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Income Distribution And Income Inequality In Nigeria: Bridging The Gap Through Trader Money (The Buhari Model), Issues, Challenges And Prospects

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Abstract

Good governance has been noted to be the single most important factor in eradicating poverty, income inequality and promoting development through proper income and wealth distribution. Governance is involved with the whole processes that deal with the creation and equitable distribution of wealth and income in the polity, and also in the management of the conflicts that arises in the process. Nigeria over the years has been grappling with the problem of governance and this has seriously affected the very germane issues of wealth and income generation and distribution, despite the fact that she is bequeathed with rich human and natural resources. The paper examined the effect of governance on income distribution and income inequality in Nigerian using the federal government social intervention policy programme of "trader moni" as our case study. The paper is largely theoretical, analytical and descriptive. Anchoring our discuss on the political economy approach, findings amongst others revealed that; the implementation of the trader moni social intervention policy of the federal government is skewed in such a way to generate vote for the ruling party, the APC as the government waited to launch it few weeks the governorship election in Osun and few months to the general elections. however, the paper recommends amongst others that; The federal government should adopt policies that would improve income distribution through agrarian-focused and employment-intensive growth strategies; industrialisation through a sustained government funding and support; high and widely spread expenditure on education; redistribution of assets; a structured market to direct education, training, and asset accumulation towards deprived groups; and strong policies towards social protection and social income. This is far better than going into the market to share ten thousand Naira to market women that would likely not yield any significant increase in the income generation capacity of the micro business owners.

Keywords: Governance, Income Distribution, Income Inequality, Trader Money, Political Economy Approach

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1. Introduction

Good governance has been noted to be the single most important factor in eradicating poverty, income inequality and promoting development through proper income and wealth distribution (UN, 1998). Where governance is weak or deficient it is difficult to imagine how equitable generation of wealth and distribution of income can take place and where there is wide inequity the chances that some sections of the society will be left to live in poverty and misery are enormous. Nigeria over the years has been grappling with the problem of governance and this has seriously affected the very germane issues of wealth and income generation and distribution. This is true in the sense that governance is involved with the whole processes that deal with the creation and equitable distribution of wealth and income in the polity, and also in the management of the conflicts that arises in the process.

The Neo-patrimonial nature of the political system in Nigeria, weakens bureaucratic institutions, hinders good governance and prevents development from taking place. This is because powers have been personalized. It is difficult to draw a distinction between an office holder (person) and the position he/she occupies. In a country that is dominated by neo-patrimonial relationships, decisions are taken not on the basis of institutionalized rules but in favour of personal relationships and to personal advantage (Okafor et al., 2012). This practice has given rise to corruption, clientelism and nepotism, and these are some of the factors that militate against the attainment of good governance which is supposed to create a conducive atmosphere or environment whereby the citizens can be gainfully involve in activities that would generate and distribute income and wealth equitably. Neo-patrimonialism which pervades the Nigerian political system makes good governance elusive. This is because the system has led to great inequalities in the distribution of wealth and has condemned a lot of citizens to live in poverty. For example, 80% of the country's revenue are stolen by 1% of the Population (Egemonye, 2013; as cited in Otoghile, Igbafe and Agbontaen, 2014).

The Nigerian problem in the 20th century has been the inability to get the best from her human resources which is as a result of failed governance (World Bank, 2000). The problem goes beyond low income, savings and growth. It includes high inequality, which includes among others, unequal access to basic infrastructure and unequal capabilities (education and health status). Incidentally, the importance of unequal access to opportunities, assets, income and expenditure cannot be overemphasized as it plays important roles in reducing poverty and spurring the economy to long-term development. Nigeria has experienced a high incidence of poverty over the last two decades (Olaniyan and Awoyemi, 2005). The impact of the incidence becomes more important because of the high inequality associated with even this low level of household income and expenditure (Osevwe, 2010).

Nigeria is bequeathed with rich human and natural resources. Given these wealth in economic potentials, it is particularly disturbing and ironical that Nigeria is still rated as one of the poorest countries of the world, placed at 152 position out of 188 countries on HDI ranking. But Nigeria is suffering not only from poverty, income inequality, low income, unstable growth, and also from unemployment, economic instability, political and poor investment (Oxfam international, 2017). In Nigeria, the scale of economic inequality has reached an extreme level, in spite of the numerous government poverty alleviation programmes initiated since 1980 till now. But the objective of the programmes was among other things to reduce poverty and inequality specifically. The importance of inequality for poverty reduction is heavier in the poorest nations of the world, of which Nigeria is not an exception.

