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**POVERTY IN NIGERIA**

Nigeria has had one of the world’s highest economic growth rates, averaging 7.4% according to the Nigeria economic report released in July 2014 by World Bank. Poverty in Nigeria has striven terribly at our grassroots community and environment. A concise and universally accepted definition of poverty is elusive largely because it affects many aspects of the human conditions, including physical, moral and psychological. Different criteria have, therefore, been used to conceptualize poverty. Most analyses follow the conventional view of poverty as a result of insufficient income for securing basic goods and services. Others view poverty, in part, as a function of education, health, life expectancy, child mortality etc.

Poverty will generally be greater in the country with higher inequality, since there will be relatively more people with incomes lower than the poverty line (L). Thus, the distribution of income has an important influence on poverty. Social science literature is replete with attempts by economists and social scientists to conceptualize the phenomenon of poverty. Broadly, poverty can be conceptualized in four ways; these are lack of access to basic needs/goods; a result of lack of or impaired access to productive resources; outcome of inefficient use of common resources; and result of “exclusive mechanisms”. Poverty as lack of access to basic needs/goods is essentially economic or consumption oriented. It explains poverty in material terms and specifically employs consumption -based categories to explain the extent and depth of poverty, and establish who is and who is not poor. Thus, the poor are conceived as those individuals or households in a particular society, incapable of purchasing a specified basket of basic goods and services. Basic goods are nutrition, shelter/housing, water, and healthcare, access to productive resources including education, working skills and tools and political and civil rights to participate in decisions concerning socio-economic conditions. The first three are the basic needs/goods necessary for survival. Impaired access to productive resources (agricultural land, physical capital and financial assets) leads to absolute low income, unemployment, undernourishment etc. Inadequate endowment of human capital is also a major cause of poverty. Generally, impaired access to resources shifts the focus on poverty and it curtails the capability of individual to convert available productive resources to a higher quality of Poverty can also be the outcome of inefficient use of common resources. This may result from weak policy environment, inadequate infrastructure, weak access to technology, credit etc. Also, it can be due to certain groups using certain mechanisms in the system to exclude.

Poverty can be structural (chronic) or transient. The former is defined as persistent or permanent socio-economic deprivations and is linked to a host of factors such as limited productive resources, lack of skills for gainful employment, endemic socio-political and cultural factors and gender. The latter, on the other hand, is defined as transitory/temporary and is linked to natural and man -made disasters. Transient poverty is more reversible but can become structural if it persists. It is generally agreed that in conceptualizing poverty, low income or low consumption is its symptom. This has been used for the construction of poverty lines. Various theories have been advanced in order to put in proper perspective the mechanics of poverty. The orthodox Western views of poverty, reflected in the “Vicious circle” hypothesis stating that a poor person is poor because he is poor, and may remain poor, unless the person’s income level increases significantly enough to pull the person in question out of the poverty trap. To the classical school of thought, such improvement can only be real and sustained, if and only if, the population growth is checked and the “limits of growth” are eliminated. Further, the early classical theorists in the attempt to illuminate on the concept of poverty based their analytical framework on the laws of diminishing returns which was believed to be universal in content although this was later upgraded at the time of Alfred Marshall and his contemporaries when the law of increasing returns in industry was more clearly articulated. Understanding the nature of poverty perhaps received a boost following Marxian theoretical formulation largely based on the principle of exploitation of labor. Marxian theoretical formulations presents the economy as ultimately polarized into a few rich capitalists and the masses made up of the poor miserable workers. Technological progress, it was argued, would be labor saving, resulting in displacement of workers to join the reserved army of the unemployed, whose presence depresses the wage level. Joseph Bocke developed a model of dualistic economies which was later popularized by Arthur Lewis. In accordance with this model, the national economy was divided with two parallel institutional production sectors, namely, the traditional sector and the modern sector. The latter is dominated by foreign trade, technology investment and foreign management and is characterized by the beneficial values of discipline, hard work and productive creativity. On the other hand, in the traditional sector, the static low- level equilibrium conditions advanced by the vicious circle of poverty theory are said to hold. According to this school of thought, the subsistence life style and a cultural value that are antitheses to economic growth and modernization dominate. Local ineptitude and the people’s apparent lack of response to normal monetary incentives to hard work therefore provide explanation for poverty. This intuitively implies that the poor person is the cause of his/her poverty. Understanding the nature of poverty became upgraded with the modern theoretical approach that considers the income dimension as the core of most poverty -related problems. Poverty may arise from changes in average income, or changes in the distributed income. Equitably distributed income increases the chance of the poor to have access to basic services (food consumption, housing etc.). Indeed, it is now generally agreed that although there is close positive relationship between per capita income (PCI) and the measures of well-being, it is not so much the level of PCI which determines capabilities but how it is distributed. The argument for growth as a precondition for poverty reduction is because it increases, mean incomes and the narrowing of income distribution. Again, a major lesson that can be drawn from the conceptualization of poverty above is that any attempt to design pragmatic approach to poverty alleviation has to adopt mixture of strategies since poverty is multifaceted in scope and dimension.

