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POVERTY ALLEVIATION

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The annual address of an out-going President of our society has become almost a ritual. It has become a ritual in both matters of procedure and certainty; but oftentimes, the title and content of such an address are capable of springing surprises! Today, we do not expect such surprises.

My address centres on Poverty Alleviation, which I have derived from the theme of the conference, "Development at the Grassroots in the Nineteen-Nineties". I have chosen to address this audience on the touchy issue of poverty and its alleviation because, with the increasing immiserization of millions of people, it seems to me that the new direction in the 1990s should involve an accelerated effort to wipe out poverty, if not from outside but from within, wherever it exists.

It was Francesco Guicciardini in his *Discorsi Politici* way back in the sixteenth century who noted that "the poor are a part of the necessary furniture of the earth, a sort of perpetual gymnasium where the rich can practise virtue when they are so inclined". Barbara Ward Jackson in more recent times noted also that "if morals have any meaning at all, they must entail that the hungry are fed, the naked clothed, the homeless sheltered and all the sons of men given some little share in the world's greatest patrimony of knowledge and opportunity of health and hope".

What is Poverty?

Who are the poor of the earth? Where can we find them? What are the basic characteristics of poverty? Examples are in order. I took a trip some years ago to see what that country called "God's own country - the United States of America - looked like. My first port of call was a city not quite twenty-five kilometers away from that

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jammed city of New York with its very tall buildings. I visited a family of four - father, mother and two kids - whose average income was about \$35,000 per annum. The entire family lived very comfortably; they had two good cars and a beautiful garden. The living room was carpeted—wall to wall—and the children were attending what was known as an elite school in the town. There was in that household every facility that could make life comfortable. Television and radio sets, food and, indeed, every conceivable facility that made life a small paradise on earth was available. It was revealed to me that, generally, what I saw could be described as reflecting the standard of living of the people in North America and most of the advanced, industrialized countries of Western Europe.

In another trip to a different part of the globe my experience was a regrettable contrast to what I saw in the United States. I saw women hidden in women's quarters of the staggering white-washed mud houses, often with little or no ventilation. Agriculture of the subsistence type was the mainstay of the economy. The people had barely one meal a day and the housing conditions were appalling. There was no pipe-borne water, and medical facilities were beyond the reach of the ordinary people.

Shockingly, here, I found children with grossly bloated stomachs, with flies perching and entertaining themselves on their seemingly incurable sores. The children had become weary of slapping at the flies that could not leave them alone. This gave me the impression that health care was almost lacking, and also of the degree of illiteracy that was in evidence. I had no doubt in my mind that that was a case of abject poverty-ridden people where anything that meant comfort was a mirage. Even in this sordid condition, women still produced like rats, perhaps their only comfort was in doing so.

I continued my trip and finally experienced a third case - a case of two cities in one city. In one case, I saw a class of elites, bureaucrats in government, industries and the tertiary sector exposed to a decent standard of living by any Western standards. The size of the family was not more than six in some cases. They enjoyed three meals a day, with imported expensive dishes and sparkling French wine and Spanish olives. They had no less than two servants ministering to their needs and those of their children. The children were receiving the best Western type of education. They lived in pent houses and had two to three cars. Their wives hardly knew what was happening in their kitchens. They lived in a residential area designated as modern with sprawling skyscrapers, tarred and link roads adorned with street lights, and pipe-borne water.

One kilometre away, there was the other city which I thought was nothing but a slum, with very poorly constructed houses, without proper ventilation. I found here families of ten to twelve crowded in a one-or two-room apartment, one end of which was used as a kitchen. The children hardly had any education. Their small income, not more than \$150 per annum and earned through part-time jobs, could hardly support the family. Some of the children took to street-begging and pick-pocketing to augment the little family income. Here again squalor, disease, illiteracy and lack of good diet, etc. formed part of my sordid experience. It was there that I came to grips with dualism.

By now, we should be in a position to define poverty. Maybe we are yet to know where it could be found. It is easy, therefore, to discern a common feature of poverty wherever it exists. More than three-quarters of these people live in rural areas, some in slums and in the cities under crowded conditions. Many of them own a small piece of land and some animals. They live by working long hours, including women and children, to earn meagre incomes. In the urban areas, some are artisans, news-vendors and hired labourers. They spend four-fifths of their incomes on food. The result is a monotonous, limited diet of cereals, yams or cassava with a few vegetables, and a little fish and meat. In other cases, malnutrition is the order of the day, reducing their ability to work, and thereby reinforcing poverty. Their ability to resist illness, diseases, measles, cuts, diarrhoea and scratches, is impaired.

The Dimensions of Poverty

It is difficult to know where to draw the line between absolute and relative poverty because of conceptual difficulties relating to data on household surveys. It is not easy to follow the fortunes of individuals and families through time to disaggregate the household in order to examine the well-being of women and children, including the elderly. Nor is direct observation a reliable basis of generalisation, more so in the countryside. I am confident that, in spite of these conceptual difficulties, you will agree that a very large segment of people are extremely poor by the basic characteristics outlined above.

