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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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THE POLITICAL ECONOMY OF POVERTY IN NIGERIA

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ABSTRACT

The paper aimed at analyzing the pervasive high level of poverty in Nigeria within the purview of political economy. Secondary sources of data were used. The alarming rates of poverty in the country over the years were shown to be a direct consequence of the amalgam of economic and political forces which reinforce each other. The paper posits that in Nigeria, economic poverty is rooted in political poverty, since political actions set the pace for economic activities, and where political actions are driven more by personal caprice than by economic realities. Secondary sources of data were utilized in the study. The method of critical analysis was used. Because a great many Nigerians live ***outside the*** *benefit system of government, poverty has been very high in both rural and urban centres and predominantly so with people engaged in informal activities. The major cause of poverty in Nigeria is corruption, which is perpetuated essentially by use of political power, reinforced by inert institutions that have very little impact on stifling the will to be corrupt. It is recommended that for poverty to be alleviated in the country, political and economic structures which allow corruption to go unfettered should be strengthened.*

KEYWORDS
Corruption, Nigeria, political economy, poverty.

INTRODUCTION

The resurgence of poverty to the centre stage of global economic discourse in the past two decades cannot be overemphasized, as its alleviation has become a cardinal principle of many governments' policies. Available records of the poverty levels in Nigeria are alarming. According to the Federal Office of Statistic (1996), poverty was about 15% among the country's population in 1960. An upward trend has since been the vogue. In 1980, it grew to about 28%; in 1985 it was about 46% and only recorded a marginal decrease to 43% in 1992. As at 1996, it was a dismal picture of 66% of an estimated population of 110 million people. Between 1960 and 1996, a period of 36 years, the states in Nigeria recorded varying degrees of poverty. As at 1992, only 10 states had more than half their population in poverty. This can be contrasted with the period 1992 to 1996 where all the states in Nigeria except Bayelsa had more than half their population in poverty. About 45 million Nigerians lived in abject poverty in 1990, and in 2007 about 70 percent of the Nigerian population lived in poverty (World Bank, 1996; Elaigwu, 2007).

As at 2004, when the per capita income of the world was estimated as $7,140, that of Nigeria for the same year was a dismal $290, making her to rank alongside such countries as Rwanda ($220), Togo ($270) and Mali ($210) (Garba, 2006). This was even at a time when the federal government of Nigeria had established various poverty alleviation Programmes, the latest of them being the National Poverty Eradication Programme (NAPEP) which was established in 2001 and given the mandate to wipe out poverty in the country by the target year of 2010.

Factors responsible for poverty are usually given as high unemployment, bad governance, corruption, high population growth rate, poor human and natural resource utilization, globalization and macroeconomic distortions. Some of the reasons are obviously superficial and tend to treat the symptoms of poverty as causes. Although internal factors contribute and promote poverty, there is a need to delve into the root cause of the pandemic which may be explained through recourse to historical experience.

The aim of the paper is therefore to explore the causes of the alarming rate of poverty in Nigeria within the ambit of political economy. Following the introduction, the paper proceeds as follows: section 2 deals with literature and theoretical issues. Section 3 involves discussions while section 4 encompasses conclusion and the way forward.

LITERATURE AND THEORETICAL ISSUES

X-RAY OF POVERTY

According to the Central Bank of Nigeria (1999), poverty is a state where an individual is not able to cater adequately for his or her basic needs of food, clothing and shelter; is unable to meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure such as education, health, portable water, and sanitation; and consequently, has limited chances of advancing his or her welfare to the limit of his or her capabilities.

Defining poverty seems to be a rather Herculean task. Narayan (2000) opines that the definition of poverty is relative and that it must be anchored on such factors as age, gender, culture among other economic and social contents. On the other hand, OECD (2001) stresses that poverty as a concept must be comprehensive and should take account of crucial areas in which people of both sexes are deprived as well as perceived as incapacitated in different local and societal contexts. Thus, for OECD, issues relating to the environment, cultural capabilities, economic and human potential must be incorporated in the definition.

