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The Dynamics of State and Market Relations and the Question of Inequality

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Preface

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Abstract

The desire of all true egalitarian governments the world over is to curb inequality. This ideal is indelibly imprinted in most, if not all federal constitutions of which Nigeria is assumed to be one. However, despite this constitutional demand inequalities seem to be rife in Nigeria. Hence the objective of this paper is to examine if the market or the state or both are the cause of inequalities in Nigeria. Using the documentary and qualitative research methods, this study shows that in most developed economies, the market seems to account for inequalities in these societies. On the contrary, in Nigeria's case it is the government that is mainly responsible for the growing inequalities in the country even though the market is not guiltless. One implication of this is the dominance of major ethnic groups to the utter neglect of minority groups in Nigeria. Correcting this requires a deliberate and collaborative relationship between the market and the state aimed at ensuring equitable enforcement and distribution of social, economic and political rights for society.

Keywords: Capability, equity, exploitation, state, law, market, inequality and justice.

JEL classification codes: D31; D63; N47; O15.

1. Introduction

Meeting human development needs should be the primary aim of any plan for prosperity. Prosperity has the potential to reduce inequalities, and at the same time improve the well-being of most citizens. In this respect, the state (the law) and the market are presumed to possess the capacity to address issue of inequalities. The state facilitates the process of wealth creation through people oriented policies and the enactment and enforcement of just laws. Just laws regulate the limits of human behavior in the process of creating wealth in a fair manner while also setting the framework for the equitable and efficient distribution of such wealth in society. More so, it is laws that sanction how those involved in the production of wealth are rewarded fairly according to their contribution. The continued synergy between the state, laws and the market guarantees sustainable wealth creation and higher prosperity for all. Although there have been growing levels of wealth in Nigeria, paradoxically a majority of the people do not enjoy the same life chances and prosperity from the wealth that is generated. This means that for this group its freedom to live long, healthy and creative lives, to advance other goals that it has reasons to value and to engage actively in shaping development equitably on a shared planet (Melamed and Samman, 2013:1) are jeopardized.

Prosperity that is equitable safeguards every citizen's right to equal access to water and sanitation, nutrition, clothing, shelter, basic education and healthcare, as well as physical security and the means of making a living legitimately (NEEDS, 2004: xv). Access to these basic life sustaining goods is not only dependent on opening the space for everyone nor how much wealth is generated in the economy but how such wealth is shared among the people of the state (Shively, 2008:108). If the process of its distribution is driven by equity, it enhances human security. If its allocation is inequitable it produces inequality in the system. Justice, equality and equity form the core of any discussion on inequality. Equality-- and even more fundamentally, equity --- are integral to sustainable human development. They provide a sound theoretical basis for explaining and understanding inequalities; their absence undermines people's real freedoms with the impact encompassing multiple dimensions of well-being (Melamed and Samman, 2013:1).

The desire of all true egalitarian governments is to curb inequalities because these constraint the life chances of excluded groups and reinforce their social exclusion (Melamed and Samman, 2013:1). Every reasonable government seeks to create a just and equitable society where every citizen has access to the basic socioeconomic and political goods that increase human well-being. In spite of good efforts by some governments, local and international institutions in this direction, there has never been a completely egalitarian society (Halarambos and Holborn, 2007: 24) and as such, we live in a very unequal world (Melamed and Samman, 2013:1) where inequalities of power and materials between individuals, groups and communities continue to deepen. Based on this premise the main objective of this paper is to examine the role of the market and the state (the law) in curbing inequality and the associated inequalities that are generated. This will also help us correct such inequalities and the processes that lead up to them.

2. Re-Examining Inequality

Inequality is an awkward word; it is also one that is used in connection with a number of social and economic problems (Cowell, 2009). It denotes differences, variations and disparities in the characteristics of individuals and groups, and more so differences in access to scarce resources (Halarambos and Holborn, 2007: 3). It is about disparities that permit one individual certain material choices, while denying another individual those very choices (Ray, 1998 cited in McKay, 2002:1). The factors that permit or deny choices are multidimensional capturing areas such as education, health and nutrition, security, power, social inclusion, income or consumption and assets (McKay, 2002:1). Though different, these sources are related to each other even if the correlation is not perfect. The various sites of inequality can be collapsed into social, economic and political, and they represent the whole gamut of the inequality discourse. Socioeconomic inequality refers to differences in a range of economic and social factors that influence well-being, including income, education and health. Economic inequality is indicative of disparities in earnings derived from paid employment and in household incomes which reflect the combined effects of earnings and net social transfers (taxes and benefits). Economic inequality propagates social and political inequalities and vice-versa. This is obvious because different forms of inequalities often mutually reinforce each other (Han et al., 2012:113).

Social inequality signifies differences in access to social commodities like healthcare and education, or access to social and institutional networks. Inequality is also strongly associated with social exclusion. Social exclusion encompasses aspects of poverty and inequality and highlights the complex, dynamic and relational nature of the disadvantages as well as the processes through which people become excluded (EU, 2010: 9), and it has economic and political coloration. Inequality is better illuminated by the concept of equity. The clarity is self-explanatory in the highlighted characteristics of equality as articulated by Professor Rein and Miller cited in the work of Cowell (2009:1). According to them these characteristics are: 100 percentism; the social minimum; equalization of a life-time income profile; mobility; economic inclusion; income share; lowering the ceiling; avoidance of income and wealth crystallization and international yardsticks. Combined, these elements provide an explanatory value for equality because they appeal to the desirability for uniformity of treatment. Equality is distinguished into four typologies:

> The first is ontological equality or the fundamental equality of persons. Secondly, there is equality of opportunity to achieve desirable ends. Thirdly there is equality of condition where there is an attempt to make the conditions of life equal for relevant social groups. Fourthly there is equality of outcome or equality of result (Turner, cited in Han et al., 2012:11).

These intrinsic values of equality place it at the epicenter of the political struggle to entrench it in society. This pursuit draws its energies from the spirit of justice and procedural fairness (Birdsall, 2006:3). Specifically, it was for the purpose of guaranteeing equality for all that societies following real socialism committed as they were to the historicism of the class struggle, sought to ameliorate if not abolish these inequalities. However, in fact they merely generated novel forms of their own, which were in turn less productive of economic growth and social welfare, and subsequently collapsed under the weight of social discontent (Scott and Marshall, 2005: 306).