The study is focused on the effect of governance on income distribution and income inequality in Nigerian using the federal government social intervention policy programme of "trader moni" as our case study. The paper is largely theoretical, analytical and descriptive as it was developed through desk-based literature reviews with secondary data. Hence, there is heavy reliance on documentary method which provides the study an opportunity to gather relevant information on the topic from documented materials. Also data is sourced from text books, journals, magazines, newspapers, bulletins, seminar papers, government publications and library research materials. Descriptive and explanatory method of data analysis is utilised bearing in mind that the paper is a qualitative study. However, the paper is divided into seven sections namely; introduction, theoretical framework, conceptual clarification and literature review, effort by the federal government aimed at reducing inequality in Nigeria, trader moni social welfare intervention policy of the federal government: issues, challenges and prospects, trader moni social welfare intervention policy: a critique, and conclusion and recommendation.

2. Theoretical Framework

Anchored on the Marxist political economy approach as presented in the works of Marx (1977) and advanced by Ake (1981), Aja (1998), and Oddih (2005), with a particular emphasis on the primacy of material condition which manifest in the nature of man's struggle over political positions that grant him access to the control of resources, and premised on the belief that man is dominantly motivated by material needs, the study argued that the social intervention policies of the government so far is geared towards entrenching themselves in power as against their acclaimed effort of fighting income inequality through their social welfare income distribution programme. Labour is the essence of material existence; hence the economic activity is man's primary concern. Ake (1981: 9), corroborated the above assertion by positing that 'man above all else is a worker or a labourer. Work is his primary existence. If man does not work, he cannot live ... in a sense, man is as he works'. Similarly, Aja (1980 cited in Oddih, 2005: 459), opines that "the understanding of a society's politics and culture depends primarily on the understanding of its economic structure as defined by the relations between employers of Labour and the working class in the process of production. According to Marx (1977), cited in Oddih, 2005: 459), 'every political system corresponds and reflects its kind of economic structure'. Marx places emphasis and premium on the production base, i.e., the Sub-structure, since this determines the super-structure which is made up of the political, cultural and ideology of the society. Thus an understanding of the sub-structure enables one to understand easily the nature of internal relations, how a society organizes, manages and reproduces itself, also the cause of tensions, conflicts or contradictions in any given society and bearing or direction of social change. Thus, Marx believes that the primary cause of tension and other social dislocation in a society is economic factor. In the words of Aja (1998):

If one understands the economic structure of a society, the relations between the people in the production process, it is easier to understand the nature of politics, culture, national security, socio-psychological consciousness, ideological inclinations, etc. of the society.

The nature of wealth accumulation and the important role that the state and politics plays in the whole process of economic integration and empowerment are critical to understanding the reasons why the struggle for power is akin to a warfare in which all manners of weapons are deployed in an attempt to capture state power, and how all these has obstructed the process of national integration in many countries that have experienced tumultuous electoral violence.

The political economy approach justifies the fact that the exploitation meted on the citizens of Nigeria both by the ruling class and the government using the instrument of cohesion of the state heightened the disparity in income generation and distribution, thereby increasing the level of income inequality which invariably leads to high level of poverty.

Nigeria, being one of the countries that suffered centuries of exploitation by the West through slave trade and colonisation and these experiences affected the material conditions of the dominant class after independence. The dominant class or political class in Nigeria emerged with a very weak economic base and the only way for them to hurriedly build up their economic bases is the capture and use of state power which gives them access and control of the common wealth (resources) of the society which they appropriate and use to dominate and recreate themselves in power thereby leading to income inequality.

3. Conceptual Clarification and Literature Review

3.1. Income Distribution

Income distribution is the smoothness or equality with which income is dealt out among members of a society. If everyone earns exactly the same amount of money, then the income distribution is perfectly equal. If no one earns any money except for one person, who earns all of the money, then the income distribution is perfectly unequal. Usually, however, a society's income distribution falls somewhere in the middle between equal and unequal.

Income distribution has always been a central concern of economic theory and policy. Although first addressed by the Classical economists such as Adam Smith, Thomas Malthus and David Ricardo, based on the principle of fairness, income inequality itself was given less attention, as these economists were mainly concerned with the distribution of income between the factors of production. In 1955, Kuznets stated that inequalities in personal income distribution necessarily increase in early stage of the transformation process, from an agrarian to an industrial and service society. These inequalities, however, stabilize and subsequently decrease with further development. Kuznets believed that as a country grew richer its government would make a greater effort towards social spending (Mohanoe-Mochebelele, Letete & Raleting, n.d.).