From the gender perspective, the World Bank (1999) maintains that poverty as related to the sex of the person is instrumental. There are instances where utter powerlessness to fulfill expected responsibilities by men as demanded by culture and tradition are glaring. This is more debilitating in a society such as Nigeria where males predominantly are expected to discharge the role of family upkeep. In any case, poverty-inducing processes tend to afflict females in various degrees and that females tend to be more affected than their male counterparts (OECD, 2001).

There has been recent discussion about time poverty, related specifically to gender. This refers to the structural gender inequality imposed on women, which results in lack of time or their part to discharge the many economic and social burden placed on them (OECD, 2000).

In terms of categorization, poverty can be seen as relative, absolute or material, on the one hand, and transient or permanent on the other hand. Aliyu (2002) opines that absolute poverty is a condition in which a group or an individual is not able to satisfy their basic requirements in terms of education, housing, health, transport and so on. Absolute poverty connotes a tendency on the part of an individual to be incapable of providing himself with the basic needs such as food, clothing, shelter, portable water, health service, education and transport, all of which lead to deprivation and non-participation in the decision making processes which affect the life of the individual (National Planning Commission, 1990). In terms of material poverty, the World Bank (1990) relates it to the lack of ownership and or control of physical assets that include land as well as animal husbandry. Relative poverty describes a situation where an individual or group may be able to meet their basic needs but are, on the basis of comparison, poor among the people living in a community. In terms of transience or permanency, poverty can be seen to be transient if it is widespread in a population but its occurrence is of limited duration, while poverty permanency is usually related to distribution of resources in which there is widespread concentration of resources in the hands of a few, a condition that engenders relatively permanent incapacity of the majority to meet their basic needs.

The need to specify benchmarks for measuring poverty led to the construction of poverty lines, national poverty rate, urban poverty rates and rural poverty rates. Poverty lines, according to the Central Bank of Nigeria (2000) represents the value of basic (food and non-food) needs considered essential for meeting the minimum socially-acceptable standard of living within a given society. Thus, any individual whose income or consumption falls below the poverty line is regarded as poor. This ordinarily means that there is a minimum acceptable poverty line at which an individual's income or consumption falls below to be classified as poor. The most common poverty lines for international comparisons are US$1 a day for low-income countries, US$2 for middle income and US$4 for transition economies. It may be said however that the poverty lines as stated could generate misleading ideas of poverty as most countries' currencies if converted to US$1 will give significant value that may be greater than what is expected in that country to escape the poverty line. What can be said therefore is that most countries have their own poverty lines reflecting different social, economic and climatic conditions to determine what an acceptable minimum income should be.

There is widespread discussion of the concept of vicious circle of poverty in economic literature. A vicious circle is referred to as a self-reinforcing situation in which factors exist that tend to perpetuate a certain undesirable phenomenon. When applied to poverty, a parallel can be drawn. For example low incomes generate low consumption which leads to poor health and poor productivity which promote the incidence of poverty. Bulama (2003) maintains that vicious circle operates on both the demand and supply sides. On the demand side, low level of income leads to a low level of demand, which results in low investment. Low investment leads to deficient capital which leads to low income. On the supply side, low productivity is reflected in low real income, which results in low savings. Low savings lead to low level of investment and consequently to deficiency in capital accumulation. Low level of capital generates low productivity which consequently leads to low income.

According to Jhingan (1987), a third type of circle of poverty exists in the presence of underdeveloped human and capital resources. As development of natural resources depends significantly on the people's productive capacity, educational backwardness reflected in deficient technical know-how and inadequate entrepreneurial capacity tends to the misutilization or underutilization of the available natural resources.

The Central Bank of Nigeria (1999) groups the causes of poverty into two, i.e. low economic growth and market imperfections. On the other hand, the World Bank (1999) maintains that one way of investigating the causes of poverty is to examine the dimension highlighted by poor people, while the Federal Office of Statistics (1996) asserts that the causes of poverty in Nigeria are inadequate access to employment opportunities, assets, means of fostering rural development, health, education, water services, sanitation, among others. These views are defective in many respects when applied to Nigeria. To simply attribute low economic growth rate, market imperfections and the dimensions exhibited by the poor without looking at the causes of poor growth rate and others is to engage in academic acrobatics. The essential questions to ask are "What causes low growth rate? What is responsible for market imperfections? How did the poor come to exhibit certain dimensions?"