The subject of justice is fluid simply because it is open to a variety of interpretations (Marshall, 2005:330). Treating everyone equally may be unjust especially where the efforts and their outcomes differ. The problem, however, is also due to a lack of appropriate measures for determining how such difference should be rewarded. To resolve this issue, it has been proposed that justice should be measured by the weight of contributions and needs. Shively (2008:132) has contested this view by observing that neither of these can provide a sufficient basis for justice, though both are part of the picture. The reason being that the weight of a contribution may involve some element of luck and so one is uncertain how much of it should be rewarded, while need as a yardstick of measurement is tricky, and one is not sure if it should be rewarded. Based on this weakness, it can be argued that justice should be based on a uniform measure. But again, that is not fairness in the real sense of the word justice. Justice consists of giving people their due, and if those dues are different then it seems clear that it requires unequal outcomes (Scott and Marshall, 2005: 330).

Justice is not limited to ethics or a consideration that comes up only in law as reflected in sections of the 1999 Nigerian Constitution. Policies are just-or not just-at all stages where they are considered and implemented (Shively, 2008:131). This is dependent on how they tilt on the fair dealing scale. Given the non-exclusive character of public goods or services, uniformity then is a useful term for public policy because it seeks to treat everyone equally. This is supported by the proposition that policy should be just, that is, people in the state should be treated in the way they deserve; and it should be effective, producing the greatest good at the least cost (Shively, 2008:131) for the largest number of people. The usefulness of uniformity, however, ceases to have moral significance in the distributional sphere because the idea of equal income or assignment of rewards militates against what is desirable given the differences in talent, skills, occupations, efforts and endowments (Acharya, 2001:65).

Irrespective of the problems of determining the right surrogates for justice, the process should not obscure the primary concern of identifying particular rules that should be used in assessing the rightness of an action that encourages specific social arrangements that will promote procedural fairness, just allocation or equality (Scott and Marshall, 2005: 332). Justice has a valued meaning if couched in the notion of social equity (Birdsall, 2006:3). Social equity does not mean the absence of disparities. So also, a society with relatively high income inequalities might be an equitable society if the observed inequalities are the outcome of an entirely fair process. The absence of these proxies in dealing with people in society is at the heart of inequality in any society. Primarily, inequality symbolizes and amplifies constrained opportunities for those affected and a departure from some idea of equity. Hence, enforcing the nine proxies of equity in society will guarantee political, legal or civic equality, equality of opportunity and equality of treatment or responsibility for every member of society (Ferdinand, 2008:1).

The reason for growing disparities between nations is blamed on globalization (Goldburg and Pavcnik, 2004). It is the channel by which non-traditional new causes of inequality are expedited by liberal economic policy regimes and economic reform policies (Heshmati, 2004: 3). The fact that inequalities are associated with limiting people's capabilities informs the need to mitigate them in society. Defeating inequalities raises the desirability of understanding inequalities. The reasons for such an understanding are predicated on the fact that inequality matters for poverty, it matters for growth, it matters in its own right, it matters because it is often a significant factor behind crimes, social unrests or violent conflicts and last but not the least, it is critically important for the attainment of the millennium development goals (MDGs) (McKay, 2002:1). Hence, ensuring social equity is valuable for fulfilling four different ends which have intrinsic connections: to be fair, for self-respect, to show respect to others and for fostering fraternity (Acharya, 2012: 65-66).

The argument that supports curbing inequalities is driven by its intrinsic value of greater equality on instrumental grounds (Melamed and Samman, 2013:1). Clearly, the values of these premises not only influence in their own particular way how inequality is defined and measured, but each of these potentially raises particular issues of social justice that should concern an interested observer (Cowell, 2009: 2). They also set the boundaries the overstepping of which leads to abuse and tyranny. Tyranny is disregard for the distinctiveness of spheres and the principles internal to them in ways in which it leads to multiples inequalities (Acharya, 2012: 71). Obviously, it is to forestall oppressiveness that these indices form the main foundation of the 1999 Nigerian Federal Constitution. Although the rhythms of its implementation have been echoed time and again, the obvious contested issue is whether the government is genuinely committed to enforcing them given its past failures.

Historically, in Europe the drive for equality grew over the centuries because of certain egalitarian principles that gained hold on social relations. That is, the equality of all men before the law, then much later equal right to political participation. However, the process has not been completed (Ferdinand, 2008: 3). There are still strands of socioeconomic and political inequalities scattered all over society. The path of inequality has been most often filled with tricky schemes through the institutionalization of legitimate associations which on the one hand help cement the position of the rich or politically powerful and on the other hand enslaving the weak in society. Although inequalities do not often arise from this channel, sometimes, as Rousseau observed, the possibilities are real.

The flow of influence runs in opposite directions, that is, for the rich the move is from rich-to-power-to-master, while for the poor the move is from poor-to-weak-to-slave. The entanglement of the poor is achieved through their deception by the rich to join political association so as to protect them from oppression, to be able to restrain their ambitious and to secure for everyone the possession of what belongs to them or to grant them the equality that they seek. Even today this treachery continues so much so that many unsuspecting citizens who have been swindled are disillusioned with the state and its systems that have failed them. Decrying this awkward creation, the liberals have argued that the ensuing unequal relations produced are the price to be paid for the dynamic economic growth that is characteristic of capitalism (Scott and Marshall, 2005: 306).

For a better grasp of inequality, the capability framework cannot be disconnected from it in the sense that inequalities in outcomes are largely the product of unequal access to capabilities (Melamed and Samman, 2013: 2). Capability should be construed from the standpoint of Sen's capability to function, which connotes the various things a person may value doing or being. Functioning may vary from elementary things such as being adequately nourished and being free from avoidable diseases, to very complex activities or personal states such as being able to take part in the life of a community and having self-respect (Todaro and Smith, 2005: 52).

Unfortunately, capabilities are not evenly spread among people in society. Even if people within a society have equal capabilities, equal outcomes should not be expected because people have different preferences and values which define their focus and motivation that drives their desires and efforts. This, in turn, influences their individual choices and the amount of resources that they are willing to invest to attain such outcomes. Hence, there is the push by the state to balance preferences through welfare. This is morally worrisome and unsustainable. Yet, it is rational because of endowment failure which is a natural phenomenon. The ideal of equality of welfare, certainly does not promote the cause of fairness, self-respect or fraternity; in many ways, the idea is considered morally objectionable (Acharya, 2012: 67) as it treats unequal equally.

