



Poverty, Inequality and Underdevelopment in Nigeria: Who is to Blame?

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Abstract

Development is crucial for the survival of any nation, and a country is said to be developed when it is able to provide qualitative living standard for its citizens. This paper identifies Nigeria as a country who, in spite of her huge resources, has failed in its development efforts, as evident in high level of poverty and inequality in the country. Using a case analysis approach, the paper relies on documentary instruments for data generation, as well as content analysis of generated data. It discovers that most of Nigeria's developmental problems are internally generated and perpetuated by the country's political elites who are highly selfish, corrupt and inefficient. The paper concludes that while Nigeria is trapped in the web of underdevelopment and its attendant consequences; the situation is not irredeemable, provided the leadership of the country is willing to make sound political, economic and social decisions. Accordingly, it identified the need for government to re-examine the culture of governance in Nigeria, by creating policies aimed at reducing the cost of governance and promoting accountability in the country, among other things.

Keywords: Poverty, Inequality, Underdevelopment, Political Elites, Corruption.

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INTRODUCTION

There is a widening gap between the developed and the developing countries of the world, even when most of the developing countries are naturally endowed, both in human and natural resources. It is rather pathetic that some of these countries are so underdeveloped despite their

advantage (Ashaver, 2013). For several years, global discourses on third world countries have focused more on inequality, poverty and underdevelopment. According to Abraham (2010), third world countries are economically poor and technologically backward and largely characterized by under-developed structures and so on. Largely, countries in Africa, Asia and Latin America are wallowing in mass poverty and socio-economic underdevelopment (Jack, Nkwocha & Boroh, 2016).

Like many third world countries, Nigeria faces lots of challenges in its development efforts. The country has been hit by the problems of inequality, poverty and underdevelopment, and these have deprived lots of Nigerians the benefits of citizenship. In the views of Jack *et al.* (2016) Nigeria, as a country, is struggling with low human development, with a huge disparity between economic growth and social welfare. This unfortunate situation calls for the concern of stakeholders and the citizens alike.

In spite of her huge resources endowment, Nigeria has not been able to engender meaningful development and this has greatly affected her quest to improve the quality of life of her citizens (Lawal & Oluwatoyin, 2011). It is worth pitying the fact that poverty, inequality and underdevelopment is still menacingly present in Nigeria, but the question is: who is to blame for these malaise? This is a question that this paper sets out to answer.

CONCEPTUAL CLARIFICATIONS

In order to put the focus of this paper in its appropriate context, some concepts need clarifications. They are:

Poverty

Various scholars have attempted to define poverty and have come up with different definitions which point to a lack of command over the basic necessities of life. Rivallion and Bidami (1994), refer to poverty as a lack of command over basic consumption needs, that is, a situation of inadequate level of consumption, giving rise to insufficient food, clothing and shelter. Poverty is a state where an individual is not able to cater adequately for his or her basic needs of food, clothing and shelter (Kpelai, 2013).

Poverty has been classified into two broad categories – absolute and relative poverty. According to Onoja (2007), absolute poverty arises where levels of income are insufficient to provide the basic necessities of life, while relative poverty is a situation where an individual or region appears to have more than others in absolute poverty, yet has less than others in terms of income, property and other resources. The first criterion would include those near the borderline of starvation or death from exposure, while the second criterion would extend to people whose nutrition, housing and clothing though adequate to pressure life, do not measure up to those of the population as a whole (Ashaver, 2013).

Poverty leaves people to vulnerable rudeness, humiliation and inhuman treatment by both private and public agents of the nation from whom they seek help; they lack multiple resources that subject them to hunger, physical deprivation and exploitation (World Bank, 2000). Unfortunately, Nigeria today has been troubled by poverty which affects all strata of the country. Both the quantitative and qualitative measurements attest to the growing incidence and depth of poverty in the country (Abdullahi, 2009).

