The Nexus between Debt Crisis and Poverty in Nigeria under Obasanjo from 1999-2007

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Abstract
The focus of the paper is on the debt crisis and poverty in Nigeria under former President Obasanjo from 1999-2007. The paper investigates the causes and effects of such debt on national development in Nigeria and argues that external debt creates structural-violence. The paper further examines external debt as a national culture, tradition and heritage, and recommends that, Nigerians does not need any external debt either as soft loan, grant, or economic stimulus, because, such ‘Greek Gifts’ comes with stringent conditionality which have direct linkage with poverty, underdevelopment and insecurity. The final consequences are far from real infrastructural, political, economic and social development. Keywords: Debt crisis, poverty, and national development.

Introduction
For decades, sub-Saharan Africa, the poorest region of the world, was spending billions of dollars each year repaying debts to the world’s rich countries and international institution such as the World Bank and International Monetary Fund. Many countries in Africa were spending more each year on debt than on health care and education combined. Why? Decade’s worth of loans had been given without much thought to how countries could pay them back. Some of the loans went to prop up had governments of military regimes that are now long gone. Some of the loans were wasted by the .The problem is, though, that HIPC did not completely cancel countries’ debts and even after reaching their completion points, many countries were still spending too much money on debt, often taking on new loans to repay old loans. In an effort to end this unending cycle of debt or vicious cycle of dataries, the Finance Ministers of the world’s wealthiest countries agreed in June of 2005 to free the HIPC countries from 100% of their debts by canceling the debts owed to the World Bank, the IMF and the African Development Bank. It also calls for a move from loans to grants for the poorest countries in the world in an effort to end to vicious cycle of debt in which they have been entrapped. It will immediately cancel $40 billion of debt for the 18 countries that have already reached their completion point and will eventually result in $56 billion of debt cancellation once all 38 HIPC countries reach completion point. The Finance Ministers also agreed to consider a debt deal for Nigeria even though it is not a HIPC country. One the reasons Nigeria is not a HIPC listed country has to do with our vast resources especial oil deposit, end largest oil producing in Africa after Angola. This is the first contradiction. However, donors shortly thereafter announced a plan to use both donor resources and Nigeria’s own resources to cancel Nigeria’s outstanding debt this is an important commitment because Nigeria has about $35b worth of debt and 95 million people living on less than $1 per day. This debt deal is an important step in the fight against global poverty, but there are still other poor countries in need of debt cancellation so that they can better fight HIV/AIDS and extreme poverty. The question to ask therefore, is that to what extent has the issues of poverty, illiteracy and qualitative health care services and delivery been achieved after Nigeria external debt was cancelled. This is one aspect this paper consider imperative as it appear to be an ambivalent proposition that lacked should ideological standpoint and passion.

The paper is of the opinion that while debt cancellation alone will not generate all the resources needed by poor countries, the money freed up form debt relief has not consistently been put to good use it means by the leaders. The world bank estimates show that poverty reducing expenditures will rise form previous levels of less than twice that of debt service to more than four times current debt service. The papers main focus is an Nigeria. Here are good records of prudent and accountable use of opportunities by other African countries. For example, Uganda-the first country to benefit from debt relief – used money freed up by debt cancellation to double primary school enrolment and invests in their national HIV/AIDS plan which has contributed to Uganda’s successful reversal of HIV infection rates. Mozambique’s debt relief has enabled the government to immediate a half million. Children Tanzania eliminated fees of grade school, and Benin eliminated school fees in rural areas, allowing thousands of children to attend classes for the first
time. Nigeria from 2006 to date has not exhibited any serious governance or leadership to the point that its citizens can celebrate a debt-free situation. There is an arising poverty profile in every home. The indication is that, just as the military alone was the not the cause of nation’s underdeveloped, debt crises has shown the otherwise.

On the 17th May, 2001, the conference in Nigeria’s capital-Abuja this was organized by Nigeria’s Debt Management Office anti sponsored by Britain’s Department of International Development. Nigerian President Olusegun Obasanjo accused the World Bank, International Monetary Fund and creditor nations of being unfair to developing countries trying to repay crippling external debts as he opened a forum aimed at finding a way to make Nigeria’s $28.5 billion foreign debt manageable. The conferences aim is to address the paradox of how the world’s sixth largest oil-exporting country can also be one of the world’s most indebted - owing external creditors more than $28.5 billion according to government figures.