Capabilities are derived from endowments which are not distributed equally. Accordingly, there are three aspects of human capabilities: basic, intermediate and complex. The first refers to any difference in outcomes that can be safely assumed to be the result of differences in substantive freedom. The second connotes any difference that can be assumed for the purpose of public policy to be the result of differences in substantive freedom; while the third exists where supplementary evidence is needed on whether there are relevant differences in values and preferences among groups (Melamed and Samman, 2013: 2). These differ between individuals; some endowments are more productive than others. Naturally, superior endowments earn more profits for the owner (Pham, 2005: 7).

Such endowments are rare and difficult to imitate and even if they can be acquired through education, they involve heavy costs and most people do not have the resources to attain them even if they possess the natural ability to do so. Equally, some persons may be hampered by lack of aspiration or poor personal choice (Pham, 2005: 6). These factors collectively determine not just the differences in outcomes but the degree of individual outcomes even if their values and preferences coalesce. Differences in capabilities explain the differences in outcomes. The fact that there are differences in outcomes may not in and of itself be considered undesirable or intolerable by people in a society (Han et al., 2012: 13).

Taking these variants into consideration, it is safe to assume that interpersonal variations in people's aptitudes to pursue their preferred ends and objectives is a function of capabilities, and that it is obvious that people do not only value different things as good but they also have varying capabilities to achieve freely the ends that they value. Variation in this regard is defined in relation to age, sex or genetic endowments (Menon, 2012: 83) or better still, personal heterogeneities, environmental diversities, social climate and relational perspectives (Todaro and Smith, 2005: 52). Seeing that there is unequal distribution of capabilities, it will only be just to arrange the rules of society to ensure that: (i) each person has equal rights to the most extensive liberty compatible with similar liberty of others, and (ii) social and economic inequalities are arranged so that they are both to the greatest benefit of the least advantaged, and attached to offices and positions open to all under conditions of fair equality and opportunity (Menon, 2012: 83). Following these ground rules will enable people to maximize their primary goods of liberty, opportunity, income, wealth and self-respect with no scope of envy nor affected by the position of others.

This does not mean uniformity of reward as this will be unfair for those who are self-motivated to work hard. The argument here is that within each sphere there might be inequalities with which there is nothing wrong if the distributional norms in the economic domain (even within the political realm) lay emphasis on rewarding efforts and contributions. If for this reason inequalities emerge between those who work hard and those who do not, the lazy or indolent cannot expect to be similarly rewarded as the diligent (Acharya, 2012: 71). This is a desirable feature of society because it rewards unequal different efforts and abilities, and in doing so creates incentives for people to work harder; the absence of this creates a culture of dependency (Marsland cited in Halarambos and Holborn, 2007: 239). This position aligns well with the Aristotelian view of justice which admits some differences in treating persons in proportion to the degree to which they differ in some respect. It is also in tune with functionalist arguments which form the rationale for inequality (as it is sometimes claimed) as proof of its universality and inevitability (Scott and Marshall, 2005: 306). Sound as these arguments are, they have their limitations as they can translate into extreme inequalities due to a rigid adherence to 'natural' differences in proportion (Ikeanyibe, 2013: 175).

There are a number of tools for measuring inequality, all of which have some intuitive or mathematical appeal. It is, however, evident that many apparently sensible measures behave in perverse fashions (Litchfield, 1999: 1). In measuring inequality, Cowell (2009) citing Stark (1972) opined that any appropriate method of measuring inequality should be based on a society's revealed judgment of the definitions of poverty and riches. The latter boils down to individual wealth and represents a person's total immediate command over resources including the money in the bank, the value of holding stocks and bonds, the value of the house and the car, his ox, his ass and everything that he possesses. The problem with this method is two-fold. The first is about how to value aggregately assets in monetary terms and the second is that the less tangible assets are easily omitted which ought to be included in the valuation (Cowell, 2009: 4). This makes the whole process complex. Equally, inequality can be measured using the Gini coefficient which captures the differences in inequality in household incomes over time or between different regions and countries. The scale ranges from 0 (absence of inequality) to 1 (total inequality) (EU, 2010:10). Another measurement yardstick is the docile ratio which measures disparities in earnings between high and low paid workers. Frequently used is the 90/10 docile ratio, which contrasts the top 10 per cent of the earners with the lowest 10 per cent (EU, 2010:10).

In this regard, it is noteworthy to refer to Cowell's (2009) in-depth expository work on measuring inequality. The analytical statistical models used to explore the subject matter command scholastic admiration in that they produce a clear picture of inequality using testable statistical tools that facilitate an understanding of the three approaches to analyzing inequality -- social welfare, information theory and structural approach (Cowell, 2009: 23, 30-71). Despite the rich values of these test kits for measuring inequality, it is averred that inequality is relatively measured and that the concern with inequality should be associated with absolute deprivation as a pure measure of inequality says nothing in itself about how people are faring in absolute terms (Melamed and Samman, 2013: 3). Critics of these tools like Scott and Marshall (2005: 248) contend that the measurement tools which purport to rest exclusively on the mathematical properties of distribution tend to give conflicting answers when they are asked to determine whether any particular distribution is more equal than another. Similarly, each indicator tends to attach different weights to different forms of inequalities within the distribution. In response to this identified weakness, more sophisticated measures such as the Theil index and the Atkinson index were designed to take care of those concerns. Specifically:

> these indices attempt to express in a single number the degree of inequality in a distribution as a whole, but in ways which explicitly weight inequalities in different parts of the distribution-in line with the observed

> judgments about the relative of each additional unit of currency accruing to a rich and as against a poor person (Scott and Marshall, 2005: 248).

The consequences of inequality are real for any society that is unable to mitigate them. Eliminating inequalities absolutely in society is, however, impossible but permitting endemic inequalities depresses the rate of growth and has undesirable political and social impacts (Heshmati, 2004: 3; Sulak, 2005: 409-410). So also, inequalities in any society exacerbate poverty (Halarambos and Holborn, 2007: 215) and deprivation (Melamed and Samman, 2013: 6, 3).

The concept of inequality is deeply rooted in the theory of exploitation. It is a feature of all class societies that classify people into two distinct groups, that is, the exploited that produce the wealth and an exploiter class that expropriates it (Lapon, 2011). Socially, Sulak (2005: 409) sees inequality as not only class based but rooted in the social structures of the global economic system. Socially, it is a conditioned form of asymmetric production of vital opportunities that tend to impair some people's access to resources or initial access to the chances of pursuing those resources (Enquita, 1998: 5). Economically, Marxists and neo-Marxists see inequality as evolving from the institution of private property which allowed a privileged few to reap the benefits of the labor of others without needing to contribute anything by way of effort or ability or labor (Ben, 1990). Or better still, the existence of a system that permits the extraction of surplus value for which the exploited groups are left without sufficient compensation (Enquita, 1998: 5). Politically, inequality is exacerbated by a corrupt political system with discriminatory policies.