Aliyu (2002) asserted that poverty is caused by such factors as effects of globalization, corruption, debt burden and low productivity. Although this view largely reflects the poverty levels in Nigeria, what must be emphasized is that globalization, debt burden and other problems are rooted in economic and political relations. They must be studied within the context of history, if a proper understanding of the phenomenon in Nigeria is to be gained.

Mistaken interpretation of the causes of poverty is usually borne from prejudiced thinking or from the fatal error of believing the answers can be aimed at through the study of the underdeveloped countries. This is because many of the causes usually adduced for poverty are merely symptoms of the problem. The true explanation and analysis lies in seeking the political and economic relationships between Nigeria and the developed countries and recognizing that at the heart of poverty lies a configuration of the international system. A good example is the standard classical strategy of increased primary export production on the basis of comparative advantage, whereas deteriorating terms of trade and the intensification of inequality are either ignored or rationalized.

The overall consequence of the present world order of globalization, for instance, is to mystify economic conditions, thereby preventing a clear and graphic understanding of the true character of the causes of poverty in many countries. Underdeveloped countries are continually beguiled into blind economic alleys through the propagation of capitalist values and policies as well as the promotion of its models as the only strategy for development. This further intensifies the contradiction of the causes of poverty by denying the historical genesis of the pandemic and only superficial reference is made to it where it cannot be discarded entirely. However, this is not to say that poor countries do not share the blame in their poverty levels. Corruption and bad leadership certainly contribute to the pandemic. However, they are also a product of historical processes which cannot be ignored.

INDICATORS OF POVERTY

There are many indicators of poverty in a country. While the Central Bank of Nigeria (1999) suggests the social indicators of poverty measure as the availability and access to health, education and welfare facilities as well as basic infrastructure, the World Bank (2001) classified indices of poverty from the following social factors: health and education, gender disparities, caste, ethnicity, and indigenous status and volatility at the household level. For OECD (2001), there is the need to use various kinds of measures while discussing poverty. These include relative, contextual, qualitative, and multidimensional indicators, which are best for understanding a specific situation and intervening in it effectively.

A narrow approach of measuring poverty based on consumption and income perhaps seems appropriate, in order to permit the identification and statistical analysis of those households falling under an absolute poverty line. The World Bank (2001) presents a comprehensive approach of measuring poverty at different aggregation levels by recourse to the following:

- Single indicator: Consumption.
- Composite indexes: Human Development Index, Human Poverty Index, and Gender-Related Index.
- Discrete indicators: Economic, Human, Socio-Cultural and Political.

A recent approach has been the one offered by the United Nations Development Programme (UNDP) which provides a composite quantitative measure of both the economic and the social indicators of human development. This is the Human Development Index (HDI) that combines a measure of purchasing power with measures of physical health and educational attainment to indicate progress or retrogression in human life. This approach gives comprehensive and more reliable information as the critical components of indicators of poverty. The building blocks of the HDI are data on longevity, knowledge and income. While longevity is measured solely by life expectancy at birth, knowledge is measured by the adult literacy rate and mean years of schooling weighted at 2:1 respectively and income, purchasing power parity (PPP) (based on real GDP) per capita adjusted for the local cost of living. It is to be emphasized that these three measures are combined in a 3-step process to arrive at an average index. Consequently, there is a minimum and maximum rate for each component of measures in HDI. However, its main limitation as a composite socio-economic indicator is that it conceals the wide distribution of inequalities within a population.