Inequality

Most of the discourses on inequality are either focused on the gap between the world's rich and poor people or on the uneven distribution of benefits and losses between the developing and the developed countries of the world, occasioned by globalization. For instance, Khor (2003), quoting the United Nations Development Programmes (UNDP) Human Development Report, 1992, stated that, 20 percent of the world's population in the developed countries receive 82.7 percent of total world income, while the 20 percent of people in the poorest countries receive only 1.4 percent. In 1989, the average income of the 20 percent of people living in the richest countries was 60 times higher than that of the 20 percent living in the poorest countries. Since the early 1980s the world economy had been characterized by rising inequality, and North-South income gaps have continued to widen.

While we admit that many countries have been severely marginalized in the process of globalization, we however, choose to focus our attention on the inequality that exists within states. Thus, inequality, in the context of this paper, refers to the uneven distribution of income and resources in societies or unequal access to available opportunities for acquiring these resources. In Nigeria, the high level of inequality has further aggravated the poverty situation in the country.

Underdevelopment

Obviously, underdevelopment is not the absence of development, because every people have developed in one way or another and to a greater or lesser extent. Underdevelopment makes sense only as a means of comparing levels of development (Rodney, 1972). If the idea behind underdevelopment is a comparative one, then we are concerned about the economic backwardness of third world countries, especially Nigeria, when compared with their industrialized counterparts. There is a widening gap between Nigeria and certain nations measured in terms of per capita income, industrialization, levels of literacy, poverty and inequality, as well as life expectancy, etc. While certain nations are said to be developed because they are industrialized and characterized with high per capita income, high levels of literacy and high life expectancy; Nigeria falls among the underdeveloped countries, as indicated by a weak industrial sector, low per capita income, high levels of illiteracy, poverty, inequality and low life expectancy in the country, among other things.

In his view, Igwe (2010) opined that to be underdeveloped means that a country has not reached its maturity. We agree with this conceptualization of underdevelopment because given Nigeria's huge resources base, certain indices suggest that the country is yet to achieve its potential, in terms of development

INEQUALITY, POVERTY AND UNDERDEVELOPMENT IN NIGERIA

Like many third world countries, Nigeria faces lots of challenges in its development efforts. The Nigerian economy has, over the decades, been characterized by galloping inflation, unequal foreign exchange rate exasperated by devalued currency and persistent dependence on importation (Eme, 2013). Crude oil plays a major role in Nigeria's economy. However, most commentators on the nation's politics and economy tend to lean towards the argument that oil is more of a curse than a blessing to the country. The concentration of the country's wealth, the bulk being oil generated revenue, at the federal level creates a culture of fiscal dependence in

which Nigeria's constituent units invariably depend heavily on centrally collected revenues (Babalola, 2014). From 1970 to 1999, oil generated almost \$231 billion for the Nigerian economy, constituting between 21 and 48 percent of GDP (Higgins, 2009). Between 2000 and 2004, oil accounted for around 79.5 percent of total government revenues and around 97 percent of foreign exchange revenues (UNDP, 2006). Nigeria also has an estimated oil reserve of 32 billion barrels – sufficient for 37 years at the current rate of production (Heymans and Pycroft cited in Higgins, 2009).

Despite the country's increase in oil wealth, majority of its citizens wallow in poverty. As revealed by the World Bank and DFID (2005), nearly 70 million Nigerians live on less than \$1 per day, 54 percent Nigerians live below the poverty line (UNDP, 2006a) and over one-third live in extreme poverty (UNDP, 2006b). Sala-i-Martin and Subramanian (2003), stated that poverty has increased in recent decades in Nigeria. According to them, between 1970 and 2000, those living on less than \$1 per day increased from around 36 percent to around 70 percent, translating into a real increase in the number of people living in poverty from 19 million in 1970 to 90 million in 2000. In terms of human development indicators, UNDP (2006a) revealed that Nigeria's Human Development Index (HDI) is low (0.448), thus giving the country a ranking of 159 out of 177 countries. The paradox of growth in Nigeria is that as the country gets richer, only a few benefits and the majority continues to suffer from poverty and deprivation (Oxfam, 2017).

