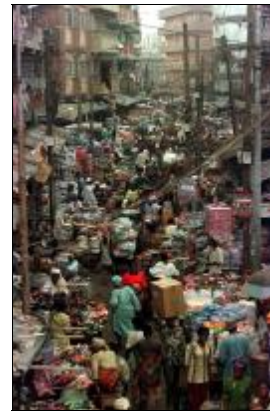


THE POVERTY PROBLEM: WILL NIGERIA EVER GET IT RIGHT?

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Lagos market-place

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“We know that where poverty, disease, injustice and misery abound, they exist solely because some people manage to regulate the personal and commercial lives of others.” Fred Stitt.

Poverty is the deprivation of elements necessary for human survival. These elements include clean water, food, shelter, health, and self-dignity. Deprivation of self-dignity is simply the denial of individual liberty, natural rights, and political liberty, civil liberty and property rights.

Nigeria presently is under a critical level of economic and social deprivation, even in the midst of abundant natural and human resources.

The current official statistics released by the Federal Office of Statistic shows that the national poverty rate is 70%. This is to say that 80 million people in Nigeria live on less than \$1 a day! It is quite alarming to have two-thirds of the country’s population critically poor.

Since 1975, we have seen different poverty programs – or slogans? - in Nigeria. We have watched all of them fail one after the other. In fact, a former president of Nigeria, General Ibrahim Babangida, declared publicly that the “Nigerian economy has defied all known economic theories”.

The truth is that Nigeria has not been able to get the right microeconomic

foundations that can spur wealth creation and prosperity. Productivity remains too low. Since wealth can only be created by discovering new ways of using existing resources, then that the more self-determined thoughts and creativity a society generates, the wealthier the society. The entire society benefits whenever anyone produces more efficiently. The higher the average productivity the higher the average standard of living.

The economy should no longer be treated like a mechanical instrument. Economic problems are not like engineering problems - “fixing things”.

The government must accelerate efforts towards releasing the productive energies of Nigerians, who are naturally enterprising people. The government should start thinking of ways to get more Nigerians to act in ways that can stimulate productivity and economic growth.

The free market is the system that can spur economic growth. Voluntary exchange of wealth improves the level of co-operation, harmony, and growth in a society. Suppression of the market-system leads to distortion, corruption and arrested development and poverty.

Economic policies must guarantee the process of the free trade and stability in economic framework. Arbitrary taxation and inconsistent monetary policies discourage entrepreneurship. The only

good economic policy is the one that allows economic mechanisms to function without political interference and pressure group manipulations.

The Economic Freedom Index of the Heritage Foundation has shown that it is true that countries with higher economic freedom are more prosperous than those with lower economic freedom. Creating opportunities, incentives, and necessary grass-root institutions that nurture entrepreneurship should be the major priority of the government.

Heavy bureaucracy and regulations bring about corruption and arbitrary governance, which are opposites of rule of law. Rule of law is in fact the most important institution necessary for economic growth.

Another look must be taken at the 1999 constitution. A constitution ought to be a mechanism that provides background stability. The constitution must guarantee clear property rights and proper land ownership and registration system. These create the vital incentives for people to invest and improve their property. The constitution must be able to restrain arbitrary actions by the government with a guaranteed due process.

Rule for law thrives only where there is due process. All laws not consistent with law of nature and natural rights must be removed from the constitution. Sir, William Blackstone in 1767 noted, “no human law are of any validity if contrary to the law of nature”.

Generally, the rule of law and constitu-

tional government creates stable a background for freedom, but Nigeria should start looking beyond the legality of government and search for the legitimacy of its governments.

It is true that a democracy that cannot create a stable environment for business, trade and investment is of no use to the people, for such a democracy cannot spur the necessary growth required to push over 80 million Nigerians above the poverty line.

In a time like this, the economically dispossessed need the voice that democracy ought to give them. Political deprivation as we witness it today is capable of reinforcing economic destitution in the country. There should be decentralisation and devolution of power. Decentralisation and devolution of power will the give the necessary voice to the poor.

The past Senate President, Pius Anyim and President Olusegun Obasanjo have on different occasions raised alarm over the damaging effect the size of the present government. This size of government can be reduced drastically if it concentrates only on those things the private sector cannot do at the moment such as the military, police, and the mint. A French economist and a world acclaimed liberty advocate, Frederic Bastiat pointed out in his letter to the Electors of the District of Saint-Sever in 1846 “to expect a government to draw from within itself the strength to resist its natural expansion, is to expect from a falling stone the energy to halt its fall.” Apart from the huge cost and capital wasted in running a big government. Continuing government

interference in the free market is counter-productive. Reducing or eliminating government interference in the market economy will increase productivity and increase the availability of capital.

A very vibrant civil society is essential now. The way people relate with friends, neighbours, and fellow countrymen in non-market issues is important. A society with low social trust obviously will lack the rule of law and are more corrupt than countries with higher degree of social trust. Naturally, a country with a high degree of social trust is more prosperous than those with low social trust. Time energy and resources dissipated fighting one another in low trust society is better utilised to enhance voluntary and positive exchanges in a high trust society.

The NGOs, religious organisations, and other civil organisations must take up the responsibility of educating their members about the ideals of liberty and the importance of the principle of non-aggression. It is a fact that cultures with strong belief in the practice on non-aggression individually and collectively enjoy the highest level of peace, prosperity, and growth. Voluntary acceptance encouraged through persuasion and examples of economic incentives can bring about cultural changes. Laws and coercive actions cannot change cultures.

With a guaranteed freedom of association, a network of civil society could generate social trust. It will be economically gainful if we begin to feel less the presence of ethnic militias and religious fanatics in the Nigeria. In fighting for their rights without proper awareness, people

become instruments for the destruction of liberty.

On a broader perspective, the developed countries should realise that doling out heavy subsidies to its farmers is contrary to the free trade that they claim to champion through the WTO. Rendering products and goods from the developing countries uncompetitive in the market with tariffs, export guarantees, import quotas regulations, and cumbersome bureaucratic procedures amounts to economic colonisation. The developed countries should consider ways of improving clearer and sincere free trade with the developing countries. Aid grants and debt relief are not as beneficial as trade. It is estimated that increasing Africa's share of the export market by 1% could generate up to \$68.8bn, which is more than five times the total amount of aid received by African countries.

Poverty therefore should not merely be defined by GDP alone. It has political social and educational causes and multidimensional remedies.

The major ammunition required to fight poverty is *liberty*. Liberty according to Frederic Bastiat requires "keeping the government within its limits; in preserving the sphere of freedom and private activity, as completely and extensively as possible".

Therefore, to pull over 80million Nigerians over the poverty line the government must view the issue of poverty from a broader scope and tackle it armed with *liberty*.