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## Inequality: Bane of underdevelopment in Nigeria and the way forward

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### Abstract

According to the global trend, the attraction of foreign direct investment is increasingly playing an important role in the economic development of countries, especially developing countries. development, including Vietnam. High quality human resource is considered one of the important factors to attract FDI enterprises to invest in Vietnam. In the current competitive landscape, along with the ever-changing development and change of technology, there is a lot of evidence that employee's creativity has contributed significantly to innovation, operational efficiency and life.

also of the business. Therefore, attracting and maintaining human resources is a prerequisite for improving the quality of the workforce, ensuring the sustainability of economic development. This article will present issues related to high quality human resources including the current situation of high quality human resources; the relationship between FDI attraction and attraction; attract and maintain high-quality human resources, thereby offering solutions to attract and maintain high-quality human resources at FDI enterprises in Vietnam.

**Keywords:** Nigeria, inequality, poverty, market fundamentalism, policies

### Introduction

The Declaration of Rights of Man (1789) states "men are born, and always continue, free and equal in respect of their rights. The rapid rise of extreme economic inequality which more often than not caused by education and political inequalities is significantly hindering the fight against poverty. A good percentage of Nigeria's citizen would live comfortably were it for the monster called inequality. Ending the menace of inequality could also put an end to extreme poverty for a great number of people. According to Oxfam (2017) <sup>[1]</sup>, a child in Nigeria due to inequality is three times more likely to die before age five than a child born in Bangladesh. Some children from a region of Nigeria are denied education and employment even when they are more qualified in the interest of children from other regions following the quota system. In the same manner, people with sound political track records are denied access in order to favour a group of other people from other part of country in the name of zoning formula.

Income and wealth patterns show a gap between the rich and poor. These trends continue, and has reached new extremes as a result of global economic meltdown and recession occasioned by corona virus pandemic. Economic and political power increasingly lies in the hands of elites. According to Oxfam (2017) <sup>[1]</sup>, the richest 85 people on planet earth owned as much as the poorest half of humankind. Absurd levels of wealth exist alongside desperate poverty around the world. The number of billionaires and their combined wealth has increased so rapidly especially in Nigeria where most of such huge wealth has no antecedent of hard work or business history.

Inequality to some extent is a necessary reward for skills, willingness to innovate and take entrepreneurial risk. However, today's extremes of economic inequality undermine growth and progress, and fail to invest in the potential of hundreds of millions of people. Despite the prevailing recession, Nigeria is seen as Africa's largest economy and one of the fastest-growing in the world. Yet, more than half of the Nigerian population still grapples with extreme poverty, while a small group of elites enjoys ever-growing dubious wealth.

The gap between the rich and the poor may be a worldwide problem, but in Nigeria the scale of inequality is extreme. The poorest half of Nigeria's population held only 22% of national income (World Bank, 2009) <sup>[14]</sup>.

Income inequality, as measured by the Gini Index, increased during the 2000s from 40% in 2003 to 43% in 2009. The paradox of growth in Nigeria is that as the country gets richer, only a few benefit, and the majority continues to suffer from poverty and deprivation. Less than 10 percent of the population especially the top elites are capturing most of the Nigeria's growth while the people at the bottom are groping in penury. This scenario has plunged the whole economy into problem of civil unrest, armed banditry, kidnap for ransom and other forms of evils. Just over 15 years into its return to democratic rule, Nigeria is in the curious position of having the world's highest-paid lawmakers preside over some of its poorest people. A Nigerian lawmaker receives an annual salary of about \$118,000, equivalent to N37m – and 63 times the country's GDP per capita (Okonjo-Iweala, 2013) <sup>[8]</sup>. At the same time, phenomena of economic and social distress such as homelessness in urban slums, high graduate unemployment, malnutrition, maternal mortality and international migration continue to grow (Idike, 2014). Because economic growth has been creating few opportunities for young people, there has been associated increasing levels of violent crime, as well as religious, inter-ethnic and communal clashes. Poverty and inequality in Nigeria are not due to lack of resources, but to the ill-use and allocation of such resources. Continued widespread corruption and the emergence of political elite out of touch with the daily struggles of the average Nigerian have conspired to ensure the cost of governance remains astronomical.

The cost of governance cost in Nigeria is too high when compares with its allied countries elsewhere in the world. As a consequence, very limited resources are left to provide basic essential services for the wider, growing Nigerian population (Iyoha *et al.*, 2015) <sup>[5]</sup>. This has continually resulted to industrial action by the labour unions in the country. According to Falana (2015), it is sad to note that most Nigerians never take cognizance of the war being waged by State governments against the poor and disadvantaged citizens. An additional problem is weak policy implementation. In fact, over the years a number of policies and programmes have been designed with the purpose of alleviating poverty and inequality, such as: Rural Basin Development Authority (RBDA), Directorate of Food, Roads and Rural Infrastructure (DFRRI), Rural Electrification Scheme (RES), Agricultural Development Programme (ADP), National Directorate of Employment (NDE) and Better Life for Rural Women. Others were the Family Support Programme (FSP), the National Poverty Eradication Programme (NAPEP). However, in the majority of cases, these policies and programmes have not been implemented effectively to result in meaningful impact on poverty.