POLITICAL AND ECONOMIC FOUNDATIONS OF POVERTY IN NIGERIA

One of the disturbing paradoxes of the Nigerian economy is the increasing amount of revenues earned and the likewise increase in the level of poverty of the people. Thus, it is superficial to attribute the level of poverty to falling revenues. It is indeed perplexing that increases in oil revenues over the years have resulted in increases in poverty! It is therefore germane to note that to explain the concomitant causes of increasing poverty levels in Nigeria, recourse needs to be taken to the politico-economic architecture, which can simply be viewed as representing an edifice stifling attempts at leaving the poverty dragnet and resolving the contradictions of poverty amidst plenty. Although political and economic structures reinforce each other, what can be said about the Nigerian state is that the political power largely determines the flow and direction of national resources, and therefore the extent to which any lingering socio-economic quagmire can be solved. One need dissect the factors usually adduced as causes of poverty in Nigeria to see the political and economic undertones of the pandemic.

Corruption is said to be a major cause of poverty in Nigeria. In fact, Nigeria has, in recent times, assumed an unenviable position of the most corrupt country in the world. Corruption has not only been institutionalized but also assumed a national dimension. This has eaten deep into the fabrics of the society and accounts for the reason efforts so far made to alleviate poverty have not yielded the desired result. The bulk of the nation's wealth has been distributed in favour of the few privileged to the detriment of the majority of Nigerians who continually wallow in abject poverty. The country lost N56 trillion to military regimes alone, starting from the end of the civil war in 1970 (Ribadu, 2005). Nigeria ranked 152 out of 159 countries in the Transparency International's 2005 Corruption Perception Index and placed 94 out of 155 countries in the *World Bank's 2006 Ease of Doing Business* (Elaigwu, 2007).

In 2007, Transparency International ranked Nigeria as the 7th most corrupt nation in the world. Corruption and its facets are still a major problem in Nigeria. Where reforms have been embarked upon, the results have not been particularly favourable. Even the cost of doing business in Nigeria is heightened by various forms of bottlenecks, some of which are hinged on outright corrupt practices.

One prong of corruption in Nigeria is apparent lack of transparency and accountability at all levels of governance. According to Bertucci (2004), transparency is a sine qua non for fighting corruption. It is imperative for achieving macroeconomic objectives, as evidenced in New Zealand, Denmark and Chile, whose economies experienced marked growth due to fiscal transparency. Arne (2001) and Bernado and Angus (2000) considered lack of transparency to be at the heart of grave global economic and financial crisis. In Nigeria there is an overt display of recklessness in public expenditure. It can be said that the problem of transparency in Nigeria was worsened by the years of military punctuation of political affairs, a situation that has been reinforced and intensified by subsequent civilian regimes. Andrew (2001) overemphasized that blatant disregard of transparency and accountability results in resource misallocation, investor apathy, restiveness and general breakdown in community cohesion. Lack of transparency and accountability is a major deterrent for capital inflow, which often augments domestic savings available to grow the economy.

Corruption is largely the result of the political and economic structure of the country. Corruption in Nigeria, especially of the monumental variety has a political colouration. Political office is mostly an avenue for rent-seeking, with politics being a major and “lucrative” business venture for many politicians. For instance many public officials in Nigeria, far from the genuine intentions to help the development process rather seek re-election because of the many privileges of holding office such as the direct access to state's coffers, in addition to the immunity from prosecution which the offices offer. To get re-election in a society that has been bastardized by poverty occasioned by massive and serial rape of public treasury, all the politician needs to do is to buy votes or rig an election. The political economy of corruption in Nigeria can be situated within the ambit of the international financial system which allows, permits and helps the illegal transfer of funds. In a study of past and present leaders in Nigeria, Paul Collier of Oxford University's Centre for the Study of African Economies concluded that about $280 billion dollars of the Nigeria's oil proceeds were stolen and stashed in foreign countries, with the active connivance of financial firms like Lloyds, UBS and Barclays.

That corruption is the major cause of poverty in Nigeria as well as many other developing countries is supported by a plethora of data. The crippling level of underdevelopment in Africa is occasioned by corruption. According to Transparent International in a study of 51 countries, there is an inverse relationship between access to safe drinking water and bribery, as people's access to safe drinking water falls as bribery increases, so that the effect of a reduction of bribery is synonymous with that of improving access to clean water as household incomes are increased. Corruption is a huge tax on the Nigerian economy. Because Nigeria is basically a government-oriented economy as most people are reliant on government services and to meet most of their basic needs, meeting the needs in an environment of corruption has meant payment of various forms of regressive taxes. Socially, corruption apart from undermining poverty alleviation efforts tends to ensure social exclusion, alienation, mass frustration, while undermining the rule of law (UNODC, 2004).