This political system is not only exploitative and domineering but the political environment is also greased by corruption. In such societies, political and economic relations are premised on a client-patron network with the sole aim of gaining economic rent (LeBaron, 2015). Where such rent seeking behavior is entrenched, the country's wealth is unavoidably placed in the hands of a few, and the distribution of resources and infrastructure between communities is determined by primordial factors, as in the case of Nigeria (New Telegraph, 26 January 2016: 3). This pattern of state bias-distributive injustice has social outcomes (Han et al., 2012: 4) that are associated with creating asset inequalities (Venezaini, 2013) and conflict. It should be noted that even in an exploitative political environment, some oppressive governments still guarantee some degree of legal equality and also uphold the idea of entitlements for the people. This is to ensure that social justice is served as people are allowed to keep the things that they are entitled to (Halarambos and Holborn, 2007: 24). It is in this sense that exploitation is highly subjective in terms of both quality and quantity even in a state of mutually advantageous exploitation (The Stanford Encyclopedia of Philosophy, 2012).

Exploitation has psychological and economic implications (Ben, 1990). It is expected that people who can negotiate acceptable terms and who can take full responsibility for choosing the relationships that they have act to eliminate exploitation. Acting to end or change it is far more responsible than blaming others (Ben, 1990). Choosing to end a relationship - or changing it - is far more responsible than blaming others (Ben, 1990). Moving in this direction is vital because it helps erase the poisonous feelings associated with the knowledge of helplessness linked with non-mutual beneficial exploitation. Ending of exploitation does not mean equality of contribution or returns; it connotes pushing forward greater individual liberty, equality of fair opportunity and the difference principle as capsuled in Rawls theory of justice (Scott and Marshall, 2005: 330). Fairness allows the inclusion of those who were hitherto exploited to benefit from the system. Given this backdrop, understanding how the state (the law) and the market add to as well as address inequalities makes this theory appropriate.

3. The Market and the State (the Law) and the Question of Inequality

In the real world, it is difficult to imagine that everyone will be equally treated, have the same natural assets or have the same capability to function on equal levels. The fact that we live in an unequal world places responsibility on some institutions to balance the divide. Hence, resourcists argue that equality lays emphasis on the centrality of the state's responsibility to remediate unequal circumstances among people. In the balancing process no citizen standing in one sphere or with regard to one social good can be undercut by his standing in some other sphere with regard to some other good (Walzer, 1983: 19 cited in Acharya, 2012). This is the principle on which truly genuine efforts to curtail inequality rest. In reducing inequalities, the state and its institutions – the law and the market -- have symbolic roles.

3.1 The Market and the Question of Addressing Inequality

The main role of the market in curbing inequalities is facilitated by its use of human capabilities for producing a variety of goods and rendering of services, all tending towards wealth creation and economic growth. According to neo-liberals if this process is allowed to progress independently without state intervention, it will lead to the creation of employment, fair rewards, increased incomes, reduced dependency and enhanced choices for the larger population. According to neo-liberal thinking, the free market is able to achieve these ends because it functions properly in processing and disseminating very large amounts of information: processing the preferred preferences of all the buyers and sellers and disseminating signals in the form of price incentives which stimulate competition and innovation (Killick, 1981:4). At the core of the argument for market guided development is the proposition of neo-classical economics that markets create competition and competition stimulates productivity which is good for the economy (Perkins et al., 2001: 164). Accordingly, an increase in the production of a variety of goods benefits the population (Halarambos and Holborn, 2007: 25) by granting them more choices. The working of the market also strengthens liberal-democracy concerns about freedom of individuals to pursue their interests which are limited only by a recognition of the others' right to do the same (Killick, 1981: 4).

These limits are essential for regulating the behavior of people so that their actions do not undermine, exploit or infringe on the rights of other participants in the market. This is necessary considering that the market consists of an independent network of markets which between them govern a large part of economic life. Its distinguishing features are a high degree of decentralization of decision-making through the impersonal working of myriad markets in which persons and firms pursue their own interests by responding to the incentive signals of market prices, and in which the interactions between the markets can be thought of as a co-coordinating mechanism, which in practice is associated with private ownership (Killick, 1981: 4-5) and the pursuit of profit. Under this arrangement, the market regards competition as superior not only because it is the most efficient method known but also because it is the method by which our activities can be adjusted to each other without coercive or arbitrary intervention by authority (Killick, 1981: 5).

The reasons that favor the acceptability of the market system are:

(1) it can allocate thousands of different products among consumers, reflecting their preferences and thousands of productive inputs among producers getting the maximum outputs from available inputs;

(2) it is more flexible than the government and better able to adapt to changing conditions, automatically providing incentives for growth, innovation and structural change that the government either cannot manage or is slow to achieve;

(3) its reliance on the market encourages private economic activities, providing greater scope for the dispersion of economic power to an advantaged few; and

(4) it encourages democratic governments and individual liberties (Perkins et. al., 2001:152).

Contrastingly, Halarambos and Holborn (2007: 25) posit that it is examples such as these that suggest that a free market and freedom do not inevitably go hand-in-hand.

For critics the market represents a face of capitalism and the force that motivates the market is profit that is gained through exploitation of labor and by the capture of community productive resources. In capitalist societies where the ownership of the means of production is concentrated in private hands, inequality of wealth is necessary to sustain the productiveness of society itself. The argument here is that if the process of investment and accumulation is left to private ownership then the fate of society as a whole is inextricably bound with the fortunes of the rich. To preserve itself, capitalism must preserve inequality. In this case, once the productive resources of the community also constitute a part of the private wealth of a section of the community, inequalities will become self-perpetuating. As capital is installed at the very center of the productive apparatus, the institution of private property becomes very difficult to dislodge. This has been the basis for reformist attacks on inequality. Ironically, however, such attacks on inequality tend to founder on the implacable demands of the economic system that they take for granted (Blackburn, 1967: 16).

This exploitative relationship is accelerated through the exchange of labor for reward and it accounts for unequal power relations generated by the market and reinforced by a corrupt system (Lavine, 1988 cited in Lapon, 2011). This linkage is the key to understanding exploitation under capitalism. The orientation of the system as a whole is displayed in each of its parts as labor itself partakes of, and contributes towards, the exploitative character of social relations in a capitalist society. Be that as it may, the sale of labor provides the germ of exploitation which requires (and receives) diffusion throughout the economic system (Blackburn, 1967: 16). At the level of the worker, the market creates inequalities when workers are only paid for the labor completed and not for the real value of the effort put into creating the wealth expropriated by the owners of capital. The failure to pay laborers their marginal product (Brewer, 1987 cited in Lapon, 2011) represents exploitation and an interest free loan of labor-power provided by labor to the capitalists. It is by this subtle process of unequal exchange that over the past three decades of neo-liberalism, the wealth that workers create has been on the increase, but this has not been reflected in better living wages, which have remained stagnant (Lapon, 2011).