 **Causes of Poverty in Nigeria**

There is no one cause or determinant of poverty. On the contrary, combination of several complex factors contributes to poverty. They include low or negative economic growth, inappropriate macroeconomic policies, deficiencies in the labour market resulting in limited job growth, low productivity and low wages in the informal sector, and a lag in human resource development. Other factors which have contributed to a decline in living standards and are structural causes or determinants of poverty include increase in crime and violence, environmental degradation, retrenchment of workers, a fall in the real value of safety nets, and changes in family structures. These are examined below:

**•Low economic growth performance:** Growth of the economy is a must for poverty reduction. In developing countries such as Nigeria growth that is employment generating and with export base is desirable in order to achieve growth that is poverty reducing with equity. Although the economic performance of countries in the World has generally been highly volatile since the early 1980s, on the whole, growth rates have been low or negative, with overall declines in several countries. This is due in part to external shocks such as adverse changes in several countries’ terms of trade, changes in global demand for exports and changes in global interest rates on developing countries external debt. All these are probably responsible for the increase in poverty level in various countries of the world. Extensive evidence links the importance of economic growth to poverty reduction (see World Bank 1990). Growth can reduce poverty through rising employment, increased labor productivity and higher real wages it generates.

•**Macroeconomic shocks and policy failure:** This has been a major cause of poverty in several countries of the world. As many economies in the world faced macroeconomic disequilibrium, mostly in the balance of payments due to expansive aggregate demand policies, terms-of-trade shocks, and natural disasters, it become necessary to undertake major policy reforms. In the process such economies became vulnerable to poverty. Macro-economic shocks and policy failure account for poverty largely because they constrain the poor from using their greatest asset “labor”. Also, monetary policies that adversely affect cost and access to credit by the poor, fiscal policy which results in retrenchment, lay-off and factor Substitution; exchange rate policy which raises the domestic cost of production in an import dependent production system will affect the poor negatively. However, an exchange rate policy which boosts exports particularly those in which the poor are predominantly engaged (for example agriculture) will help reduce poverty. The urban poor, as a result of policy failure, are vulnerable to job losses resulting from job-cut-backs in the public sectors or from the decline of industries adversely affected by shifts in relative prices. They also lose from the removal of food subsidies and other welfare packages. Further, devaluation produced both negative and positive effects on equity and poverty incidence. On the negative side higher production costs of import, especially in import dependent economy usually result in declining capacity utilization rate in manufacturing and lay –off and retrenchment in the private sector all worsening poverty.

 **•Labor markets deficiencies:** The poor’s most abundant resource is their labor, a virile labor market is important to reducing poverty and income inequality. In most countries of the world the majority of poor households participate in the labor market in one way or another, and thus poverty is a problem of low wages (in the informal sector), low labor returns to rural self-employment activities, underemployment, and in some cases, protracted unemployment. These problems are affected in different ways by deficiencies in labor market. The majority of the labor force work as paid employees in the private informal sector, followed by employees in the public sector. When there are deficiencies in labor market, the poor are affected by limited job growth and absorption capacity in the formal sector. Also, relatively high labor costs in the formal sector that lead to over expansion of a low-productivity informal sector, thus putting downward pressure on wages in the informal sector (where many of the poor work), and limited opportunities for unskilled youth to acquire job training and skills can perpetuate a cycle of poverty.

 **•Migration:** Migration rates do reduce poverty especially when the majority of individuals who migrate are skilled workers. On the other hand, individuals who emigrate vacate jobs in labor markets. Thus, migration drains on skills. It reduces the pace of economic growth and thus slows the process of overall job creation and affects the long-run development potential in a country. Unemployment and underemployment: Employment is a key determinant of poverty. Gainful employment is important for individual to earn income and escape from “income” poverty. While generally in countries of the world the non-poor suffer from transitional or involuntary unemployment, the poor are faced with problems of structural unemployment due to lack of skills or extremely low educational levels, medical problems, geographical isolation (which affects some of the rural poor in general and the urban poor due to marginalization of persons living in high- crime neighborhood) and in some countries, discrimination based on race or other attributes. Further, underemployment occurs largely in the informal sectors and results in low incomes for an important segment of the labor force, particularly in rural areas. Unemployment is due more to slow economic growth than to the direct effects of imperfections in the labor market, although regulations affecting the formal sector are likely to induce more underemployment in the informal sector. In poorer, rural areas, this mainly takes the form of seasonal unemployment and in urban areas those who have given up searching for work. High unemployment particularly affects youths, women urban dwellers, and those “queuing” for good jobs in the formal sector.

 **•Human resource development:** This is germane to human capital development and capability to escape from poverty. Continued investment in human capital with improvements in efficiency is necessary to sustain reduction in poverty changes in the labor market. Investment in people can boost the living standards of households by expanding opportunities, raising productivity, attracting capital investment, and increasing earning power: In addition, providing additional educational opportunities for adolescents may prevent some youths from becoming involved with gangs, drugs and violence, given the evidence linking the perpetrators of crime with school dropouts.