Aside from poverty, inequality is also significantly increasing in Nigeria. Inequality may be a global phenomenon but the gap between the rich and poor is extremely wide in Nigeria. Nigeria has experienced a sharp deterioration in income distribution: in 1970 the top 2 percent and the bottom 17 percent of the Nigerian population earned the same total amount of income, but by 2000, the top 2 percent had the same income as the bottom 55 percent (Sala-i-Martin and Subramanian, 2003). In one day, the richest Nigerian man can earn from his wealth 8,000 times more than what the poorest 10 percent of Nigerians spend on average in one year for their basic consumption (Oxfam, 2017). Former Finance Minister Okonjo Iweala, cited in Oxfam (2017), noted that: "...in Nigeria, it is clear that that the top 10 percent of the population is capturing most of the growth and the people at the bottom are being left behind". The disparity is such that the amount of money that the richest Nigerian man can earn annually from his wealth is sufficient to lift 2 million people out of poverty for one year (Oxfam, 2017)

Poverty and inequality in Nigeria has strong regional concentrations, resulting in significant levels of regional disparity (Higgins, 2009; Oxfam, 2017). As shown in table 1, poverty is higher in the North than the Southern part of Nigeria.

Table 1: Trends in Poverty Levels by Zones (1980-2004)

Zone	1980	1985	1992	1996	2004
South-South	13.2	45.7	40.8	58.2	35.1
South-East	12.9	30.4	41.0	53.5	26.7
South-West	13.4	38.6	43.1	60.9	43.0
North-Central	32.2	50.8	46.0	64.7	67.0
North-East	35.6	54.9	54.0	70.1	72.2
North-West	37.7	52.1	36.5	77.5	71.2

Source: National Bureau of Statistics (2005)

THEORETICAL DISCOURSE

The attempt to explain why some countries are developed while others are underdeveloped has made scholars to cue behind each of the two popular paradigms of development/underdevelopment. These paradigms include the Dependency or Radical School and the Liberal School or Modernization School.

The Dependency or Radical School

The radical school assumes that the underdevelopment of Third World countries is as a result of the economic relationship they have with the developed countries. To radical scholars, such relationship favours the developed countries to the detriment of the underdeveloped countries. Dependency theorists suggest that during the periods of mercantile capitalism and colonialism, Third World countries were forcefully made to specialize in the production and export of raw materials, thus making their economies to be retarded and dependent on those of the advanced countries. In support of this claim, Rodney (1972), stated that the operation of the imperialist system bears major responsibility from African economic retardation by drawing African wealth and by making it impossible to develop more rapidly the resources of the continent. In his assertion, Frank (1981), opined that development and underdevelopment are two different sides of a universal process. According to him, the process of capitalist expansion which led to development in Europe and America also led to underdevelopment in Third World countries. Similarly, Eme (2003), averred that the capitalist world economic system is organized to ensure the continuous domination of the periphery by the core and dependence of the periphery on the core, thereby ensuring a continual flow of surplus from the periphery to the metropolis or centre. Consequently, dependency theorists recommend that if Third World countries are to be developed, they must sever their ties with the advanced, capitalist countries.

To an extent, the argument of the dependency theorists seems to be sound and logical and is potent in explaining some aspects of Third World underdevelopment. However, in an age of globalization – where national boundaries are becoming irrelevant, it would be difficult for Third World countries to sever ties with the advanced countries. Secondly, by emphasizing too much on the faults of advanced countries, dependency theory fails to pay close attention to the internal factors which hinder Third World's development.

Modernization or Liberal School

The central thesis of the Modernization School is that the underdevelopment of Third World countries is internally generated and perpetuated due to the traditional or primitive character of these societies (Okereke & Ekpe, 2002). Hence, modernization theorists advocate for the adoption of western economic paradigms as key to the development of the Third World whose underdevelopment result from internal contradictions within their territories. These contradictions are evident from the way and manner resources are allocated in these societies; the parochial beliefs, attitudes and values of the people which together with the character of the policies of governance are incongruent to development (Igwe, 2010).

Within the Liberal School, there are several theories which seek to explain development and underdevelopment among countries of the world. One of such theories is the Socio-Cultural theory which is based on the premise that what creates the necessary conditions for economic development in any society are the changes in social, cultural and institutional orders of society. One of the socio-cultural theorists, Manning Nash cited in Okereke and Ekpe (2002), explained that since economic development is a process of social change, it must be seen to involve three related kinds of social action, namely:

- The choice to institute changes;
- The bringing together of the means and facilities to implement the choice; and
- The organization of social and cultural life so that growth becomes a built-in feature of the social system.