From the standpoint of the market, inequality has a moral dimension because it is predicated on the notion of fairness which aligns with Rawls's difference principle (Scott and Marshall, 2005: 330). If, however, the distribution of reward is solely based on giving people their dues, and those dues are different then justice clearly seems to require unequal outcomes (Scott and Marshall, 2005: 330). These dues represent a reward for working hard or penalties for working less. The absence of economic rewards and penalties allows people to get away with doing less than their fair share of work and undermine the whole system because it reduces the commitment of others (Halarambos and Holborn, 2007: 25). However, despite this logical explanation, the free market has continued to take the hard knock of criticism from its opponents for generating inequalities.

Proponents are quick to absolve the market from this blame for three reasons: first, they note that much of the apparent inequalities of opportunity between people in capitalist societies may be due to unequal distribution of abilities and efforts (Halarambos and Holborn, 2007: 25). Second, it is through unequal rewards that society is able to fill important positions with capable people. Third, the market inspires entrepreneurship, hard work and desired outcomes which are the focus of rewards. On these grounds, the market should be praised because people get out what they put into it. Equally, unequal outcomes are justified on the grounds that they give people incentives, and so contribute to social justice because they give people what they deserve (Scott and Marshall, 2005: 331).

The market that is ascribed the powers to efficiently allocate resources and reward individual efforts fairly is rather over-magnified because in some circumstances markets do not perform well on their own (Perkins et. al., 200: 152) because where allocative decisions are exclusively left to the market to handle, it is likely to: 1) allow wealth and income to be distributed unequally in society with some people being poor and others better-off; 2) be ineffective in producing public goods; and 3) fail to take into account individual transactions (Shively, 2008: 143-144). These outcomes have implications for economic exclusion which fall heavily on the middle class and the poor in general. The fact that the market tends to reward capital rather than labor which is a source of growing inequalities does not only show that it is an arena of exploitation as the proceeds from exploitation form the basis of all the profit shared among the entire capitalist class (Lapon, 2011) but its distribution system too is mean (Marland cited in Halarambo and Holborn (2007: 239).

4. The State (the Law) and the Question of Inequality

The relationship between the state and the law is so intricately intertwined that one cannot be discussed in isolation from the other. The relationship is structured such that the state makes laws and those laws in turn determine the actions of the state in all matters of governance. It is the prerogative of the state not just to make laws but also to enforce them for the purpose of good governance. The abiding value of a state rests on her observance of the rule of law. The main tool for mitigating inequalities in whatever form in society is anchored on the basic principle of the rule of law. The principle prescribes equality of all persons before the law. The Nigeria Constitution as the ground norm of the nation's law captures this proclamation in its preamble. Aside from the preamble, S17 (3) (a) and (e) 1999 CFRN assert that all citizens without discrimination on any grounds whatsoever, have the opportunity for securing adequate means of livelihood as well as adequate opportunities to secure suitable employment. S17 (3) (e) specifically provides for equal pay for equal work without discrimination on grounds of sex, or on any other ground. Standing on this fact, it is obvious that the minimum wage legislation is a very important criterion in the payment of wages (Fapohunda et al., 2010: 19). Unfortunately, the government has continued to falter in implementing the law in this regard.

Despite the words entrenched in the preamble of the Nigerian Constitution which clearly specify that equality is guaranteed for all, inequalities have continued to blossom in Nigeria with devastating consequences for social order. The link between the various classes of inequality, injustice and social disorder is not a subject of debate. Arguing along this line, Stiglitz averred that economic inequality translates into political inequality and political inequality yields increasing economic inequality. Economic and political inequalities translate into social injustice. Social injustice is an incubator for terrorism. Therefore, inequality as overtly agreed, is the biggest security threat to the world order (World Science Forum, 2015). This therefore means that curbing inequalities is not a negotiated issue and curbing inequalities is possible if local issues of inequalities stemming from government patterns of production and distribution which impact cultural exchanges, social conditions, human rights and social justice are fairly addressed using just laws.

To a considerable extent, resolving the issues of inequality does not rest solely on enacting just laws but also on ensuring their enforcement. In some extreme circumstances it also requires direct state intermediation in the economy. Such intervention is not necessarily due to some slight market distortions that generate short-run dislocation in society but because social demands impose national goals on the government (equitable distribution of resources) that even a well-functioning market cannot satisfy (Perkins et al., 2001:155). A government needs to intervene in the economy to correct obvious failures generated by the market without distorting productivity, growth and development. Achieving these ends in a mixed economy like Nigeria immediately after independence required greater market orientation and less government intervention and more openness to world markets for promoting gains in productivity (Perkins et al., 2001:165).

Within this market orientation, the state is better disposed to resolve inequalities by engaging in redistributive welfare programs. Acting otherwise compounds rather than resolves inequalities and other problems already generated by the market. The involvement of the state permits the distribution of welfare to those presumed to be disadvantaged by natural causes and the market system so as to in some way balance the deep disparities that exist between individuals or groups in society. Opposing the provision of welfare, Marland cited in Halarambo and Holborn (2007: 239) reasons that welfare hand-outs create incentives for staying unemployed, discourage competition and self-improvement through education, increase public spending, take money away from investments and hinder the production of wealth. Most importantly, hand-outs are criticized for generating dependency. While these concerns are real, it is also true that the consequences of not addressing inequalities are even more severe than just their presence.

Empirical evidence suggests that addressing inequalities and market failure are some of the reasons for government intervention in a market economy. Killick (1981: 20) posits the use of market failure to justify state action (intervention) because it is not only the market which fails it is also the government's failure. This presupposes that state intervention has its problems: (i) it is not good at getting things to the people who need them the most or will value them the most, and (ii) there is lack of incentives to encourage authority-based policies to use resources as efficiently as they might be used (Shively, 2008:141). This is triggered by the fact that a government has to operate within many constraints for which it is often unable to achieve what it would like to. Nonetheless, state support and some interventions in the market are vital, but in most instances the particular interventions chosen are not always ideal because they often work against the goals that they are supposed to achieve (Perkins et al., 2001:155).