In the literature, equality or inequality of the distribution of income could be measured in three ways. The first measure is the Lorenz curve, popularized by Lorenz in 1905. Another measure of inequality is the Gini coeffcient or Gini ratio invented in 1912 by Corrodo Gini. This ratio is obtained by dividing the area of the inequality shown on a Lorenz curve by the area of the right-triangle formed by the axes and the diagonal or equality line. The Gini ratio varies between zero and one (empirical research has shown that Gini coefficient generally ranges between 0.30 and 0.70)6. The last possible way of measuring the distribution of income is to use a quantile ratio. This is the ratio between the percentage of income received by the highest x percent of the population and the percentage of income received by the lowest say y percent of the population.

Income distribution has become a contemporary issue in the developing economies which has enjoyed the patronage of some researchers such as Aboyade (1978), Fajana (1985), Deininger and Squire (1996), Bulir (2001), Rossana and Hoeven (2001), Jose and Teilings (2002), Alayande (2003), Ogwumike et al. (2003), Dodson (2005), Awoyemi (2005), Jones (2007), Oguntuase (2007), among others who have contributed to the concept of income distribution. For instance, Fajana (1985) expressed employment rate as an important determinant of income distribution using Nigeria data. He employed the Ordinary Least Square technique of analysis of established the nexus between the variables. In the same vein, Deininger and Sqaure (1996) expressed number of declared vacancies as a determinant of income distribution and relied on the Ordinary Least Square method of analysis to establish the nexus between the variables. Jose and Teilings (2002) in their view, expressed the Gini coefficient of income distribution as a function of a number of explanatory variables such as; employment rate, education, government social, inflationary rate, GDP per capita and percentage of old people above sixty years using the Ordinary Least Square method of estimation. In congruence to the view of Jose and Teilings (2002), Oguntuase (2007) in an empirical study on the determinants of income distribution in the manufacturing sector of the Nigerian economy, expressed Gini coefficient of income distribution as a function of employment rate, literacy rate (proxy for education), inflationary rate and manufacturing sector share of the GDP (Awe & Rufus, 2012).

3.2 The Concept of Income Inequality

Income inequality, according Atkinson (2009) as cited in UNDP (2013) measures the distribution of income across households or individuals in an economy. This is usually measured using the Gini Index of inequality which varies between zero and 100, with zero reflecting complete equality and 100 indicating absolute inequality. Another commonly used measure is the income share ratio, which presents the ratio of the average income of the richest quintile of the population divided by the average income of the bottom quintile. This ratio can also be calculated for other percentiles, such as deciles. The analysis of income inequality in this report focuses mostly on the distributions of income across two dimensions:

1. Household income distribution: This is the distribution of income across households within the economy. Inequality of household income distribution can in turn be decomposed as follows:
   i. Primary income distribution: The distribution of household incomes consisting of the (sometimes cumulative) different factor incomes in each household before taxes and subsidies, as determined by markets and market institutions.
   ii. secondary income distribution: The distribution of household incomes after deduction of taxes and inclusion of transfer payments.

iii. tertiary income distribution: The distribution of household incomes when imputed benefits from public expenditure are added to household income after taxes and subsidies.

2. Functional income distribution: This is the distribution of income between different factors of production, such as land, labour and capital. It is typically measured as the share of wages or profits in national income.

Inequality has to do with differences in the share of something between/among two or more persons where the share of one/some is greater than that of the others. According to Ray (1998), economic inequality occurs when one individual is given some material choice/resources and another is denied the same thing. Inequality can be in income, consumption, wealth, gender, employment, health variables and many more. But for this study we are interested in income inequality. Income inequality is defined as the inequitable distribution of income among the members of a particular group, an economy or society. Income inequality can be measured generally using the Lorenz curve, the Gini coefficient and General Entropy class. The Gini coefficient is most frequently used measure and it is close to the Lorenz curve. The Gini coefficient measures income inequality based on the Lorenz curve and has values between 0 and 1 (0 and 1 inclusive) where figures closer to 0 signifies more equality in the distribution, values closer to 1 shows higher inequitable distribution of income while 0 signifies absolute equality in the distribution. Income inequality can be within the country or between two or more countries. Some of the factors that lead to inequality as noted by scholars are gender, globalization, educational level and the level of technology in the country. According to the neoclassical school, income inequality is as a result of different productive capacity of an individual or group of individuals and this leads to different wage levels and income levels (Ogbeide & Agu, 2015).