Economic inequality could be seen everywhere as majority of Nigerians make effort to survive in the face of the accumulation of obscene amounts of wealth by the 'fortunate' minority. While more than 112 million people were living in poverty in 2010, the richest Nigerian man would take 42 years to spend all of his wealth at 1 million per day (NBS, 2019) <sup>[7]</sup>. Poverty in Nigeria is a contradiction because it has been growing in the context of an expanding economy where the benefits have been reaped by a minority of people, and have bypassed the majority of the population. Annual economic growth averaged over 7% in the 2000s (World bank, 2013) <sup>[14]</sup>, and yet Nigeria is one of the few African countries which has experienced an increase in both

the number and the share of people living below the national poverty line over that period. Poverty and inequality in Nigeria have a strong spatial dimension. Poverty is considerably higher in rural than in urban areas because the weight of inequality is heavier there.

Inequality is the exclusion of people from full and equal participation in what the members of society perceive as valuable, important, personally worthwhile and socially desirable (Adeyanju, 2017) <sup>[11]</sup>. It implies that inequality is a hydra headed monster that expresses itself in unequal access to education, employment opportunity, housing and health care as well as politics. And it is economic inequality that actually generates others.

The United Nations has set a bench mark for social equality the world over, the absence of which amounts to inequality. The benchmark was contained in a UN declaration which says that everyone has the right to a standard of living adequate for the health and wellbeing of himself and his family, including food, clothing, housing, medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, other lack of livelihood in circumstances beyond his control (UN-UDHR, 2011) <sup>[13]</sup>. Contrary to the expectation of the united Nation, these are not happening in many countries including Nigeria. This is because even with a cursory glance at the social structure of the contemporary Nigerian society, one can conclude that there is social inequality in the society. Moreover, the social inequality is becoming more pronounced by the widening gap between the rich and poor and specifically the Upper class and Lower class categories in the Nigerian society. This stratification is clearly manifested in the social relationships between the haves and have-not, even within the social institutions being patronised by members of the different social strata in the Nigerian society. For instance, there is a sharp distinction in the types of schools being attended by children of the upper and lower social categories of the Nigerian society; so also in the patronage of hospitals and commercial stores; use of means of transportation; housing accommodation, etc. While it is difficult to have a society where every member is equal in all respects, it is, however, expected that every member of a society should have at least, the fair wage to live on, commensurate with the resources of the society. Looking at the natural endowment of the Nigerian society, one would naturally expect that every Nigerian citizen should live above the poverty line in accordance with the standard set for the world by international organisations. The situation is however not so in the contemporary Nigerian society. Nigerian government claims inability to pay thirty thousand naira (N30, 000) minimum wage but pays others in millions of naira. Records have indicated increasing rate of poverty in Nigeria. In 1980 for instance, the statistics of Nigerians that earned below US \$1 per day was only 27.2 percent representing only 17.7 million people. By 2010 however the figure had rose to 69% with 112.5 million people. This figure is considered outrageous.

In 1970, the top 2% and the bottom 17% of the Nigerian population earned the same total amount of income, but by 2000, the top 2% had the same income as the bottom 55% (Sala-i-Martin and Subramanian, 2003) <sup>[12]</sup>. Poverty and inequality in Nigeria has strong regional concentrations, resulting in significant levels of regional disparity. The major implication is the possibility of increased social tensions as a result of increased inequality due to increasing poverty rate

in the country (Aigbokhan, 2000).

### Drivers of Inequality

Many believe that inequality is somehow inevitable, or is a necessary consequence of globalization and technological progress (Qureshi, 2018). Nigerians leaders are weaponising poverty by a way of deliberate political and economic manipulations. The masses are suppressed and made poor in order to make it easier for the top few who had accumulated wealth to control them economically. There are two powerful economic and political drivers of inequality, which go a long way to explaining the extremes seen today: market fundamentalism and the capture of power by economic elites (IMF, 2002) <sup>[4]</sup>.

### Market fundamentalism: A recipe for today's inequality

Over the last three hundred years, the market economy has brought prosperity and a dignified life to hundreds of millions of people across Europe, North America and East Asia. However, without government intervention, the market economy tends to concentrate wealth in the hands of a small minority, causing inequality to rise (Picketty, 2009). Despite this, in recent years economic thinking has been dominated by a 'market fundamentalist' approach, that insists that sustained economic growth only comes from reducing government interventions and leaving markets to their own devices. However, this undermines the regulation and taxation that are needed to keep inequality in check. There are clear lessons to be learned from recent history. In the 1980s and 1990s, debt crises saw countries in Latin America, Africa, Asia and the former Eastern bloc subjected to a cold shower of deregulation, rapid reductions in public spending, privatization, financial and trade liberalization, generous tax cuts for corporations and the wealthy, and a 'race to the bottom' to weaken labour rights. Inequality rose as a result. It is estimated that half of the increase in poverty over this period was due to redistribution of wealth in favour of the richest.