From the foregoing, it goes without saying that development and corruption are antithetical. It is a hydra-headed monster in Nigeria because the justice system is weak, the legislature is usually an appendage of the executive arm of government, political opportunism and patronage are the norm, applying the rule of law is alien, while the means of holding perpetrators of corruption to account by civil society are lacking (Lawal, 2007). Because many Nigerians rely on government services, it is not difficult to see why corruption is a major impetus to poverty levels in the country. Corruption affects agriculture, health, education and other aspects of the society. Although there are many facets of corruption in Nigeria, ranging from high-level political graft of monumental scales to low-level bribes to the police officer at checkpoints, it is however the former that exerts the largest financial cost on the country.

Unemployment is adduced as another cause of poverty. Over the years, there has been a steady increase in the number of people who are jobless (CBN, 2002). What must be said is that unemployment in Nigeria is significantly influenced by political actions and the structure of the economy. One glaring area of policy summersault is the educational system, where the curriculum rarely reflects the dynamics and needs of modern society. A disturbing phenomenon is the predominant inability to transmit skills and training acquired at various strata of the educational system into goods and services. In other words, the economy is not geared towards producing skills and training reflective of industrial needs. Poverty alleviation goes beyond the rhetoric of quantum leap in educational institutions, funding and the mantra of universal basic education. What is imperative is congruence between the demands of industry and the supply of skills by educational and training institutions. Poverty, apart from the many symptoms which are taken as causes, and apart from the many forces which trigger it, is one of the products of policy rascality.

In Nigeria, gender inequality contributes to the poverty levels. This is especially so in areas where traditional and or cultural institutions combine to constrain women from exercising their full potentials and contributing their quota to the country’s development. Gender inequality is amply demonstrated in girl-child education, which is not accorded a significant right of place. In politics, Nigeria has not been able to achieve the 30% inclusion of women. Cultural and traditional constraints still pose huge challenge. The structures, processes and actors which precipitate and reinforce the operation of gender stratification in Nigeria exist at the macro and the micro levels, each with a feedback on the other (Afonja, 1988).

Economic shifts have been identified as a cause of poverty in Nigeria. This shift is reflected in the relative decline in agriculture. A growing number of young and agile Nigerians have tended to move away from agriculture to industrial concerns. This scenario has been engendered by the relative urbanization in the economy, leading to sharp rural-urban migration, with its attendant consequences on employment, social services and fall in productivity in rural-based economic activities. What is instructive is to highlight the increasing congestion of the urban centres, a major feature of which is the divergence between the skills possessed by the bulk of the rural-urban migrants and those required by modern urban industries for employment. Thus, there is a fast rising massive pool of the unemployed and the unemployable, and consequently on the number of poor people.

The Structural Adjustment Programme (SAP) of 1986 has been blamed for the sharp rise in poverty levels in Nigeria. SAP was an initiative of the International Monetary Fund (IMF) and the World Bank. It is even ironical that both institutions are involved in efforts toward reducing poverty, with the World Bank sponsoring many researches on poverty reduction. Some scholars maintain that the IMF and World Bank- prescribed structural adjustment policies means that nations that are lent money abide by certain conditions, such as that they cut social expenditure, which is vital for economic growth and development in order to repay the loans. In the light of this, Nigeria was tied to opening up its economy and being primarily commodity exporters, a situation that led to worsening terms of trade between the country and the advanced countries of the world. One implication of the structural adjustment programme in Nigeria is incessant hikes in the price of petroleum products, which have negatively impacted industrial productivity, real incomes, resulting in a general deterioration of living standards. The most notorious cases were recorded between 1999 and 2007, when fuel hikes were the norm rather the exception, and where flimsy rather than purely rational reasons were advanced. In early 2002, government announced petroleum price increases form N22 to N26 per litre of petrol, diesel from N21 to N26 per litre and kerosene from N17 to N24. In September, 2003, the government deregulated the price of fuel which led to a 15% increase in prices. This was after an unsuccessful attempt in June of that year to increase price by as much as 54%, i.e. from N26 to N40 per litre. This resulted in a sharp reaction by the trade union movement when a strike that lasted for 8 days was embarked on. At the end of it, government was compelled to reduce the price from N40 to N34. An attempt to increase pump prices of petrol occurred in 2007, a day before the new government of Umaru Yar’Adua was to be sworn in. Government raised the pump price from N65 to N90. A nationwide strike greeted the announcement. At last, the price was reduced to N65. In 2012, the government raised the price of fuel pump from N65 to N141 and when labour embarked on industrial action, the figure was brought to N97. The cost to the economy of these measures is high in term of lower purchasing power, lower productivity and unemployment.