**•III-Health/Diseases:** Good health is basic to human welfare and a fundamental objective of social and economic development. Poor health shackles human capital, reduces returns to learning, impedes entrepreneurial activities and holds back growth and economic development. Diseases cause poverty and vice versa. In most countries of the World major diseases causing poverty are Malaria, HIV/AIDS and other infections/diseases. In Nigeria for instance, AIDS prevalence is about 5.4% with an infected adult population of 2.6 million. This will constrain availability and participation of this segment of the population in the labor market to earn income.

 **•Debt burden:** In several developing countries of the world, debt burden is assuming increasing importance as a cause of poverty. In such countries servicing of the debt has encroached on the volume of resources needed for socio-economic development. The productive sector such as agriculture, manufacturing etc. are equally constrained leading to low productivity, low capacity utilization, under employment and low purchasing power thereby subjecting the masses of the people to abject poverty. In Nigeria, at the end of December 2000 external debt stood at US$28.5 (about 80% of GDP),though , a debt pardon deal was brokered between Nigeria and her creditors (Paris Club) during the Obasanjo’s regime, by 2011 debt portfolio was projected to represent 12% of GDP. Amount required to service this debt annually is enough to hamper government expenditure for the provision of social and physical infrastructure for the poor.

**•Governance:** The persistence and pervasiveness of poverty in several countries has been linked to the lack of popular participation in governance and decision -marking as well as weak institutional base. This has led among other things to poor accountability, transparency in resource allocation, weak programmer implementation and monitoring. Ultimately, development programs are rendered ineffective poverty reduction initiatives are therefore ineffective and resources wasted.

 **•Environmental Degradation:** Environmental degradation is a cause of accentuated poverty. At the same time, poverty itself can be a cause of environmental degradation. This reverse causality stems from the fact that for poor people in poor countries such as Nigeria, a number of environmental resources are complementary in production and consumption to other goods and services while a number of environmental resources supplement income most especially in time of acute economic. This can be a source of cumulative causations, where poverty, high fertility rates and environmental degradation feed upon one another. In fact, an erosion of the environmental resource base can make certain categories of people destitute even when the economy on the average grows. In several countries of the world inaccessibility of the poor to credit and resource inputs leave them with no choice order than to employ natural resources such as forests, woodlands and rivers in order to survive. Quite often, their continuous exploitation of these resources have led to stress/depletion and environmental degradation thereby making poor both agents and victims of unsatisfactory ecological practices. In most rural areas, developing countries fallow duration has declined to four to five years and in several instances as low as two years. Short fallow period is usually not adequate for regeneration of vegetation and the restoration of host nutrients; soil and water quality are therefore quickly depleted.

Sources by industries and industrial pollution from improper waste disposal has further exacerbated the plight of the poor. Other consequences of over exploitation of environment due to poverty are depletion of fish in the local rivers and streams.

 **•Crime and Violence:** A steady increase in crime and violence has degraded the quality of life to a varying extent in many counties of the world. Although individuals of all socioeconomic groups are affected, the urban poor are particularly vulnerable to these social problems. There are instances of shootings, gang killings; etc Crime and Violence have serious economic costs. For instance, an increasing proportion of public resources, which are already limited, is required to strengthen police enforcement, support the growing prison population, finance the demands place on the judicial system, and provide health care for persons injured by violence. Other costs include the expensive security systems and guards now required by businesses and homes, the loss in potential revenues from foreign investor and tourists who have sought other destination as a result of the threat of crime, and the migration of the urban middle class. Because of the heterogeneous nature of the poor, it is difficult to link poverty, crime and violence directly. However the adverse social consequences of crime have been closely associated with poverty for example, loss of lives at productive age and quantum loss of properties

Inadequate economic growth is the main cause of poverty in Nigeria. Nigeria economy has a very narrow and weak base, depending mostly or exportation of petroleum crude oil as a major source of income; the agricultural base of the economy had been frustrated and marginalized (Oyeduntan, 2003). High and growing unemployment has also exacerbated the level of poverty in Nigeria. Other factors that have contributed to the level and evolution of poverty in Nigeria include problems in the productive sector, widening income inequality, weak governance, social conflict and gender, intersectional and environmental issues. Poverty in especially in the urban area has been made severe by low labor absorption capacity of the nonagricultural sector, especially manufacturing, which is as a result of limited growth of investment and technological innovation. Weak governance which is manifested in corruption, rent seeking, inappropriate planning and neglect of the private sector have contributed immensely to corruption in Nigeria. Furthermore, empirical evidence shows that poverty and environmental degradation are inextricably linked in Nigeria, because 75 percent of rural people depend on natural resources for their livelihood, hence environmental degradation reduces opportunities for poor people to earn sustainable income. Globalization equally worsens the situation of poverty as the basis of challenge and competitions are lacking thus this has manifested in several ways.