Despite the fact that market fundamentalism played a strong role in causing the recent global economic crisis, it remains the dominant ideological worldview and continues to drive inequality (IMF, 2002) <sup>[4]</sup>. It has been central to the conditions imposed on indebted countries, forcing them to deregulate, privatize and cut their welfare provision for the poorest, while reducing taxes on the rich. There will be no cure for inequality while countries are forced to swallow this medicine (Oxfam, 2017) <sup>[11]</sup>.

### Capture of power and politics by elites has fuelled inequality

The influence and interests of economic and political elites has long reinforced inequality. Money buys political influence, which the richest and most powerful use to further entrench their unfair advantages. Access to justice is also often for sale, legally or illegally, with court costs and access to the best lawyers ensuring impunity for the powerful. The results are evident in today's lopsided tax policies and lax regulatory regimes, which rob countries of vital revenue for public services, encourage corrupt practices and weaken the capacity of governments to fight poverty and inequality. Elites, in rich and poor countries alike, use their heightened political influence to curry government favors; including tax exemptions, sweetheart contracts, land concessions and subsidies, while blocking policies that strengthen the rights

of the many.

Many of the richest people made their fortunes thanks to the exclusive government concessions and privatization that come with market fundamentalism. Privatization in Russia and Ukraine after the fall of communism turned political insiders into billionaires overnight. Carlos Slim made his many billions by securing exclusive rights over Mexico's telecom sector when it was privatized in the 1990s. Aliko Dangote of Nigeria has exclusive right and license in a number of businesses.

### Way forward

There is a strong agreement among religion, literature, and folklore as well as philosophy world over that an extreme gap between the rich and the poor is inherently unfair and morally wrong. This concern is prevalent across different cultures and societies, suggesting a fundamental human preference for fairness and equality. According to (Kofi Annan, 2014), the widening gap between rich and poor is at a tipping point. It can either take deeper root, jeopardizing efforts to reduce poverty, or we can make concrete changes now to reverse it. In view of the above, the Nigeria society needs fiscal restructuring and resource control to make it more equitable and to address the prevalent social discriminations which ultimately culminate into frustration, criminal activities and mental maladjustment. The menace of inequality can be tamed with deliberate policy instrument.

Therefore, there is an urgent need to critically examine the culture of governance and transform the policies and norms that concentrate extreme wealth, privileges and very high incomes in the hands of a small percentage of the population at the top, to forestall the self-perpetuating cycle of inequality that subjugates many Nigerians.

- Governments can start to reduce inequality by rejecting market fundamentalism, opposing the special interests of powerful elites, changing the rules and systems that have led to today's inequality explosion, and taking action to level the playing field by implementing policies that redistribute money and power.
- Electorates should shun greed and beware of political contestants seducing them with money or material things during election period. Active citizenship holds the key to Nigeria's inclusive development.
- Nigeria should adopt policy of filling history form for employment purpose
- Government should strengthen policies and laws for the economic empowerment of women especially land ownership.
- Enforcement of estate and property tax system is very necessary.
- Government should be committed to institutional building and due process
- Anti-grafting legislation need to be more vigorously enforced. Also, misappropriation and inefficient implementation of policy should be done away with.
- Better financial sector regulations (lending to agribusiness without unnecessary red-tape business).
- Policy makers should bring down the indefensible high cost of governance and introduce measure to safeguard the policy-making process from being captured by elites or vested interests.
- Increase the amount of public resources allocated to the provision of public goods and services, chiefly health, education, roads, irrigation, security, energy and safe

water. Resources for adequate provision for all do exist in the country, as long as

- Livelihood diversification to nonfarm economic activities could eliminate rural-urban inequality, since a greater percentage of Nigerian citizen lives in rural area
- Increased support to small-scale agriculture is essential to addressing poverty and inequality.
- People should be differentially treated if there are “relevant grounds” to do so according to Pareto optimality principle.
- Leaders and the upper class should sacrifice for the lower class. People should shun greed and be altruistic in their disposition.
- Decent payment (living & fair wage) that gives every worker dignity of work and can support their family irrespective of federal, State or private organizations should be promulgated as a matter of policy. There is also the need for adjustment in wage at the top to reduce inequality.
- Strong welfare package as a form of bailout or safety net for the vulnerable can make a difference, perhaps mitigating the effects of income inequality.
- Quality and affordable education for all citizenry is necessary to create equal opportunity and expand the scope of choice available to them.
- Reduction in extremes of upper and lower classes and encouragement of the middle class would be a viable of reducing inequality
- Growth in the national GDP that trickles down to the masses would reduce inequality

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