President Obasanjo says the country’s efforts to repay the Paris Group of creditor nations, who account for three-quarters of Nigeria’s external debt. Africa is the only continent in which the number of poor people is growing, and Nigeria is its largest debtor, the conference heard. With the service due its debt last year at more than $3.1 billion, or 14.5 percent of its export earnings, Nigeria was one of the world’s most severely indebted nations. The following is a quote from President Obasanjo of Nigeria, commenting on the debt Nigeria faces:

We believe we have paid, when we paid we deducted from our stock of debt. But our creditors deducted against the penalty, not the stock. So we keep on paying, and you keep saving we are not paying... If I need $3 billion, you say all that I need to do is open my house for foreign investment; you say the foreign investor needs infrastructure. How do I provide infrastructure? ... Original borrowing from the Paris Club was about $13 billion. So, far, about $17 billion has been repaid, and yet we are assumed to still owe about $22 billion. This conference is taking place at a time when the common denominator of virtually all the countries in sub Saharan Africa remains the unsustainable mountain of debts that constrain development. All that we had borrowed up to 1985 or 1986 was around $5 billion and we have paid about $16 billion yet we are still being told we owe about $28 billion. That $28 billion came about because of the injustice in the foreign creditors’ interest rates. If you ask me what the worst thing in the world is, I will say it is compound interest.

The British High Commissioner to Nigeria Philip Thomas responded that foreign creditors must take some of the responsibility for Nigeria’s debt crisis. He said;

“Too many of the projects, the international community has financed in the past have to bring the results predicted, loan finance from the World Bank and others has contributed to sonic of Nigeria’s present debt, what happens in Nigeria will determine the future of much of Africa”.

Thomas then called on the international community to help Nigeria pursue the necessary financial reforms to make its debt sustainable and ultimately raise the standard of living u Africa’s most populous country. More than 70 percent of Nigeria more than 110 million people live below the poverty line.

In a paper presented at the forum by the Centre Bank Governor, and executive director of the African Institute for Applied Economics, Chukwuma Soludo. He says: ‘by 2020, for every one dollar Nigeria has borrowed, it will have paid five dollars”. He argued against the perception that Nigeria’s oil resources make it rich. In the paper, Nigeria is poorer than the 22 countries that have already been approved for debt reduction by the World Bank’s Highly Indebted Poor Country (HIPC) Initiative.
The average per capita income of the 22 HIPC countries is $390 per year, while Nigeria’s per capita income is $300 per year, according to World Bank figures. The 22 HIPCs that have been approved have an average purchasing power-adjusted gross national product of $1,200 per person. While in Nigeria it is $740 per person, citing World Bank figures. Using the same figures, the debt burden relative to gross national income is 90 percent compared with 91 percent in Nigeria. From a standpoint of poverty, Nigeria could receive debt relief ahead of those other 22 countries, not behind. It was estimated that if Nigeria’s daily production of 2 million barrels of crude oil were sold at the average world price, after the oil companies’ share and production costs were subtracted. Nigeria would then make $30 million a day, or $91.25 per year per Nigerian when divided using the latest World Bank population estimates. What distinguishes Nigeria from other HIPC countries is that even though it’s extremely impoverished and extremely in need of resources, it is relatively easy to press on Nigeria for debt servicing, because the export revenues go into one basic pipeline, both literally and figuratively. There is a flow of money that is easy for creditors to grab, even if Nigeria needs the money.

The Debt Management Office (DMO) reported that Nigeria owed about $28 billion from 1980 till early 2000s. Of this, about $4.8 billion was reportedly incurred by Nigerians during the import licensing days. Furthermore, up to year 2002, the Federal Government owed the Central Bank of Nigeria (CBN) about N596 billion (about 60 per cent of the domestic debt), the financial system, about N386 billion and the non-banking sector, additional N61 billion. These sums represent about 10 per cent of the Gross Domestic Product (GDP), 10 times larger than the budget allocation for health and education.

Although, public financing uses public debt as one of the instruments of financing government expenditure, its misuse involves huge social and human costs. It could also lead to decline in the country’s external assets, decline in the productive capacity of the national economy with all its attendant effects on macro-economic environment, etc. For instance, United Nations Children’s Emergency Fund (UNICEF) noted in 1990 that about a thousand people die every day in Africa due to debt burden carried by the continent.

The Nigerian debt profile (both domestic and external debt stocks) which reached crisis level in the late 1980s has evidently become a national yoke. DAILY TIMES notes with serious concern the negligence and self inflicted complexities surrounding the origins and management of these debts. In the first instance, the treatment of debt management as a purely technical/economic problem be handled only by government bureaucrats (and on patronage) outside of political implications is a dishonest negligence. To the extent that public financing and economic management affects the institutional framework for contending social forces within the society makes it is essentially political. Involvement of knowledgeable and patriotic professional bodies such as Institute of Chartered Accountants of Nigeria (ICAN), in Nigeria’s debt management could be helpful.

In the second analysis, the debt crisis that originated from the poor management of loans was further compounded by sheer mismanagement of resources, widespread and unregulated cases of official corruption and so on. We should immediately put a stop to non productive expenditure, such as the just concluded 8th All African Games and hosting of unproductive jamborees, among many others. Huge funds have been wasted and still being wasted this way at a time that our educational system is dying, thousands of lives are being lost from our decaying health system while our manufacturing sector is giving the flight to survive. Extravagant and wasteful lifestyles of our disconnected political leaders should equally be addressed if we expect our creditors to take out renegotiation efforts seriously.