Income inequality is an indicator of how material resources are distributed across society. Some people consider high levels of income inequality are morally undesirable. Others focus on income inequality as bad for instrumental reasons – seeing it as causing conflict, limiting co-operation or creating psychological and physical health stresses (Wilkinson and Pickett, 2009).

Increasing income inequality and poverty continue to be the most challenging economic trend facing most developing countries, particularly Nigeria. There are enough evidences to show that poverty and income inequalities are on the increase.

Inequality has been found to engender political instability, Alesina and Rodik (1994), Alesina and Perotti (1996). Inequality at its most extreme leads to social exclusion, Miguel Insulza (2014). Huber and Mayoral (2014) in their study found a strong positive association between the level of inequality within groups and the group's propensity to engage in civil conflict. Similarly, Ostby et al (2009) found a positive and significant relation between within-region inequalities and conflict onset in a study of twenty-two sub-Sahara African countries. Flatten (2012) found that high economic inequality is associated with less democratisation, and Barro (1999), in a study on determinants of democracy, found negative, albeit weak, statistical relationship between income inequality and democratisation, and a positive statistical relationship between low economic inequality and democratic consolidation.

Langer and Ukiwo (2011) examined the role of horizontal inequalities (that is, inequalities between culturally defined and politically salient group) in militancy in Niger Delta region of Nigeria, in a survey which elicited the views of combatants and civilians on the cause of militancy in the region. The study found that militancy in the region appears to be driven by perceptions of horizontal inequalities between the people of oil producing areas in Niger Delta and other major ethnic groups in Nigeria (Langer and Ukiwo, 2011: 232). Similarly, it has been noted that inequalities in access to the control of natural resources and political power is a major cause of conflict and political instability in Nigeria (Afegbua 2010, cited in Adeyeri, 2014). And to Ewetan and Uche (2014), a major factor that contributes to insecurity in Nigeria is the growing awareness of inequalities, and disparities in life chances that lead to violent reactions by a large number of people (Ewetan and Uche 2014:49). The perception of marginalisation held by a growing number of groups in the country has its roots in perceived economic and political inequalities.

While growth is necessary for inequality reduction, weak growth may not be sufficiently broad-based as to have marked impact on inequality. Deliberate public policy is, therefore, required. Tackling inequality requires human capital accumulation. This calls for good quality human capital. The role of quality education is important in this aspect. Increased expenditure on education to expand access and quality of teaching and learning, and skill acquisition to narrow the gap between skilled and unskilled labour is imperative.

Faloye and Bakare (2015) in their study also examined the effect of economic growth on lowering poverty level in Nigeria applying time series data from 1999 -2014. The study revealed that economic growth through huge input in both material and human resources , agricultural reforms, industrial sector, manufacturing and service sectors to enable unrestrictive job creation for the unemployed majority, influence poverty reduction (Ewubare & Okpani, 2018).

Adesina (2016) noted that while growth is important for reducing inequality and poverty, sub-Saharan Africa's experience with growth fuelled by the commodity super-cycle shows that growth alone is not enough to reduce poverty. In the past, orthodox pro-market policies which boosted economic growth also increased inequality. Reducing inequality in sub-Saharan Africa would require a publicly driven programme of inclusive development, active social policy (combining redistribution and growth in productive capacity) and tackling the norms and practices that sustain gender discrimination.

Anaele (2014) further argued that another vampire disarticulating the resources or material wealth and distribution of income of many SSA countries is the current wave of Islamic fundamentalist. Nigeria, Chad, Mali, Sudan, Somalia, Algeria etc are classic examples. Security budget gets fatter than otherwise, to consume much of the money which could have been channelled to development. Bad governance has done unpardonable dis-service to the areas of education, health, mortality living standards of majority of the people in many SSA countries.