This notwithstanding, to curb inequalities, achieving balanced growth and fair redistribution of resources requires: (i) special subsidies and aid for the poor, and (ii) a system of progressive tax regimes. Contrastingly, not all taxes are progressive. Many are regressive in that they take a higher percentage of the poor people's incomes than they do of the incomes of those who are better-off (Shively, 2008:108). Although, welfare and subsidies are vital for reducing inequalities of opportunity and income, they have their own danger as they develop a dependency syndrome in most recipients as exemplified in the case of South Africa (Kang'ethe and Duma, 2013:165-166). In the case of Nigeria, this opened a channel for corruption which allowed the ruling elites and their clients to continue to appropriate billions of dollars from public funds into private pockets.

Thirlwall (2003: 331) has provided a broader scope to the much restrictive responsibilities of the government in addressing inequalities in society. Those measures are subsumed in: (i) provision of public goods which must be non-rival and non-excludable, and (ii) correcting externalities and market imperfections. Such imperfections arise because market prices provide a very imperfect guide to the social optimum allocation of resources; price of labor is above its opportunity cost; price of capital and foreign exchange is below the opportunity cost; and the price of goods does not reflect the true marginal cost of production. Even so, monopolies, tariffs, subsidies and other imperfections in the market distort free market prices. On their part, externalities can cause overproduction or underproduction of some goods which is not good for proper resource maximization. Concern for equity has prompted state intervention to protect the vulnerable by ensuring an equitable distribution of income among people, between groups in society, between regions and across generations (Thirlwall, 2003: 332-333). This is necessary to curb future social disorder which deters investments and the growth of the economy.

The government's capacity to effectively correct the problems generated by the market is fundamental for stimulating a good performing economy. This is desirable because it encourages wealth creation through better resource use, job creation, employment, increased income, poverty reduction and enhanced well-being. It goes without saying that the absence of these will mean deprivation and dependency for many and thus foster and amplify inequality in the economy. Sadly, however, many developing countries are not performing these core supporting functions properly by failing to protect property rights, enforcing law and order and protecting the vulnerable (Thirlwall, 2003: 333). Far from being a guarantor of human rights, especially for the weak, the state in a capitalist society has the highest purpose of protecting private property (Engel cited in Killick, 1981: 5). Defined by this purpose capitalism is regarded as repugnant and unviable. It is repugnant because it results in the exploitation of many by a few and to the subordination of human wants to private greed (Killick, 1981: 5). This description summarily tells the story between the average Nigerian citizens and the Nigerian state.

5. Identifying the Gaps and Reflecting on their Implications

In 1960-85 the Nigerian state sought to stimulate economic growth and development through a mixed economy and from 1986 to date through the marketization of the economy as dictated by the World Bank SAP instrument. In the first instance, state intervention was through participation, regulation and facilitation (Otaha, 2009: 440) to inspire a burgeoning economy. Under the second stage, the state was forced to undergo a radical process of slimming down, shrinking and re-inventing based on a radical neo-liberal ideology (Birch and Mykhnenko, 2010:10-11) that was merely supportive. In this stage the market made laws instead of the state.

Though the government may seem potent in its performance of making laws it is not omnipotent because in taking decisions about ensuring equity within this structure, the government is influenced by its philosophical inclinations and the arguments and pressures of interested parties (Killick, 1981:5). More often than not ordinary people are not strongly represented in such decisions and as such private capital, often times, has the decision in its favor. This tilt is ever real especially where the policy goal of the state is driven by the desire to woo more and more direct foreign investment (DFI) into the country as a strategy for growing the economy and thereby creating more jobs. This drive has resulted in the state policy twisting in favor of private capital that has implications for the growth of inequalities.

Economically, exploitation in Nigeria continues to reflect in the poor structure of wages paid to employees. This represents the face of exploitation that the market mechanism has sought to cover-up from the public domain. The suppression of employees' expressions of the unacceptable poor reward system has continued to over-heat the system, resulting in the general breakdown of peaceful labor relations in the country. Nigeria's situation is a perplexing one as the country has continued to experience a series of conflicts between labor and employers in a bid to increase the wage structure in both public and private domains. Agreed that there is a system of labor-management relations in place that permits the negotiation of wages and other workplace issues but the government and employers in Nigeria still retain the authority to unilaterally set the terms and conditions of employment and rewards in the public and private sectors (Akume and Yahaya, 2013: 201). This has given them significant advantage over the process of determining what amount should be paid as wages or salaries to employees. The outcome of such a decision has been to the disadvantage of a majority of the working class in the country, and as such has failed to substantially bridge the unfair wage gap.

It is disheartening to note that in the Nigerian public realm there are serious wage inequalities. The minimum wage of the least public servant in Nigeria is N 18,000 while the salaries of political and top public servants have had astronomic upward shifts (Amendment Act No. 1 of 2008). This Amendment Act No. 1 of 2008 led to further upward wages and salaries amendment from that of 2002. The 2008 Act states in its concluding section that this Act amends certain political, public and judicial office holders' (salaries and allowance, etc.) Act of 2002 by, among others things increasing their annual basic salaries, allowances and fringe benefits. Such an increment was not a privilege that was extended to other public service workers, whose salaries are not only meager but their value is increasingly weakened by an increasing inflationary trend. This is against the fairness protective shield which states that fixing of minimum wages is not only a legal issue but is also meant to prevent the exploitation of the weak middle class. Minimum wages afford such people more comprehensive protection than what is available through the existing voluntary bargaining machinery (Fapohunda et al., 2010:19).

At the moment in Nigeria the enforcement of the payment of even the N 18,000 by the private sector is virtually non-existent. Most of the private employers still operate on the old minimum wage level of N 5,000 for their employees even in the face of a general increase in organizational profits. In the public sector, the minimum wage is N 18, 000. This means that the monthly salary of a low income (levels 1-10), a middle income (11-14) and a high income (15-17) worker is \$194.93, \$384.27 and \$ 674.29 per month respectively (Nwude, 2013: 486). On the other end of the spectrum, the quarterly allocation of each member of the House of Representatives in Nigeria is N 42 million and that of the Speaker of the House of Representative is N 100 million. This amount is exclusive of their actual official salaries. A simple arithmetic of the figures shows that each member is entitled to N 168 million while the Speaker pockets a whooping N 400 million annually (Akume and Yahaya, 2013: 201). Glaring disparities in income are also evident at the state and local government levels. The gross inequalities that this structure represents have continued to fuel employees' discontent, disapproval and agitation as the call to close the gap that is extremely wide continues to re-echo very loudly. This is indicative of the need to walk a different path (Sulak, 2005: 409).

