracy strikes back and undermines political democracy.* (Ringen, 2007: 48) (Emphasis mine)

As such, the nature of the state, the economic policies that it pursues, and how it defends the interest and welfare of the people are fundamental issues in a democratic political system.

But liberal democracy offers a paradox. It is a system premised on a free market ideology. The genealogy of liberal democracy originates from the interest of capital to secure a political system that protects private property while affording political legitimacy and vile political freedom for the people. Liberal democracy constitutes the political and institutional infrastructure for a free market society; a means of effective and legitimized social control with little encumbrances of force and coercion. In liberal democracy, as Ake (2000: 25) observed, “it is not the economy that gets politicized; it is the polity that gets economized.” In a globalized neo-liberal context, the challenge is even more for a democratizing society. Human relationships are increasingly monetized and depersonalized, society and its welfare largely disconnected from the state, human alienation and desocialization gain ascendance, citizenship becomes hollow and the economic organization of society titled substantially in the interest of capital and the propertied class. The logic of a neo-liberal free market society is “fend for thyself.”

This is the context in which civilian rule—a budding form of liberal democracy—was re-introduced in Nigeria in 1999. Although the period of the emergence of civil rule in Nigeria can be regarded as a post-adjustment era, as Structural Adjustment Programme (SAP) had been thoroughly discredited at that time, and largely abandoned even by its protagonists—the World Bank and the IMF—in favor of a new cliché of building “capable and effective states,” the fundamental premise of neo-liberalism was never jettisoned. The Poverty Reduction Strategy Papers (PRSP) that replaced SAP created a semblance of popular participation with a fallacy of being “home grown” were premised on market forces. Free market ideology remained the overbearing creed of economic policy formulation and political choices for many countries.

The policy choices of Olusegun Obasanjo (Nigeria’s president from 1999 to 2007) exemplify the limitations and contradictions of power in a neo-liberal global context. Obasanjo operating within the ambit<sup>1</sup> of civil society during the Babangida military dictatorship (1984–1993) openly and virulently criticized SAP as lacking in “human face and

milk of human kindness”; however, his economic reform agenda on the assumption of power from May 1999 was not particularly different from that of the Babangida regime. It was premised on the logic of economic neo-liberalism with free reign to market forces and unprecedented privatization and deregulation measures. More importantly, there was a privatization of politics and power in the country under the Obasanjo regime. Obasanjo’s apostasy to market doctrine may well be part of the constraints and reality of power of a peripheral country in a hegemonic neo-liberal global system.

What was the nature of the state, society, and economy after the inception of civilian rule in Nigeria from May 1999? What were the tensions, conflicts, and contradictions generated in the process? How did the Nigerian state connect to the lives of ordinary people and provide the gains of democratic politics? What were the contradictions of a neo-liberal democratizing regime? These are the issues discussed in the book. This chapter raises key conceptual issues on the relationship between state, economy, and society and the nature of the state and the transition it underwent in the post-colonial era in Nigeria.

### **State, Economy, and Society: Conceptual Linkage**

The association between state, society, and economy defines the totality of human social formation, nature of political organization, character of class and social forces, the contradictory views among social groups and classes, and the progress or otherwise of any modern political community. Extant conceptualization of the state largely derives from three major perspectives. The first focuses on the history and essence of the state, the second on the instrumentalism of the state, and the third on its main features. The first set of conceptualization derives mostly from the philosophers of the age of Enlightenment in Europe like Thomas Hobbes, John Locke, and Jean Jacques Rousseau who wanted to create a basis of the legitimacy of power and promote social order by redefining the nature of the law and relations among social classes. For them, the state in terms of its genealogy emerged through a “social contract,” and is a form of a “social pact” in which individuals in a society seek to set up a sovereign power through collective agreement and a “general will” that will protect their interests, which otherwise they could not individually guarantee—law, order, and social protection. Although, these philosophers had different views on the nature of pre-state society, they were united on the theme of the development and essence of

the state. Jean Jacques Rousseau, a highly revered name in this group, noted that the idea of a state is to “find a form of association which will defend the person and goods of each member with the collective force of all, and under which each individual, while uniting himself with the others, obeys no one but himself, and remains as free as before” (1968: 60). The social contract theory encapsulates the notions of state and citizenship.