A report published by African Development Bank (2012) noted that In all African countries, the richest capture the largest share of income. When measured by the share of income that goes to the poorest, inequalities are striking, and accompanied by geographic disparities between urban and rural areas where the poor are concentrated. According to the report; the poor (<$2/day) account for 60.8% of Africa's population and hold 36.5% of total income in Africa. The rich (>$20/day) account for 4.8% of the population and 18.8% of total income. These disparities are reabsorbed by the middle class in terms of embodying the concept of equity in income distribution. For example, the lower-middle class ($4-$10/day) is almost balanced: 8.7% of the population lives on $4 to $10 per day and accounts for 9.9% of total income. It appears that income distribution in Africa is characterized by some equity for the middle-income classes and significant differences within the rich and poor income groups.

Luiz (2002) noted that income inequality means that one segment of the population has a disproportionately large share of income compared to other segments of that population. It depends on how income is distributed. The income distribution arises from people's decisions about work, savings and investment as they interact through markets and are affected by the tax system. Inequalities result from education, experience, family structure, qualification, skills, abilities and regressive tax system. Distortion in factor prices may also result in income inequality. Inequality is an important issue in economic development as it can hinder economic growth, and it can result in social instability.

A report by the UNCTAD (2014) noted that the income and wealth distribution are closely interrelated. In general, wealth concentration tends to be higher than income concentration because wealth represents a stock of financial and real assets accumulated over years and transmitted through generations. A large proportion of total wealth is generally concentrated in the richest percentile. The top 1 per cent holds a much larger share of the total wealth than the bottom 50 per cent in countries where data are available.

The view of Oyugi (2005) on the distribution of income is that the lowest 10 per cent of the population in SSA countries receive between 0.5 per cent at the lowest end in the case of Sierra Leone and Guinea Bissau to 4.2 per cent on the higher side for Rwanda. In comparison, the highest 10 per cent of the population receive between 24.2 per cent in the lowest end represented by Rwanda to 50.2 per cent in Swaziland with the rest of the countries lying in between. This suggests that, there is concentration of income in the hands of a tiny minority in most of the African countries. Oyugi (2005) also noted that if wealth creation is directed at improving the plight of the poor and the unequal through the mechanism of redistribution, then one would expect that the state is strong and stable, much stronger than was the case in the personal rule or neo-patrimonial regime of yesteryears. Redistribution of wealth is about equitable distribution of wealth accruing from development.

4. Effort by the Federal Government Aimed at Reducing Inequality in Nigeria

The paradox of growth in Nigeria is that as the country gets richer, only a few benefit, and the majority continues to suffer from poverty and deprivation. Former Finance Minister Okonjo-Iweala noted that: "...in Nigeria, it is clear that the top 10 percent of the population is capturing most of the growth there is and the people at the bottom are being left behind. If we don't put our minds to this problem, the whole economy may be in danger." The disparity is such that the amount of money that 19 the richest Nigerian man can earn annually from his wealth is sufficient to lift 2 million people out of poverty for one year. Just over 15 years into its return to democratic rule, Nigeria is in the curious position of having the world's highest-paid lawmakers preside over some of its poorest people (Mayah, Mariotti, Mere & Odo, 2017).

Poverty and inequality in Nigeria are not due to lack of resources, but to the ill-use and allocation of such resources. Continued widespread corruption and the emergence of a political elite out of touch with the daily struggles of the average Nigerian have conspired to ensure the cost of governance remains astronomical. According to former CBN governor, Charles Soludo,"this is a problem that has gone on for too long. The cost of governance in Nigeria is without doubt too high; actually it is outrageous". As a consequence, very limited resources are left to provide basic essential services for the wider, growing Nigerian population. According to human rights lawyer, Femi Falana, "It is sad to note that most Nigerians never take cognizance of the war being waged by state governments against the poor and disadvantaged citizens" (Mayah, Mariotti, Mere & Odo, 2017).

An additional problem is weak policy implementation. In fact, over the years a number of policies and programmes have been designed with the purpose of alleviating poverty and inequality, such as: Rural Basin Development Authority (RBDA), Directorate of Food, Roads and Rural Infrastructure (DFRRI), Rural Electrification Scheme (RES), Agricultural Development Programme (ADP), National Directorate of Employment (NDE) and Better Life for Rural Women. Others were the Family Support Programme (FSP), Rural Banking Scheme (RBS), People's Bank, the National Poverty Eradication Programme (NAPEP) and the Agricultural Credit Guarantee Scheme (ACGS). However, in the majority of cases, these policies and programmes have not been implemented effectively to result in meaningful impact on poverty. There is an urgent need to critically examine the culture of governance and transform the policies and norms that concentrate extreme wealth, privileges and very high incomes in a small percentage of the population at the top, to forestall the self-perpetuating cycle of inequality that subjugates many Nigerians. Across Nigeria's 36 states and the Federal Capital Territory (FCT), economic inequality finds expression in the daily struggles of a large majority of the poor for survival in the face of the accumulation of obscene amounts of wealth by a small number of individuals. While more than 112 million people were living in poverty in 2010, the richest Nigerian man would take 42 years to spend all 22 of his wealth at 1 million per day (Mayah, Mariotti, Mere & Odo, 2017).