Globalization might have contributed its own quota to the frightening poverty level in Nigeria. It is the view of some scholars that globalization results in increasing inequality in the world; it maintains the historic unequal rules of trade. In many cases, international political interests have led to a diversion of available resources from domestic needs to western markets. Politics and power-play by the developed countries have therefore meant that Nigeria and her people can be controlled, a situation that has perpetuated dependency. Until a country has achieved some level of good governance, a revamped industrial base, modest economic growth, fairly efficient public infrastructure and utilities, the gains of globalization are difficult to quantity. One pertinent issue with globalisation is the “globalisation of policy making.” Many developing countries are “policy takers” in the sense that they have little say in the making of the rules or policies of powerful international agencies, particularly the IMF, World Bank and the WTO, while having to implement the policies at national level. This is impelled and promoted by the overwhelming influence which the developed countries have at the World Bank and IMF due largely to their enormous advantage in the voting system which is weighted by equity shares. This has led to the continual waning of influence of developing countries in decision-making over economic and social issues at the international level, with many developing countries being at the receiving end.

CONCLUSION AND THE WAY FORWARD

Poverty is a multidimensional phenomenon which appears in various dimensions. These dimensions include lack of adequate food and shelter, economic dislocation, vulnerability to ill health, inaccessibility to education and health, natural disasters and inability to speak out in matters concerning the poor of society and be heard by relevant institutions. It should be emphasized that until an understanding of all the multi-dimensional nature of poverty is brought into focus, all the various strategies mapped out to tame the monster may end up addressing only a parochial aspect of the problem. Of all the guises in which it may appear, economic poverty is most manifest, in such characteristics as inability to meet the basic needs of life such as food, clothing, shelter and good health, all of which are perpetuated by inaccessibility of many people to the wealth of the state.

Majority of Nigerians are increasingly being faced with the daunting task of releasing themselves from the shackles of misery and squalor. This is ironical considering that the relatively high oil revenues earned by the country have not been translated to higher living standards. The country is therefore faced with the paradox of resolving the contradiction of growth without development.

Among other causative factors, corruption resulting from political and economic structures is at the heart of the poverty pandemic. This is because it promotes reckless and visionless leadership, misplaced priorities and consistent inconsistencies in policy formulation. Various efforts aimed at stemming the tide of rising poverty in Nigeria have not been successful. The reason is that poverty is rooted in the politico-economic structure of the country. Providing succour to the many people who suffer from poverty is not negotiable in the final analysis. Attention must be paid to the phenomenon. The first step to fighting poverty in Nigeria is the riddance of corruption at all levels. This can be achieved through a re-configuration of the political and economic matrix (the political system, the justice system, the productive and allocative base of the economy) devoid of pecuniary interests. Strategies directed towards poverty alleviation must be holistic, commencing with a frontal attack on corruption.

The benefits of a frontal attack on corruption are not exclusive to poverty alone. It is capable of ensuring an equitable and responsible political culture which can enthrone a stable macro-economic environment through proper policy formulation and implementation; and proper identification of the needs and interests of the country and the pursuance of same within the ambit of the international economic system. Above all, the growth and development of the economy, the development of the human and natural resources and the broader provision of an environment where Nigerians can be truly allowed to develop their humanity are ensured when corruption is brought to the barest minimum, if not eliminated.

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