Evidence suggests that government intervention in Nigeria of following a mixed economy did not yield the right results. Instead, it was responsible for economic decline, poverty, marginalization and unacceptable levels of inequalities in the system (Bello-Imam, 2004:1; Jega, 2007:166; Otaha, 2009: 445). The main reason for this has been blamed on the preponderance of corruption in the system:

> The fact that corrupt officials found willing accomplices in the private sector and corporate organizations and high profile banks which lent their vault for the transfers of ill-gotten money underscores the widespread nature of this corruption scourge and of the complex linkages between public and private sectors in the matter of corruption (Iyare, 2008: 33).

In any society where there are high levels of corruption in the government it discourages investments and limits economic growth and development as corruption systematically alters the government's policy decisions. Specifically:

> corruption allows inefficient producers to remain in business, encourages government to pursue perverse economic policies, and provides opportunities for bureaucrats and politicians to enrich themselves through extorting bribes from those seeking government favours. It distort economic incentives, discourages entrepreneurship, and slows economic growth (Iyare, 2008: 41).

Socially, corruption is responsible in a large measure for broken promises, dashed hopes and shallow dreams that have characterized the existence of multitudes of Nigerians in the last few decades (Bello-Imam, 2004: 277). Accepted that government intervention in the economy precipitated the vice (corruption) (Bello-Imam, 2004: 277) and that its prevalence cannot be divorced from the government's lack of will and discipline to strengthen its laws and enforce them firmly. Intervention in the economy was not a post-independence initiative but one that existed before it. The Nigerian colonial state was conceived and fashioned as an interventionist one. Unlike in Britain where political freedom and free market capitalism limited state action, in Nigeria the colonial state was unhindered in the policies that it pursued to achieve its economic goals (Joseph et al., 1996: 282). During colonialism, the state went far deeper than just managing the economy, to tightly controlling and frequently establishing significant ownership positions in areas as diverse as agriculture, banking, commerce, manufacturing, transportation, mining, education, health and employment (Joseph et al., 1996: 282).

It was expected that such involvement will go side-by-side with the provision of necessary infrastructure that will ease market activities thereby enhancing the growth of the national economy. Instead, the colonial state severely limited government expenditure in Nigeria with the excuse that the colonial administration was overstretched and overcommitted. Consequently, vital infrastructure was not provided to aid growth of the market and the economy during and after independence. The little infrastructure that was provided was only meant to ease the movement of extraction to metropolitan Britain. The actions of the colonial state thus created a particular perception of the relationship between the state and the economy (Joseph et al., 1996: 282) not as a symbiotic but exploitative one. It is not surprising that the post-independence government continued with that structure of the relationship that was patterned for crude appropriation. This mode of exploitation fostered political corruption (Ada and Faaji, 2009: 245) that has precipitated greater inequalities.

Politically, corruption occasioned the rise of political leaders who saw national issues through the lens of sectionalism as their leadership style was and is still firmly based on a client-patron network (Iyare, 2008: 41). This is a patronage system in which the ruler or an official gives a public office to an individual client in return for his loyalty in delivering political support at some lower levels. The network is sheltered by an ethnic coalition and support in the struggle for dominance and control of state power and resources at the federal, state and local government levels. In this contest, mobilization along ethno-religious lines has proven to be the most effective manner of building a winning coalition in Nigeria at whatever level of government. After every electoral success, those in the winning alliance are compensated with positions in the bureaucracy, or government, or awarded huge state contracts, even when it is obvious that they are not qualified for such privileges. This has ensured that the whole structure of governance rests firmly on giving interests that are intricately tied to that of the grand patron some representation. The perpetuation of such a network in Nigeria is not limited to a particular regime, civilian or military but is a general trend (Almond et al., 2012: 686).

Both the military and civilian governments ruled the country along the lines of ethnic arithmetic (Thomson, 2007: 77) where patronage and clientelism were the dominant formulae for the allocation of resources. Clientelism has over time reduced the state to an arena of struggle over the distribution of the 'national cake' among primarily ethnic clients rather than serving as a framework of good governance. Those left out of these rent seeking opportunities -- perhaps 70 per cent of the Nigerians -- must try to survive on petty trading and subsistence agriculture (Darren and Peter, 2010: 377-378; Joseph et al., 1996: 287) and others means that the bold-hearted can invent. Consequently, this pattern of governance has brought Nigeria nothing but decline, distrust and dissension (Magstadt, 2009:132) because of the obvious inequalities that it has deepened and which have also failed to foster ethnic balancing within the system (Thomson, 2007: 75). Although ethnic mobilization may be valued for inspiring community politics (Heywood, 2007) and local consciousness, its use has been twisted and it has become the single most serious destructive force that is working against national integration. It has continued to foster exclusion, alienation and frustration as well as being a cause of the failure to develop stable, honest and responsive institutions in the system (Almond et al., 2012: 686).

Arising from this situation are many suspicions between regions, groups and communities as each sees itself in a disadvantaged position (Thomson, 2007: 76).This is reflected in the constant change and variations in the revenue allocation criteria in Nigeria. From 1960 to date Nigeria has had over 10 revenue formula adjustments (Elekwa et al., 2011) and it is still counting. The post-1999 adjustments have become so frequent that keeping pace with them has been difficult. This issue is not about the constancy of change that revenue allocations have been experiencing but with the bias in its structuring to favor first the federal government and second a certain section of the country over others thus expanding unequal relations between them. Reacting to this development Elekwa et al., (2011: 426) note that the paradox of the whole situation is that any attempt to find a solution to the intractable problem of revenue allocation has gone hand-in-hand with the subversion of the same process by the central government. This has made the revenue allocation system in Nigeria very contentious and thorny.

Inequalities in fiscal capacity are due to the contradictions that have characterized the inter-governmental fiscal allocation system in Nigeria. This contradiction is evident in the lopsidedness of the sharing formula both in the vertical and horizontal spheres thus strengthening the position of the central government over the states and localities. Of the most significance is the continual de-emphasis of the derivation principle which has generated serious contentions between the various units of government (Abonyi and Akume, 2009: 29). The derivation principle as an economic criterion is supposed to compensate the Niger Delta states directly bearing the brunt of oil pollution so as to correct the negative production externalities that have significantly destroyed the environment and rendered its soil and water unproductive for agriculture. In this regard, the 1979 Constitution in S162 (2) apportioned a 3 per cent derivation for this purpose. The magnitude of environmental degradation had meant that the 3 per cent was grossly inadequate to remedy the problem.