It is a known fact that income inequality is paramount when it comes to making progress on poverty reduction. Income inequality matters greatly as it may slow down overall economic growth (Alesina & Rodrik, 1994; Persson & Tabellini, 1994; Alesina & Perotti, 1996) and slow down the pace at which growth translates into poverty reduction (Kakwani, 1993; Bourguignon, 2004). A situation of high and rising inequality in the presence of increasing growth can only result into little or no reduction in the level of poverty (Addison & Cornia, 2001).

The paradox of growth in Nigeria is that as the country gets richer; more of its citizens live in poverty. In 2012, the poverty survey by the Nigerian statistics agency showed that 61 percent of Nigerians were living on less than a dollar a day in 2010, up from 52 percent in 2004 (Magnowski, 2014). A World Development Report in 2010 ranked Nigeria as the 28th poorest country in the world. But currently the country is listed among the top five countries in terms of number of poor. Although the boost to GDP may improve the investment outlook for the country, social progress is yet, slow.

Meanwhile, in the attempt to improve the living standard of the people, several socio-economic programmes were introduced and implemented at different periods by successive governments in Nigeria. The paramount objective of the programmes was amongst others to reduce, and possibly eradicate poverty that has ravaged the country for decades since independence and in so doing, reduce the inequality between the rich and poor. As follow-up, many discussions on the effect of growth on poverty and inequality in the country had come up in studies which include Dauda (2004), Aigbokhan (2008) and Kolawole and Omobitan (2014). Most of the conclusions, however, point to the fact that an average Nigerian is still worse off such that there is widening gap between the haves and have-nots in the country.

In the efforts to reduce poverty and inequality in Nigeria, several agencies and schemes were established to tackle poverty and unemployment. These include the National Directorate of Employment, the National Poverty Eradication Programme, the Small and Medium Enterprises Development Agency and the Microcredit and Entrepreneurship Development schemes. The major policy issue is employment generation, particularly among the youth, and inclusive growth. Concerning job creation, the Community Services and Women and Youth Employment Programmes of the Subsidy Reinvestment and Development Programme (SURE-P) are already up and running in 14 states, with a target of creating 370, 000 jobs per year.

As part of the human development policy, the country's MDG target for education is universal primary education and gender equality at primary and secondary levels. In this regard, a major development in education is the implementation of Universal Basic Education Programme. As a result, primary school enrolment increased to 89 per cent in 2005 from 80 per cent in 2004. The completion rate, however, is only at 68 per cent with a lot of out-of-school children. According to the Ministry of Education, Nigeria has over 10 million out-of-school children, or 42 per cent of the school-going population. In May 2012, the president inaugurated the Agriculture Transformation Implementation Council (ATIC), with the mandate of driving the Agricultural Transformation Agenda (ATA). The ATA is a major tool for driving rural income growth, accelerating the achievement of food and nutritional security, generating employment and transforming the economy into a leading player in the global food market. The target was to create about 3.5 million new jobs from rice, cassava, sorghum, cocoa and cotton value chains, with many more jobs from other future value chain activities. It was also anticipated that farmers and other rural entrepreneurs might earn over NGN 300 billion in additional income from value chain activities, helping to reduce poverty.

Also, the federal government has initiated three social protection initiatives: conditional cash transfers targeted at households with specific social characteristics, health fee waivers for pregnant women and children under five and community-based health insurance plans. Currently, the federal government led by the All Progressive Congress (APC) has initiated other sets of social intervention policies in her attempt to enhance income distribution in order to reduce income inequality in Nigeria, some of the social intervention schemes are market money and trader moni schemes of the federal government.