The instrumentalist perspective to the conceptualization of the state focuses on the utility, value, or functions that the state performs in society. Scholars like David Easton and Max Weber toe this line. Easton defines a state as an institution or authority that authoritatively allocates values in society (1965). The state determines who gets what, when, how, and how much in society. Max Weber (1965: 78) defines a state as a “human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory.” Along the same line, Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol (1985: 47–48) view the state as an organization “invested with the authority to make binding decisions for people and organizations juridically located in a particular territory and to implement those decisions using, if necessary, force.” From a different angle and ideological persuasion, but from the same instrumentalist strand, Marxists scholars conceive of the state as an instrument of the dominant class—a mechanism by which the dominant class legitimizes its authority and subjugates, exploits, and controls the dominated classes in society. According to this viewpoint, the state is not a neutral arbiter among social classes and forces but an instrument of the bourgeois class.

The third perspective to the conceptualization of the state dwells on its main features. The state is seen as that organization that possesses the following elements: (1) juridical sovereignty and authority; (2) territory with formal boundaries; (3) population; (4) legal order and judicial system; (5) monopoly of the legitimate use of force and violence in society; and (6) public order. (7) recognition by other states within the international system.

While there are differing perspectives on the notion of the state, the interface between the state and society is usually a common area of agreement. The state exists within but superintends over society. In many cases, as Robert Fatton (1992: 3) noted, the state is usually grounded in society and reflects necessarily society’s class relationships and power structure. States, as Joel Migdal (1987: 396–397) puts it, are “spawning organizations which exist within society that co-exist with many other formal and informal social organizations, from families

to tribes to large industrial enterprises. What distinguishes the state at least in the modern era, is that state officials seek predominance over these myriad other organizations.” Thomas Paine, writing about the relevance of society to the state, observed that state and government complement society as society is central to human existence; it provides social order, man’s material needs, and a system of social affection, which no state can provide. In his words, “man is naturally a creature of society that it is almost impossible to put him out of it. . . . Government is no farther necessary than to supply the few cases to which society and civilization are not conveniently competent; and instances are not wanting to show, that everything which government can usefully add thereto, has been performed by the common consent of society, without government” (1996: 122). Being the overarching locus of power and authority in society, a state and its actions or inactions have fundamental impact on society—its inter-group relations, material production, and class structure.

The economic system of a state consists of institutions and processes by which a society produces and distributes scarce material resources, and the control of economic resources provides a continuous and important base of power in society (Dye, 1983: 82). The state is central to the economic organization of society. Being *the* allocative agency, the state makes core economic decisions—the structure of the economy, the constitutive and regulative rules of economic production, the property regime, and the distribution of income and resources; hence class formation processes are largely influenced or determined by the state.

The state, therefore, plays a crucial role in shaping both the economy and society in any modern political community. The nature of a neo-liberal state defined by a market doctrine has implications for the constitution of the economy, society, and politics, and in turn the conflicts and contradictions generated in such social formation. In a neo-liberal state, as Ake (2000: 27) averred, “the market subsumes society and consumer identity becomes the overriding identity, democratic politics, any politics for that matter, becomes difficult. This is so because the market is about self-seeking and private concerns; it is a moment of particularity. Democratic politics on the other hand, is the moment of universality. It is about collective enterprise, about how common concerns are to be addressed.” In addition, it is not only democratic politics that is challenged in a neo-liberal state; social harmony is also often impaired as inter-group and inter-class relations deteriorate as the interest and capacity of the state to promote and protect the “common