Furthermore, how can a debtor nation whose nationals were reported to have siphoned about $170 billion in money laundering, bulk of which is suspected to be proceeds of official corruption, be taken seriously for debt renegotiation? Pervasive cases of official corruption have become a deregulated concept now firmly rooted as our political leadership and their instruments of anti-graft, in fact, tacitly encourage the malaise. The participation of Breton Wood technocrats has not fared any better. The integrity of our representatives sent in the past for debt negotiations is suspect. There were allegations that these representatives hurriedly granted concessions that our creditors did not ask us of just to make out enough time for personal shopping! May be some concessions were even negotiated for private accounts!

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The entire process of debt renegotiations and rescheduling may be fraught with shady dealings. Nigerians need to know exactly the status of both the domestic and external debt profile and strategy for tackling it. It has become imperative in the light of a budget deficit and how the deficit is financed is equally important. Therefore, we commend the intention of Federal Government in 2004 Appropriation bill to finance its deficit through the insurance of N150 billion bonds in phases in the capital market rather than the customary CBN ways and means. This should provide direction on addressing the issue maturity mismatch.

The persistent budget deficit impacts negatively on interest rates, investment and the general economic growth. Therefore, that is why Daily Times calls on the National Assembly to devote more resources to evaluating and ensuring the faithful implementation of approved budgets by the executive. It should, also, carry out an objective and conscientious appraisal of its debt management process and subject its integrity to verification by the National Assembly and the public. In addition, the issue of poverty has for some time now been of great concern to many nations, rich and poor alike. As a result, poverty reduction strategies (PRSP process) have been at the centre-stage of development programmes. Poor nations are more eager than ever to get out of poverty while-the rich nations are increasingly aware of the need to promote security through poverty reduction.

**Poverty in Nigeria**

Nigeria ranks poorly in the 2009 Global Competitiveness Rankings of the Institute for Strategy and Competitiveness of the Harvard University, United States (See vanguard, Monday, August 3, 2009:36). The 2009 Global Competitiveness report was put together after a survey of 134 countries across the world, measuring competitive disadvantages against a number of indices. On some of the indices, Nigeria’s ranking is disheartening, even if they were not surprising. For instance, on the index, patents per million populations, Nigeria ranks last on the list of 134 countries surveyed. On quality of electricity supply, the country ranks 133rd. The paper notes that would not come as a surprise to most Nigerians, many of whom would expect Nigeria to rank last on this index. Considering the appalling situation of the country’s power sector.

On the index of burden of custom procedures, Nigeria ranks 122nd; Ease of access to loan, 124th; Quality of railroad, 121st; Quality of infrastructure 115th, personal computers per 100 populations, 117th; Quality of roads, 104th, internet access in schools, 105th and internet users per 100 populations 99th. In overall, Nigeria ranks 106th. (Vanguard, Monday, August 3, 2009:36). This paper notes that this poor performance, bellies the great potential of the country, given the country’s location, natural endowments and human resources. Nigeria is rich in people, in size, in location. The country is strategically located in West Africa, with easy access to the sea. How can a country so rich be so poor? This is what the paper seeks to address. Although poverty is a universal phenomenon and cut across both developed and underdeveloped countries, in Nigeria, poverty is deep, widespread and multidimensional, and Nigerians are all victims of this condition in one way or the other even though the degree differs. However, available statistics reveals that poverty is more pronounced among the rural dwellers that form 70% of the country’s population. Efforts by successive government to eradicate poverty especially in the rural areas since independence have not yielded any positive or desirable result in spite of huge amount of resources committed to it. A visit to any village in Nigeria will reveal dirt and un-motorable roads, women and children walking barefooted and trekking long distance to get water and firewood, pupil studying under trees, a dilapidated and ill equipped health centre’s and scores of poverty-driven problems (Presidential Report, 1994:4). Ironically, they are economically, socially and politically backward and underdeveloped. Apart from those living in the rural areas, majority of the urban dwellers suffer from one form of poverty to the other. The paper notes that many people suffers from poverty on many fronts and are powerless to improve their situation because ill-health, poor-education and lack of access to many opportunities available to them, they are extremely vulnerable to economic upheavals as well as to crime and violence. Furthermore, available statistics shows that poverty in Northern states of the Nigeria is comparatively higher than in the South. Generally, the North West Zone has the higher poverty rate of 77%; this is 44% higher than the rate in the South East Zone. It also has twice the rate of core poverty of the South East Zone. The poverty rates in the North East and North Central Zones are 70% and 65% respectively, albeit
higher than the rate in the Southern Zone (UNICEF Report, 2007:3). Virtually all the indicators of poverty point to the fact the many people are poor because they lack the skills.