5. Trader Moni Social Welfare Intervention Policy of the Federal Government: Issues, Challenges and Prospects

The TraderMoni is one of the federal government's social welfare policies aimed at addressing the challenges of income inequality through the funding of small businesses in the country inn order to help boost the economic activities of small business owners. The scheme, which was activated on September 6, 2018, advances interest- and collateral-free loans starting with N10,000 to the lowest level of market traders (particularly market women and artisans) with a view to upgrading those who pay back up to N50,000. The program is a component of the Government Enterprise and Empowerment Programme (GEEP), an initiative of the Nigerian government's Bank of Industry (BOI) to boost access to credit for micro-, small and medium-sized enterprises (MSMEs) (Galimberti, 2018).

The scheme was launched in partnership with the BoI, in order to enlarge government's financial inclusion agenda down to the grassroots, the bottom of the ladder, considering the contribution of petty traders to economic development of any nation. It is a federal government empowerment scheme to help alleviate poverty in Nigeria by empowering traders and artisans. Tradermoni is similar to MarketMoni which is another cash transfer loan scheme of the Federal Government under the same Social Investment Programmes, but they are not the same. While Marketmoni loans start at N50, 000 and target medium-scale traders, market women, artisans, and youth in market associations. Tradermoni loans on the other hand starts at N10, 000 and target petty traders and petty artisans.

This is the first time the federal government is involving the very bottom of Nigeria's economic pyramid for direct financial stimulus aimed at creating wealth within the informal sector of the economy through the trader moni intervention scheme. The federal government says the scheme has already been launched in 33 states, with two million people targeted nationwide. Vice President Yemi Osinbajo has been touring the states to inaugurate the scheme or check how it is being implemented. He has also been meeting with the traders and artisans and encouraging them to get involved.

Previous regimes had targeted mostly big economic players, as in Corporate Nigeria and the middle class during the Olusegun Obasanjo administration. while the Goodluck Jonathan government benefited graduates and young aspiring entrepreneurs through its 'You Win' and 'Sure-P' programmes. Trader Moni is a laudable development because every sector of the economy needs the support and assistance of government to grow.

The "Trader Moni scheme is targeted at petty traders, market women, artisans and small scale business enterprises to cater for ultra-micro enterprises. The policy of the federal government is to support businesses, not just big business but particularly small, medium-sized businesses and micro businesses. The whole idea is to ensure that the government give whatever support to people to alleviate their businesses. For instance, if a trader is given N10,000 and able to pay back the loan within six months, then the trader is qualified to collect N15,000. If the person pays back the sum of N15,000, the person is qualified to get N20,000" and then N50,000, and then N100,000 (Osinbajo, 2018).

Performing the official launch, the Vice President of Nigeria, Professor Yemi Osinbajo said that; "the Traders' Moni programme was part of the federal government's social intervention aimed at funding micro business in the country." Osinbajo, who said no government in the history of the country has done such an economic boosting programme, said the All Progressives Congress (APC)-led government has done well in the area of people's welfare.

The vice-president further noted that; the 'Trader Moni' programme will help in boosting micro and small scale businesses, petty trading and commercial activities across the country. He said that the beneficiaries would be given a loan of N10,000 each, which would be repayable within six months, adding that any of the beneficiaries that pay back the loan within the stipulated period would qualify for another bigger amount of N15,000.

Speaking at the launching of the intervention policy, the Executive Director, Bank of Industry (BoI), Mrs Toyin Adeniji, noted that no fewer than 30,000 beneficiaries would have access to the loan. Adeniji further explained that the beneficiaries of the Trader Moni scheme are in all 36 states and the Federal Capital Territory (FCT). According to her;

> Our agents have already met the market women at their point of sales to register them. They would get the money and pay it back immediately through Mobile Wallet. In fact, many people have started receiving the alert. "Under 'Trader Moni', traders don't need any documents or property to collect N10,000 loan from the federal government. "They only need to register, get captured and receive the money through their phones. The repayment plan is for six months and beneficiaries would pay a paltry N250 interest on the N10,000 and qualify for a bigger loan thereafter.

6. Trader Moni Social Welfare Intervention Policy: A Critique

Commending President Muhammadu Buhari for giving priority to the welfare of Nigerians, Osinbajo said there was the need for the people to reciprocate the president's good work by re-electing him in 2019. The VP was seen flashing the victory sign among the traders.

The excitement elicited by the trader moni programme has been clouded by allegations that the All Progressives Congress (APC) led federal government is capitalising on it to score cheap political yardage. For instance, the Vice President chose to launch the scheme in Osun State on September 7, 2018, barely two weeks to the governorship election of Saturday September 22, 2018, while the campaigns were on.