The World Bank estimate of poverty in developing countries, taking as the cut-off point a level of income based on detailed studies of poverty in India, reports that the number in absolute poverty in developing countries (excluding China and other centrally-planned economies) is around 780 million people. This figure, I am sure, must be an underestimate, because the most recent activities of the international community have thrown many more below the poverty line. Hence the Economic Commission for Africa (ECA), has noted with

dismay that about 70% of the African population is seriously below the poverty line.

In 1975, according to the report just quoted, 600 million of these people were illiterate and only about two-fifths of their children completed more than three years of schooling. This report, however, is behind time; but that is not to say that poverty, by its basic characteristics is behind us. In 1978, about 550 million people lived in countries where average life expectancy was less than 50 years; 400 million in countries where the average annual death rate of children aged one to four was more than twenty per thousand that is twenty times that in the industrialised countries. This phenomenon could even be worse now by the current degree of the sapping effects of the SAP in African countries.

Where to Find These Unfortunate Lot

Half of the people in absolute poverty live in **South Asia**, mainly in India and Bangladesh. One-sixth of them live in **East** and **South East Asia**, mainly in Indonesia. The next one-sixth of the poor can be found in the sub-Saharan Africa, made up of about 43 nations. The rest — numbering about 100 million — live in Latin America, the Middle East and North Africa. With few exceptions (Latin America), the poor are primarily rural dwellers overwhelmingly dependent on agriculture, and the majority of them are landless. It becomes clear from this that development at the grassroots is nothing short of rural transformation. In fact, if we do not understand the time dimension in which the whole process of developing apparently "disenfranchised societies-rural societies-with self-employed" should be taking place; we should find ourselves incapable of doing justice to the process of development at the grassroots for poverty alleviation. What can we do to wipe out poverty?

Poverty Alleviation

We now know what constitutes poverty, those we can regard as poor and where they can be located in the world. Our problem now is, what can be done to alleviate their sufferings and their very poor conditions? Poverty alleviation has always been recognised. Measures thought to be potent weapons for alleviating poverty, such as education and health services, all kinds of tax reliefs and incentives as well as cheap credit, have been tried from time to time. In spite of these efforts, poverty persists and even increases.

There is no doubt that education is a key variable in poverty alleviation. Mere education is not enough, bad education is even dangerous. But good education provides a key to the development of our

most valuable asset -human resources. It is through education that hide-bound tradition and age-old prejudices give way to reason. It brings about the innovative and inquisitive scientific spirit and society becomes modernised, with science and technology becoming realisable into the service and betterment of the individual. This is reflected in the form of low costs, affordable prices by the poor, cheap accommodation, food and clothing. When that happens, development takes place.

There is, further, a correlation between education, life expectancy among the rural poor and between education, infant mortality, disease and nutrition. Cochraine, O'Hara and Leslie (1980) showed in their study that the level of infant mortality among the rural poor is the product of two factors — the level of knowledge regarding ways to combat diseases and the means available for implementing the knowledge. Education helps to determine both the level of knowledge and the ease with which it can be transmitted and utilised. Therefore, literacy and other measures of education are more closely related to life expectancy than even *per capita* income or even the number of *doctors per capita*.

The effect of this is that average life expectancy, both in the middle income developing countries and the low income countries has, increased. Again, infant mortality has fallen, but then there are now so many more children born such that the absolute number of infant deaths has not probably declined. It should be noted that Africa, for instance, passed the 450 million mark in 1985. At the current growth rate, the continent will add more than 250 million people by the end of the century and this will triple the population by the year 2025. Happily enough, the gaps in education and health care have narrowed down considerably, through adult literacy, and by five years in life expectancy. It is hoped this does not mean more people to add to poverty in another dimension.

Whither Do We Go From There?

We have noted that education and health could be both potent and latent weapons to fight poverty, the effects of which we have seen; still much remains to be done if poverty is to be a thing of the past. Whatever may be our measure of poverty - whether we use low income, low life expectancy or illiteracy as one reference points - there is a correlation, a strong one for that matter, between the extent of poverty in a country and its GNP per person. This is certainly the view of Western textbooks and even of the World Bank. To me, it should be a discarded concept and should be ignored. There is no way

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we can equate *per capita* GNP with welfare, more so, when we are talking about poverty alleviation, where there is a strong probability that national income maybe shared by the rich in which the poor will be onlookers as usual.

The basic point of reference here is that, for effective strateging of poverty alleviation, the solution lies in measures aimed at raising or increasing the range of goods and services as efficiently as possible and making available at affordable prices to the majority of the people, food, housing, clothing, education and health services.

Industrialization

The probable solution seems to lie with industrialization which must start at the grassroots and not through piece-meal measures. I am aware that economic and historical parallelism is a disputed concept or universal application of models as an example for others to follow; and we cannot afford to be too dogmatic about it; after all what is all history or economics for? Is it not to learn from others? I think it is. Japan offers us a classical example in modern history of a case where poverty alleviation was achieved through industrialization. Japan's example suggests further that poverty alleviation is a protracted process that can only be achieved through development of the national economy in which all and sundry are involved — both government and private.