Finally, though successful governments at local, state and national levels have attempted severally to tackle the problem of poverty through various programmes but the assessment of their contribution to poverty eradication is scanty compared to huge amount of resources committed to the programmes (Egware, 2007:49). Thus, the primary focus of this paper is to propose a basic strategy for poverty eradication in Nigeria through the vocational education. The paper considers this model as the only workable and practicable approach to the problem of poverty eradication in Nigeria as history has shown.

Explaining the Dimensions of Poverty in Nigeria

It has been thought imperative and necessity at the on-set to explain the key concepts in this paper. The intension here is to put the concepts within the context in which they are used, in order to avoid misunderstanding. Besides, concept may have both culture, administrative, institutional, ideological and contextualization (Chafe, 2004: 131). In the introduction of this paper, key words were listed. The point here is to explain and review then.

Poverty is not new but at each mention, it stirs a lot of misgiving. This is because; it has a very devastating influence on its victims. It reduces the social and psychological prestige of its victims. Poverty is a condition of being poor. This paper notice that, a search of the relevant and plethora literatures reveals that there is no general consensus on any meaningful definition of poverty. Because poverty affects many aspects of human condition including physical, moral and psychological, hence, a concise and universal definition of poverty is elusive (Anyanwu, 1997, 94). However, the encyclopedia Britannica (Encarta 2000:234) defines poverty as a state of one who lacks usual or socially accepted amount of money or material possessions, poor people are often forced to make difficult and agonizing choices: feed the family or send children to school, buy medicine for a sick family member or feed the rest of the family, take a dangerous job or starve. This implies that the poor cannot afford all the basic needs of life at the same time. They have to for-go one in order to have the other (Aderuomu & Dauda, 2009:7).

Moreover, poverty is said to exit when people lack the means to satisfy their basic needs. In this context, the poor are identified by a determination to what constitute basic needs. These needs are necessary for the survival such as feeding, housing, clothing, health and education (Report on poverty in northern states, 2006:6; Afolayan, 2001:37). Further more Sachs (2005:20), made distinction between three degree of poverty these are: (1) Extreme or absolute poverty (2) moderate poverty (3) Relative poverty. Extreme or absolute poverty, according to Sachs means that household cannot meet basic needs for survival, they are chemically hungry, unable to access healthcare, lack the amenities of safe drinking water and sanitation, cannot afford education for their children, lack rudimentary shelter, clothing and shoes. Moderate poverty on the other hand, generally refers to conditions of life in which basic needs are met, but just barely. The third category of poverty according to Sachs, which is relative poverty, refers to generally construed as a household income level below a given proportion of average national income. From the above classification, it will not be out of place to conclude that rural dwellers in Nigeria falls into the category of the first classification, while the working class and politicians who dwell in the semi-urban and the urban centres belong to the second and third categories respectively (Sachs, 2005:7, Aderuomu and Dauda, 2009:8).

Ravallion and Bidani (2006:8), in their analysis, refer to poverty as lack of command over basic consumption needs. This means that there is an inadequate level of consumption, giving rise to insufficient food, clothing and shelter. To Aluko, (1972:21) and Sen (1987:38), poverty can be understood as lack of certain capabilities, such as being able to participate with dignity in society. In this sense, poverty can be understood as inability of a person to attain a minimum standard of living and high status in society (World Bank Development Report, 2006:5).

One assumption that can be made from the above definitions is that poverty has many dimensions such as inadequate income, malnutrition, lack of access to social services, and lack of social and political status. And that for a given country in a given circumstances, poverty must be conceived, defined, measured in absolute quantitative ways that are relevant and valid for analysis and policy making in that giving time and space (Uniamikogbo, 1997:17).
The world currently revolves around development as a need for development occupies a primary place in the lives of individuals and countries. This enhances the desires for people to move closer to development. Those who are further from development wish they were closer and consistently strive to be closer to it while those who are closer wish there is nothing separating them from it. In view of this, the concept of development turns out to be a vague term. This is due to the absence of an archetype of development, therefore changes considered to be development today may be considered primitive tomorrow. This partly accounts for the difficult in articulating a definite concept of development in this ever-changing world. However, some definitions by some scholars shall be highlighted in order to draw a connection between it and the subject matter of this paper. Rodney (1972:11) defines development as the ability of the state to harness its natural resources or endowment for the well-being of the citizens.

Sen (1989:7) and Aderuomu and Dauda (2009:9) views the concept as encompassing the economic political, social cultural and environmental dimensions. While economic and social progress and the elimination of power are the objectives of development, it includes also freedom from fear and arbitrary arrest. Free speech, free association and the right to vote and be voted for.