The launch of the social intervention programme by the federal government in Osun State that was into an election in few weeks time by the APC government is seen as being too partisan as the vice president was seen openly campaigning for his own party, forgetting that APC may be the ruling party for today, but it is not the only political party in the country, or the only political party contesting the Osun state governorship election.

The major opposition party the Peoples Democratic Party (PDP) accused the vice president of using the scheme for alleged "vote buying". The trader Moni is being used as a tool of political patronage by the All Progressive Congress (APC) led federal government targeted at generating support for the party as against the stated aims or objectives of the policy.

Also, a senator from Ekiti State, Biodun Olujimi, called on the Nigerian Senate to investigate the Trader Moni disbursements. She alleged to possess evidence to show that traders were asked to provide details of their Permanent Voters Cards (PVC), Bank Verification Number (BVN), and made to fill forms with "I Stand With Buhari" printed on them. She even alleged that some of the traders were defrauded and paid N8,000 instead of N10,000". A claim which the media office of the vice president debunked the claims stating that the money being disbursed to the traders belongs to the Nigerian people and should not be used to promote the interests of any political party or candidate. A thorough probe will reveal the truth, and the public has the right to know if indeed it is being abused.

Given the exchange rate of the Naira to the Dollar, ten thousand Naira, which is equivalent of Thirty Dollars is too minute to boost any business in Nigeria in an environment where there are multiple taxations from the local government, state government and federal government by their agents.

One of the major functions of the Microfinance banks is the responsibility of providing soft loans to small traders in order to boost their micro businesses. The government is accusing the Microfinance banks of making their interest rates so high that no low income trader would dare consider going to them for loan. The government seem to forget that it is her primary duty to regulate every sector of the Nigerian economy including the financial sector of which the Microfinance banks are part of, especially the interest rates of these lending house.

The vice president participation in the trader moni scheme has rendered the scheme inefficient as it is now seen especially by the opposition, as kind of political patronage tool used to garner support for the ruling, as the vice president is always telling the market women in the markets he has visited so far to vote for the ruling party in 2019 general elections.

7. Conclusion and Recommendations

Vicious circle of inequality makes addressing it imperative. Inequality is the cause and consequence of the failure of the market system as well as the political system, and contributes to the instability of our economic and political systems, which in turn contributes to increased inequality. Some have argued that some level of inequality is desirable to sustain appropriate incentive structure in the economy, or simply because inequality in income reflects different talents and effort among individuals. It is expected that benefits of economic progress would with time trickle-down to the low income groups. Empirical evidence on many economies shows that this expectation is rarely met.

The nature of governance in Nigeria is such that power and influence are in the hands of a tiny minority and they used this to either violently suppress the majority or through the distribution of patronage to acolytes who also serves as praise-singers or sycophants, or to garner support for the ruling party during periods of elections. The struggle to capture political power by every means possible in Nigeria has over the years caused disarticulation of the Nigerian economies and created a situation whereby the few who succeed in capturing state power used it to their advantage and to reinforced their hold on power, thereby distorting the political and economic environment that would have given the entire citizens equal opportunity to improve their living standard through equitable income and wealth distribution. These actions by the elite has place the country at the bottom of the development ladder in the world, a situation where the country scores highest in almost all the negativities in terms of poverty ratio, income inequality, mortality rate, PPP and the Gini coefficient ratio, and score lowest in almost all the possitivities such as improve PPP, low mortality rate, low poverty rate, more equitable income and wealth distribution.

Bearing this in mind, the paper put forward the following recommendations as listed below;

1. The federal government should adopt policies that would improve income distribution through agrarian-focused and employment-intensive growth strategies; industrialisation through a sustained government funding and support; high and widely spread expenditure on education (research and development inclusive); redistribution of assets; a structured market to direct education, training, and asset accumulation towards deprived groups; and strong policies towards social protection and social income. This is far better than going into the market to share ten thousand Naira to market women as this would not yield any significant increase in the income generation capacity of the micro business owners.
2. The federal government should adopt a system of governance that is inclusive so that they harnessed the potentials they are endowed with. These mean embracing democratic governance that is accountable and inclusive in nature and practice, as this will lead to a proper functioning of the institutions of governance and bring about a more equitable distribution of wealth and income.
3. Government and all the relevant agencies should provide ways of making credit available to the citizenry and also pursue policies of financial inclusion to accommodate the poor and the vulnerable either through deposit money banks or special development banks to reduce inequality in the country.

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