Nash further stated that lack of capital for productive investment is one of the many problems facing Third World countries and added that his study of Burma and Cambodia has, however, shown that the social structures and cultural patterns which enhance savings and investments vary from country to country.

On one hand, we agree with the modernization theorists that the underdevelopment of Third World countries is mostly internally generated and perpetuated. In another breath, we frown at the attempt to demote the cultures of Third World countries. Empirical evidence suggests that it is not all aspects of these cultures that are anti-development. From their empirical study of the former Eastern Region of Nigeria, Smock and Smock (1972), argued that, contrary to popular opinion, peasant farmers in Africa, particularly the Igbos of Nigeria, are not tradition-bound in all cases; they can, and in fact, they do respond to incentives. Smock and Smock (1972), argued further that culture per se cannot stop a peasant or an investor from taking advantage of a prominent situation that can promote his welfare. Among the Igbos, they observed that wealth and achievement are valued. Therefore, given the right incentive, that progressive culture of hardwork and achievement can be stimulated to achieve the goals of agrarian modernization and industrialization. In this regard, Idachaba (1975) is of the opinion that if developing countries are interested in planned change in their peasant economies; they need to identify the positive elements which promote change within their societies, while at the same time identifying those elements that can possibly impede progress. Thus, he emphasized the need for creating an enabling environment which will enhance the adaptation of planned change to the cultural and social values of societies or countries that intend to adopt the change.

WHO TO BLAME FOR NIGERIA'S POVERTY, INEQUALITY AND UNDERDEVELOPMENT

As was previously stated, Nigeria is endowed with enough resources (human and natural) needed to propel the country's desire for economic prosperity and development. Empirical evidences, however, indicate that the country is grossly underdeveloped, in spite of her huge resources endowment. In Nigeria today, the challenges of development are obvious. Aside the lack of quality infrastructure and good public service delivery to citizens, poverty and inequality have significantly been on the increase in Nigeria, yet these prevalent situations are not given the required attention. This brings to question what the Nigerian government has really been doing to meet the basic needs of citizens and reduce poverty and inequality. Although successive administrations in Nigeria have come up with various poverty reduction programmes such as Operation Feed the Nation (OFN), Family Economic Advancement Programme (FEAP), Directorate of Food, Roads and Rural Infrastructure (DFRRI), National Poverty Eradication Programme (NAPPEP); these programmes have been observed to be poorly implemented, thus having less or no impact on the poor. It is an open secret that most of the poverty reduction programmes were not really targeted at the poor, as they were hijacked by political elites for their family members and loyalists.

The sincerity of the government in ending poverty in Nigeria is still questionable. For a country like Nigeria, with one of the highest poverty index in the world, having the highest paid political office holders is an indication that the government is not serious in reducing poverty and inequality in the country. Several years after Nigeria's return to civil rule, the country still has the highest-paid lawmakers presiding over the country's poorest citizens. A Nigerian lawmaker receives an annual salary of about \$118,000, equivalent to ₦37 million – and 63 times the country's GDP per capita (in 2013) (Oxfam, 2017). According to Oxfam (2017), the high cost of maintaining small political elite in office comes at the detriment of the majority of poor Nigerians. Resources which could have been used to provide essential services for majority of the citizens have been squandered by politicians on themselves and their families. With the humongous salaries and allowances of political office holders, it is evident that the motive for seeking political offices in Nigeria is more of wealth accumulation than development of the country. This points to Ake's submission (Igwe, 2010) that the problem is not so much that development has failed as that it was never really on the agenda in the first place.