In his contribution to the meaning of development Dudley (1989:36) argues that, the questions to ask about a country’s development are: what has been happening to poverty, unemployment, and inequality? If all these have declined from high levels than beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse especially if all three have, it would be strange to call the result development even if per capita income doubled. This definition is centered on the improvement of the living condition of the citizens and it means that an economy could now grow without developing. It can be deduced from the preceding that there is no universally accepted definition for development. It is inexplicable and normative concept which at various times has meant economic growth, structural growth, autonomous industrialization, self actualization as well as individual, national and cultural reliance. Finally, it is more of comparative prejudice, as the concept relates to undeveloped, underdeveloped and developed.

Poverty, considering its devastating effect on human development, remains the focus of national and international development programmes. Poverty manifests itself in different forms depending on the nature and extent of human deprivation. The issue of poverty has for some time now been of great concern to many nations, rich and poor alike, As a result, Poverty Reduction Strategies Process (PRSP) has been at the centre stage of development programmes. Poor nations are more eager than ever to get out of poverty while the rich nations are increasingly aware of the need to promote security through poverty reduction. Traditional poverty analysis makes use of certain indicators. The most commonly used and understood is a poverty line. This has become the standard tool of policy makers for poverty monitoring. In a poverty line, people are counted as poor when their measured standard of living falls below a minimum acceptable threshold. There are various measures that, can be used to define this minimum level of welfare and much controversy surrounds the choice of poverty line. Whatever methods used to define this threshold, the poverty line is a relatively arbitrary divider of poor and non-poor.

Nigeria with a per capita income level of $300 is one of the 20 poorest countries of the world. Although it is not officially classified as one, the country clearly qualifies as an LDC (Least Developed Country). Fight against poverty has been a central plank of development planning since independence in 1960. So far, about 15 ministries, 14 specialized agencies and 19 donor agencies and NGOs have been involved in the decades of this crusade yet about 70% of Nigerians (about 84 million people) currently live in poverty up from 42% in 1992, 46% in 1992 46% in 1985 and 27% in 1980 (Federal Government of Nigeria, 2000:5) income distribution and all societal indicators have worsened with the scourge of HIV/AIDS epidemic life expectancy has plummeted. Child and maternal mortality rates are critically higher and the Human Development Report (2000) ranks Nigeria 151 out of 174 countries. While incomes and social conditions continues to worsen the population growth rate (2.83%) remains one of the highest in the world thereby putting much pressure on resources and circumscribing development programmes and poverty reduction. There is the need to enhance and improve access to social services, including health and education. Expanding economic opportunities for poor, boosts social welfare as well as political
empowerment. Nigeria’s poverty indicators and human Development Index rankings therefore include the following:

- 45% of Nigerians are below 15 years of age. It is ranked 31st out of about 200 countries.
- 15th lowest purchasing power in the world.
- Nigeria is not even ranked among the first 100 countries in the UN Human Development.
- Average 10% inflation rate per annum, which is the 44th highest in the 145th in rank.
- 21st highest foreign debtor, 28th highest in debt service payments (15th highest if we pay all debt due).
- Even though we are poor, we are not listed among the 100 highest aid recipients in the world.
- Per capita income is less than $1 a day ($300 per head).
- Life expectancy:
  - Male 52 years Female 55 years
  - Infant mortality/1000 live births - 77
  - Access to safe water as percentage of population - 50%
  - Hospital beds per 1,000 people - 0.16 beds
  - Doctors per 1,000 people - 0.2 doctors
  - Education spending by Federal Government (N40.7b), 1% of GDP
  - Health spending by the federal government is (N 14.7b) 0.4% of GDP
  - Water - 96 billion, 0.15% of GDP
  - Debt Service without reduction - N350 billion (US$3.5b) - 875%
  - Debt Service with reduction - N 150 billion (US$1.5b) - 3.77% GDP

**Source:** Nigeria High Commission - London 31st March 2000.

The table below shows the National (Composition) of unemployment rates in Nigeria from 2001 to December, 2005.

**Table 1: Unemployment Rates, 2001-2005 (As At December)**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (Composition)</td>
<td>13.7</td>
<td>12.2</td>
<td>14.8</td>
<td>11.8</td>
<td>11.9</td>
</tr>
<tr>
<td>Urban</td>
<td>10.3</td>
<td>9.5</td>
<td>17.1</td>
<td>11.0</td>
<td>10.1</td>
</tr>
<tr>
<td>Rural</td>
<td>15.1</td>
<td>13.3</td>
<td>13.8</td>
<td>12.1</td>
<td>12.6</td>
</tr>
</tbody>
</table>


The table above shows that, unemployment rate slightly increase in 2005 at 11.9% compared to 2004 at 11.8% on the National level but while Urban rate decline by 0.9% to 10.1% in 2005 from 11% in 2004, the rural rate rose from 12.1% in 2004 to 12.6% by 2005.