Calls for an upward review remained unheeded and were contested for long as the federal and northern states sternly objected to it and devised all sorts of schemes to thwart the call for giving revenue to those states based on derivations so that they deal with level of degradation in the area (Obi and Iwuoha, 2009: 218, 224). Continued agitations by the people for this increase forced the federal government to reluctantly assign 13 per cent to the derivation principle but its sincere disbursement remains a contested issue. The reasons for resistance by the federal and northern state governments is couched in the fact that petroleum was made an ethnic minority issue, and hence could not translate into increased revenues that would benefit the groups. Consequently, the ethnic minorities of the Niger Delta have increasingly been marginalized and treated unjustly by a shift in the system of revenue allocation that has progressively de-emphasized the use of the derivation principle but allocated revenues on the basis of equality of state and other criteria that have favored the core northern states that are not in any way affected by oil production externalities (Ibeanu, 2008:181).This reality has led to a robust debate and agitations for resource control in the federation in a bid for equitable redistribution of revenues derived from oil in Nigeria (Obi and Iwuoha, 2009: 217).

Political corruption has over the years brought ethnicity to the forefront of political engagement in more destructive ways. Contrastingly, ethnicity is not necessarily a source of conflict as groups with different cultural identities can and do co-exist without experiencing antipathy or exhibiting conflictual behavior (IDEA, 2000: 92). Ethnicity is a social construct. It is the source of social identity formation that rests upon culturally specific practices with unique sets of symbols and cosmetologies. It is a belief system rooted in common origins and a broadly agreed common history that provides an inheritance of symbols, heroes, events, values and hierarchies, and conforms to social identities of both insiders and outsiders (IDEA, 2000: 92). It is a channel by which individuals are able to explain who they are, what exists, what the world is and what men and women are alike (IDEA, 2000: 92). If properly managed, it permits the state to build social harmony and entrench a solid democratic culture that fosters national integration.

In Nigeria's case, it is used as a tool for selfish personal or allied group gains which has raised ethnicity to conflictual levels. The primary factors that pushed it initially were rooted in the methods of British colonial domination in which patterns of penetration, concentration of socioeconomic activities and the practices of indirect rule discriminated between and among the composite ethno-regional groups in the country (MAMSER, 1986: 199). After independence, rather than resolving the issue by creating a unified ethnic community out of the tattered ethnic configuration based on common nation values:

> the processes of co-existence and growth of the various ethnic groups, re-organization into states and local government areas have, in the past eight decades, created a deep sense of inclusiveness for themselves on the one hand, and group exclusiveness for the others, especially in the mutual competition for power, wealth, status, and progress. Individual members of the ethnic groups have manipulated and intensified regional and statist sentiments for personal and social class struggles, thereby undermining the growth and development of Nigerian citizenship and nationality (MAMSER, 1986:199).

This clearly explains why ethnicity has been corrupted with devastating consequence; aggravated inequalities and crises for the state have continued to erupt as groups' position themselves, usually through ethnic unionization to seize the apparatus of the state as an instrument for seeking advantages or exclusive aggrandizement (IDEA, 2000: 91). In a state where socio-political corruption is endemic; even when there is significant economic growth that the poor can benefit from there is still worsening inequality (Obaseki and Onwioduokit, 1999: 309) because the presumed benefits are sucked-up by the majority ethnic groups. Ethnic struggle has been the incubator of inequalities in Nigeria at both the federal and state levels. At the federal level, such inequalities have been expressed through the majority/minority distinction (Akume et al., 2015). This classification has only ensured that the majority groups (defined in terms of largeness of their population compared to those of the minorities) are more often given higher and better privileges in recruitment, appointment and promotion in the Nigerian public service.

This has facilitated the dominance of these groups in the governance and administration of the country. More so, it has allowed the majority ethnic groups space to influence public policy decisions and infrastructural development to their localities to the utter neglect of the minority groups in Nigeria. The continuation of this bias has seen skewed development in Nigeria with a large concentration of federal presence in those localities where majority ethnic groups are located while minorities are unfortunately excluded and marginalized (Akume et al., 2015). At the state level, political corruption has been articulated under the umbrella of an indigene/settler dichotomy that has birthed evident inequalities which are expressed through:

> i) denial of employment opportunities to other indigene resident in a particular state on the basis of 'non-indigene' , 'alien', or 'outsider'; ii) discriminatory charges of fees for educational and other social services based on statist or ethno-religious segregation; iii) denial of investment opportunity and other economic opportunities to non-indigenes; iv) denial of political rights such as representation to non-indigenes; v) discriminatory admission policy or denial of admission opportunities in institutions and places of learning to non-indigenes; vi) bare-face refusal to vote at national election for candidates from groups or part of the country for the reason that such candidate are not members of one's ethnic group; vii) dominance of ethnic based political parties; viii) politicization of census figure in favour of dominant ethnic groups; ix) uneconomic and politically motivated location of government industries, commercial, social and educational projects in places where they are not viable; undue ethnic and political patronage in relation to recruitment and allocation of resource, position of power; x) perpetuation of gross imbalance in educational development among ethnic groups and geographical areas in the country; denial of, or discrimination over, property right to non-indigenes; policies and practices which suggest permanent political and/or economic domination by certain ethno-linguistic, regional and sectional or religious groups at federal, state, local and community levels (MAMSER, 1987:199-200).

Structures at the state and local government levels that strengthen these sites of inequalities are elaborate and entrenched. As such the efforts to eradicate them have been vigorously resisted by those who benefit from their existence.

6. Conclusion

From the discussion in this paper it is obvious that the state and the market are of vital importance in curtailing inequalities in society. Ironically, these two are also responsible for generating inequalities which have not only dissolved the middle class but furthered the oppression of the poor. This structure has been reinforced by the prevailing conflict of interest between a few groups' gains and public interest. The question then is whether a mixed economy or capitalism is better positioned to resolve the issue of inequality. While this issue remains a subject of on-going debate, a careful reflection of the arguments leads to the emergence of a rational conclusion: it is hard to argue as an absolute case for one as opposed to the other because the efforts of the government or the market to resolve the problem have inadvertently generated other inequalities in society. Given this complex situation, it is suggested that the government may have to leave some policy issues to be settled by the market but may intervene to structure individual decisions that go to make market choices (Shively, 2008:141). This will provide a beneficial balance in state-market cooperation that will allow better production choices and their evolving externalities will be properly corrected with no one being the worst-off. Such collaboration will guarantee fairly balanced exchange relations that have consequences for mitigating inequalities in society.

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