Massive corruption has also been a bane of Nigeria's socio-economic development - it leads to the waste of the country's resources. According to Igwe (2010), corruption is often responsible for the funneling of scarce public resources to uneconomic high-profile projects, such as dams, power plants, pipelines and refineries, at the expenses of less spectacular but fundamental infrastructure projects such as schools, hospitals and roads, or the supply of power and water to rural areas. Every year, billions of naira is budgeted for infrastructural development in Nigeria, yet the country still suffers from dearth of quality infrastructure. Corruption also discourages economic investment and growth. While some investors might well conduct their businesses through bribes, the overall implication of a notoriously corrupt environment is that many potential investors avoid them (Igwe, 2010). Many investors may not want to invest in Nigeria because the country is notoriously corrupt. It is equally important to state that corruption has led to the collapse of many industries in Nigeria, especially the government-owned industries, thereby rendering lots of Nigerians unemployed.

Similarly, the reported looting of the Nigerian treasury during the various military regimes has robbed the country of the opportunity for economic development (Igwe, 2010).

Quoting the Guardian Newspaper of August 29, 1999, Igwe (2010) maintained that unsubstantiated estimates suggest that a colossal amount to the tune of \$500 billion may have been stolen from the Nigerian treasury by the military administrators. However, the end of military regimes in Nigeria did not mark the end of looting of the country's treasury, as successive civilian administrators have continued to plunder the nation's resources. According to the Economic and Financial Crimes Commission (EFCC), cited in Oxfam (2017), between 1960 and 2005, about \$20 trillion was stolen from the treasury by public office holders. It further stated that this amount is larger than the GDP of United States in 2012, which was about \$18 trillion. Regrettably, most of the stolen monies are stashed in foreign bank accounts, while little or none of it is invested locally.

Evidently, the above analysis has revealed that most of Nigeria's problems are internally generated and perpetuated by Nigerian political elites. We agree that the many years of colonialism and neocolonialism have, in one way or the other, affected the pursuit of development in Nigeria. However, we bear no grudge against the advanced, capitalist countries for seeking to maintain their dominant position in the world. Rather, we are worried that Nigerian leaders seem to be comfortable with the country's dormant position and are putting little or no effort in improving the quality of life of the citizens. It is obvious, from our analysis, that poverty, inequality and underdevelopment in Nigeria are not due to lack of resources, but to looting and mismanagement of the resources by Nigerian leaders. It must be noted that leadership is of utmost importance in the development of any nation - and given the caliber of leaders that have ruled Nigeria since its independence; the country seems not to be ambitious enough for development. Thus, instead of focusing on the advanced, capitalist countries, we choose to blame Nigerian political elites for their failure and unwillingness to bring forth the needed development in Nigeria. We therefore challenge them to fault our claims, by showing genuine interest for the country's development and also garnering the political will to drive such development.

THE WAY FORWARD

In order to ameliorate the problems of poverty, inequality and underdevelopment in Nigeria, the following measures have been suggested:

- There is an urgent need for government to re-examine the culture of governance in Nigeria. Government must create policies aimed at reducing the cost of governance and promoting accountability in the country. By so doing, enough resources would be salvaged and could be used for the benefit of the masses.
- Government again needs to be more proactive and sincere in the fight against corruption in Nigeria. This calls for a review of anti-corruption laws and the strengthening of public institutions in the country.
- There is equally the need, not only to adequately allocate funds for the provision of public infrastructure, but very importantly, for ensuring that such allocated funds are judiciously used to provide quality education, healthcare delivery, potable water and electricity, as well as other essential infrastructure and services needed to promote development.
- Poverty and inequality are associated with the mass unemployment in Nigeria, thus, measures should be put in place for job creation. Government alone cannot create enough

jobs for the teeming population of the unemployed in Nigeria; however, it can provide an enabling environment for the private sector to also assist in job creation.

- Government should review its ties with some countries and come up with strong diplomatic policies that will strengthen and protect the country's economy.
- Lastly, the citizens must learn to hold leaders accountable for their stewardship and must also be willing to co-operate with government in all its efforts toward the development of Nigeria.

CONCLUSION

After several years of independence, Nigeria still remains grossly underdeveloped and largely characterized by poverty, inequality and lack of basic infrastructure. The huge resources in Nigeria have not translated into economic development in the country. This is as a result of some impediments, including bad leaders who tend to be selfish, corrupt and inefficient. While Nigeria is trapped in the web of underdevelopment and its attendant consequences, we believe that the situation is not irredeemable, provided the leadership of the country is willing to make sound political, economic and social decisions.

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