**Theoretical Framework**

Theoretical explanations for the persistence of poverty in both urban and rural Nigeria are woven around the objects and subjects, as well as the nature of the phenomenon. Akedolu (1975:45) and Aderuomu and Dauda (2009:10) listed four theories or models for the explanation of poverty. The theories have been extremely varied and have evolved over the years. They are: Functionalist theory, Natural-circumstantial theory, Power theory and urban bias theory. Their explanation is as follows.
The functionalist model places the blame for poverty on the poor individual themselves. The central argument of the theory is that those who suffer abject poverty and low incomes do so because they are lazy and unable and unwilling to provide adequately for their own well-being. Herbert (1971:38) describes the poor as “bad fellows, “well for nothing, vagrants and sots” and it is unnatural to help those engaged in dissolute living to avoid the consequences of their actions. For Malcolm (2007:7) poor individual are inferior, stupid, lazy, improvident and dissolute.

The Natural-circumstantial model identifies such factors in the matrix of poverty induced equations as the geographical locations and natural endowment of the environment in which person live, unemployment, old age and physical disabilities (Tella, 1977:76). The argument here is that the major causes of poverty are: Poor environment, lack of capacity to tap the resources of the environment, inefficient and wasteful exploitation of the environment.

The power model of poverty posits that the structure of political power in a society determines the extent and distribution of poverty among the population. In this case, the ruling elite, constituted by the few, establishes and legitimizes an exploitative property system, through which it determines the allocation of opportunities, income and wealth, relying on the use of state power, including the use of oppressive state agents such as the police and armed forces (Adejo, 2008:38). This position was supported by Akeredolu (1975:3) and Kuren (1978:5). They view poverty as a socio-economic phenomenon whereby the resources available to society are used to satisfy the wants of the few while the many do not have their basic needs. So people are poor because certain political economic and social structures and have been imposed on them to be poor and not that they are lazy or chose to be poor.

The central argument of urban-based model is that the governing elite and decision maker concentrates their development efforts in urban centre’s to the total neglect of rural areas. The rural dwellers have no equal opportunity to basic need of life as their urban counterparts. This explains why poverty is more pronounced in the rural areas than urban centres. This model captures reality in Nigeria where virtually all government development programmes are concentrated in the urban and semi-urban areas to the total neglect of rural areas. This was driven by erroneous belief that rural areas are outside production and therefore contributes little to economic, social and political development.

The paper concludes that, some of these models are mere academic explanation of poverty as they are either Marxist oriented or capitalist thoughts. People are poor because they are not equipped with saleable skills to be self-reliance. Vocational education is the solution to the eradication of our poverty.

The Effects of Poverty in Nigeria

Poverty whether in the rural or urban areas, has serious negative consequences. Governments are concerned about poverty not only because of the magnitude of the problem, but also the realization of the fact that poverty poses serious threat to peaceful co-existence in the society. This is because a considerable proportion of the deviant behavior in the society such as crime, alcoholism, divorce, immorality and delinquency has often been attributed to poverty. The implication of poverty is that regular and adequate feeding is beyond reach. There is a saying “a hungry man is an angry man” and where a large and increasing proportion of the population is hungry, then that much proportion is angry. Therefore, no sustainable peace can be guaranteed in a society where the majority of its people are hungry due to poverty.

Political instability is also a resultant effect of poverty. When there is poverty, there is a rush to grab a portion of the national cake and this result in an alarming succession rate through coups and counter coups. The present administration is just about a year into its second tenure, yet our leaders and future leaders are already at each other’s for the seat of authority. This does not augur well for the future of our nascent democracy. It can also be explain in the light of the economic insecurity of the future. Mass poverty leads to high dependency ratio and low savings. According to Bowden (1986), an important cause of poverty is the existence of poverty. This is the origin of the so-called vicious circle - a self-perpetuating situation that subjects the victims to permanent drawers of water and hewers of wood.
The poverty situation has led to the increasing debt overhang that has stunted development efforts in recent times. The excruciating burden of Nigeria's external debt constitutes a major obstacle to inflow of foreign direct investment, thus robbing the country of much needed technology, investment and long-term capital inflow, it constitute a major constrain in poverty alleviation in the country. The tables below show the Nigeria Monetary Situation in the parallel market, 2001-2005.

Table 2: Annual Average Naira/US Dollar Depreciation Rate at the Parallel Market, 1983-2005 (Percent)

<table>
<thead>
<tr>
<th>Period</th>
<th>Average yearly rate depreciation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-1993</td>
<td>114.3</td>
</tr>
<tr>
<td>1994-1998</td>
<td>29.4</td>
</tr>
<tr>
<td>1999-2003</td>
<td>9.7</td>
</tr>
<tr>
<td>2004</td>
<td>-0.4</td>
</tr>
<tr>
<td>2005</td>
<td>-0.9</td>
</tr>
</tbody>
</table>


Note: (-) implies appreciation.

As a result of poverty, the mortality rate has increased alarming. No access to primary health care, good food and water thereby exposing one to easily preventable diseases. All these have brought sorrows to affected families. However apart from the material deprivations association with it, poverty is dehumanizing and socially disruptive.

It is in view of these that the federal government of Nigeria has been trying to enhance the standard of living through economic empowerment policies, programmes aimed at elevating the socio-economic status of the people and consequently eradicating poverty in the country which includes: the directorate of food, roads and rural infrastructure (DFRRRI), the better life/family support programme (BLP/FSP), the family economic advancement programme (FEAP), the national directorate of employment (NDE), the direct establishment and promotion of rural finance institutions (RFIS), Petroleum Special Trust Fund (PTF), Mass transit programme (MTP), Guinea worm eradication programmes (GWEP), Designed also were community based self help groups like Red Cross/Crescent Society, the ford foundation, the planned parenthood federation of Nigeria etc.

Also in pursuit of its poverty eradication scheme in Nigeria, the United Nations agencies consisting of United Nations Development Programme (UNDP), United Nations Children’s Education Fund (UNICEF), World Health Organization (WHO), and etc package comprehensive poverty eradication programme in Nigeria directed at integrating a number of communities in their factor endowment in the local areas.

Unfortunately, these policies were designed without having any long lasting effect on the poverty situation in Nigeria instead, the situation is deteriorating fast. Instead of these politics to be executed with the aim of benefiting the real victims’ poverty, the programme is seen as an avenue for rewarding political allies. Also, the inability of government to mobilize the victims of poverty to ensure their full participation in the identification and design of programmes as well as guaranteeing their sustainability have all contributed to the failure of poverty alleviation programmes.

In Nigeria, there are too many policies, organizations and individuals actively creating and deepening poverty alleviation programme. We must appreciate the fact that Nigeria’s ethnic, social, cultural and geographical heterogeneity demands that different approaches be employed to solve the problem of poverty in the different groups. This is because the cause and nature of poverty differ from place to place. Therefore, a uniform system which succeeds in one area might not succeed in another. Thus, in addition to total commitment, the success of poverty alleviation
schemes depends a lot on the sustainability of such schemes to the specific needs of the target groups. Other ways in reducing the poverty situation in Nigeria includes:

- Expanding economic opportunity for poor people by stimulating overall economic growth and by building up their assets such as land and education and increasing the returns on these assets through a combination of market and non-market actions.
- Facilitating empowerment by making state institutions more accountable and responsive to poor people, strengthening the participation of poor people in political process and local decision making, and moving the social barriers that result from distinctions of gender, ethnicity, race, religion and social status.
- Enhancing security by reducing poor people’s vulnerability to ill health, economic shocks, crop failure, policy induced dislocations, natural disasters and violence as well as helping them cope with adverse shock when they occur. A big part of this is ensuring the effective safety nets are in place to mitigate the impacts of personal and national calamities.
- Restructuring the economy away from excessive import dependence through aggressive export-orientation and innovative diversification of its export base beyond mineral resources.
- Restructuring balance to the economic structure and removing the causes of economic tension from the body-polity. Socio-economic justice must, therefore, be promoted and guaranteed by removing all inadequacies and affording equal opportunities to all citizens in social affairs as well as in economic activities.
- Embarking on long term investment in education. Educated people make more productive workers. Therefore, we must train people in new techniques of agriculture and industry, engineering and medicines.
- Avoiding past mistakes like failure to invest in productive activities, the emphasis on immediate consumption without savings, and the absence of any industrial policy and the exclusion of so many people from involvement in the rewards of wealth generation.
- Increase in food and agricultural production through the promotion of small scale mechanized farming and introduction of available and responsive credit scheme for the poor, especially those in the rural areas as to guarantee food security.
- Revitalization of the economy by promoting the growth of agro-allied industries, reducing the dependence on oil and ensuring a balanced exploitation of the Country’s natural and mineral resources.
- Commitment to science based, technical future, strengthening links between academic institutions and industry and between basic and applied research. Focus should, therefore, be on information technology, electronics, computers, data processing and machine tools.
- Controlling disease and increasing health and nutrition programmes to make people more productive. Hospitals and sewage projects should be invested upon and not to be regarded as luxuries.

These reforms will only be possible if corruption is tackled. Transparency and efficiency in government must be promoted. Ordinary administrative functions have to be fulfilled promptly so as to engender confidence in the ability of the government to perform. With Nigeria’s rich human and natural resources, this nation can perform better in the overall development of both the country and its people. Therefore, appreciating these human and natural resources and developing them rightfully, would a big step towards poverty reduction in Nigeria.

Summary and Conclusion
Indebtedness should by no means be regarded as a natural problem. Rather, it is man-made and lends itself to solutions, among which is a combination of nationalism, self-discipline, the philosophy of self-reliance and the entrenchment of problem-solving thought process. Given the foregoing discussion it is apparent that indebtedness has become a national culture, since Nigeria’s
governing class has not yet surveyed or adopted any of these solutions. Borrowing therefore continues and such borrowing which generates its spiraling interest rates are sourced from foreign agencies and governments whose disposition, as it is clear from experience during the 1980s and 1990s, are not unconnected with some envious attitude towards Nigerians and their highly-prized natural resources. At this moment in question, foreign visitors on trips across the country marvel at the purported unexploited or unused landscape which, when immediately employed, would provide immense benefit from agrarian resources (Okenyi, 2009:38).

The politics of global resource allocation hinges on who gets what, when, how much and under what conditions. Such resources determine human destiny in terms of well-being for the individual and the community. The group search for such resources reached a critical phase in the era of international capitalism whereby the demand for raw materials as well as their access determined the prosperity of national groups. Euro-American capitalist societies are well aware of this basic human need and undertook the forceful colonization of other peoples. The millennium development goals on the other hand are efforts to ensure some equity for most of the less developed and depleted nations with regard to resource allocation and human development at the global level.

Decolonization process had earlier sought to alter this arrangement but Europeans were well aware that the initiative lay with whoever had superior technology. The colonies required proper re-education on dependency, part of which was the rapid cultivation of a local comprador elite that would be emotionally and economically attached to western European and American sociopolitical and economic institutions. Such elite would easily open up the economies of post-colonial societies for western investment.

Unlike Japan, Malaysia, and recently the Peoples China, who saw through the whole global debt plan, Nigeria, due to either ignorance or elite selfishness (or both) blindly mutilated a self-reliant, long-term programme of human development which consisted of universal, skills developing, and problem-solving, education. As a result, some forty-eight years after independence (a sufficiently long enough time to transform from non-literacy into a knowledge society) the country parades a large, non-literate population, remains heavily indebted to other nations and peoples while unashamedly continuing to call for foreign direct investment as the option for industrial and technological take-off. While the nation suffers a dearth of manpower to develop her resources the elite are content to regulate entry into the universities in such dubious manner that only roughly 1.54 per cent of those seeking university training are to be admitted during 2008/2009 academic session (The Guardian, Sunday, August 10, 2008: 52).

The Nigerian ruling elite prefer instead to leave the national infrastructures stagnant in order to ensure their own assumed continued private prosperity. They prefer a contrived habit of importation of the simplest tool of technology so that a mutual interdependency between themselves as individuals on the one hand and foreign governments and financial agencies on the other be maintained. This is best appreciated in the classic case of the exploitation of Nigerian crude oil. Nigerian society (rulers and their subjects alike) do not control the processing, shipping and marketing of her unprocessed raw materials. Mainly western-originated oil companies do all the production and marketing transaction from providing the technology of mining, to the technology of pipelining for evacuation, to shipping, to negotiating with buyers, and finally to delivery. Oftentimes, they provide the technology of processing the finished crude and usually import the processed goods back to Nigeria for sale. Examples of these include lubricating oil, insecticides, candles, photographic films, and other liquid and synthetic accessories needed by automotive-based mechanisms. Nigerian elite do not seem in any way to attempt to restructure this level of dependency in the effort to achieve any of the objectives of millennium development goals set for all underdeveloped nations and their peoples against 2015! This sort of nation and its elite who merely mouth some overtly advertised sustainable development paradigm may at least somehow spare some moment and query themselves whether there is any future prospect in sustaining a culture of indebtedness in a longitudinal context both for their own welfare as well as the welfare of their own offspring if that of their fellow compatriots should not matter.

**Recommendations**

The paper recommends the following that:
• Considering the contradictions of the external debt on our infrastructures, and national security, achieving national development is not possible, and so the solution to economic prosperity lies in avoiding external debt. We can do this by properly managing, controlling and protecting our economies. It is therefore imperative to create Small and Medium Scale Enterprises. To sustain them, there is an argent need for stable and affordable energy supply.

• Democratic governance and leadership should be based on the rule of law, transparency, and accountability. These qualities would promote democratic ideology and discourage corruption, and thereby promote development holistically and evenly;

• Dependence on only crude oil as major source of foreign earning should be discouraged. This can be done by developing other sectors of the economic such as agriculture, retailing, tourism, and real banking;

• Qualitative education should be encouraged. This can be achieved by promoting vocational education in our educational system;

• The present land reform system should be altered. Here the Seven Point Agenda should pursue vigorously the aspect which deals on land reform;

• Security should be taken seriously. To this end, all forms of violence should be discouraged. Ethno-religious conflicts should be justly resolved;

• The issue of poverty, hunger, and unemployment should be eradicated. This can be achieved by establishing factories, especially at the rural areas.

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