It was after the period of industrial progress that the majority of people in today's industrialized countries have overcome poverty. It was technological progress accompanied by **widespread education** and human resource development that played a key role in alleviating poverty in those countries. Japan's massive level of investment financed gains from agriculture and domestic savings — together with technological innovation and adaptation — led to her rapid economic growth from the period of Meiji. Japan was able to take advantage of a wide range of stock of the advanced and rich technologies which were imported, dismantled, adapted and applied to suit their social *milieu*. It is important to recognise the initial role of government which, as David Landes said, "Conceived modernization as a goal and industrialization as a means that gave birth to the economy in haste and pushed it unrelentingly as an ambitious mother, her child prodigy". Later, the government handed over to the private sector the Zaitbu group which it had nurtured and encouraged. Here, I am not making a case for privatization for the simple reason that structural imperfection in our economy rules out any possibility of reliance on the allocative efficiency of the market mechanism.

Today, the new industrialising countries (NIC) of Asia, Hong Kong, Singapore and Taiwan, to mention these three among others, offer another good examples of how poverty alleviation can be achieved successfully through industrialization. These countries are not resource rich countries: they have small domestic markets which are serious constraints on rapid economic development. However, they adopted an export-oriented industrialization strategy with appropriate exchange rate policies, a shift from import control to export promotion with all kinds of incentives for industrialization.

We could include South Korea in this category of export-led industrialization. However, one sad observation that comes to mind is the extent of external capital involved in the process through imported input requirements and the extent of debt that must have been involved in the same, process. Nevertheless, there has been a wide range of manufactured export products, through fairly efficient industrialization. This has improved income distribution, and through that, enhanced living standards and consequently serious efforts at poverty alleviation through the provision of jobs for the poor.

The rural population in these countries which depended on agriculture had fallen sharply and had been absorbed by the rapidly industrialising sectors. Incomes, both in industry and agriculture, have risen substantially.

I mentioned India earlier on as a country with a high degree of poverty. But in recent history, India has gone a long way to eradicate poverty. Today, the poverty ratio in India has dropped from about a half to a third of the population. It is expected that by the end of the century, it will have dropped to a quarter. India achieved this feat through industrialization. The industrial sector has performed well, with an average annual growth of 9%. Its wide range of manufactured products would appear to be the widest among the developing countries. The economy has become resilient and is now able to adapt the technologies the world could offer, alongside the stock of its own in-digeneous technology. The emphasis is on efficiency through high productivity, lower costs and better quality. It applies both to the public and private sectors.

What Are The Initial Conditions For Poverty Alleviation?

For us to achieve this, we must first of all create appropriate initial conditions for the successful take-off of poverty alleviation strategies. These conditions relate to:

- (i) The development of a social absorptive capability which we need to be able to introduce and spread new technologies or adapt even old ones as circumstances permit;

- (ii) Policies which enhance a people's capability and should include human resource development, a recognition of man and woman both as a means and an end in development;
- (iii) A recognition that women, strictly speaking, are the key agents of change and modernization. As the principal suppliers of water, cultivators and livestock managers, they have a great role to play in the environment, the subsistence economy and in homes. All the world over, women constitute two-thirds of the poorest households, and constitute three-quarters of the world's micro-entrepreneurs, and provide more than 60 per cent of the food in low income countries. These facts signify a very high input by women to the Gross Domestic Product. The fate of women is a critical determinant of the fate of the whole society;
- (iv) Having an accumulation of social overhead capital, and encouragement of research with an appropriate institution and environment;
- (v) Efficiency of government service and an efficient network to disseminate information;
- (vi) A work ethic that rewards efficiency and abhors corruption and ineffectiveness.
- (vii) The structure of the economy in which agricultural technology should be sufficiently advanced to respond to the increased demand for food generated by industrialization. In Korea and Taiwan, for instance, rural industries progress sufficiently and provide the basis for starting up modern industries; as well as
- (viii) The establishment of strict adherence to a political democracy that helps the masses to determine their political and economic fate as well as to participate in decision making while public accountability must be strictly adhered to.

What Next?

From what we have said so far, poverty alleviation must be approached through economic development. The government must address itself to the problem of poverty alleviation through a well-integrated development plan bearing in mind that:

- (i) The programme objectives must be clearly written;
- (ii) The target audience must be identified;
- (iii) There must be collaboration with other relevant organizations having an input to make;
- (iv) Sources of funding must be identified and so also the community and external sources implementing programmes; and that
- (v) There must be a periodic evaluation and revision of plans.

Two Frontal Attacks

The battle for poverty alleviation must be fought, won or lost, in the battlefield of agriculture and industry. There must be sustained dynamism in agriculture in order to mount a direct assault on poverty, through improvement of agriculture with income earning assets provided to the poor; meaning that productive employment programmes must be provided to the poor. Because labour is the most important resource available to the poor, employment generation should be targeted at that productive use of labour.

Subsidies should be re-ordered. Loans incentives and other for small-scale industries should continue, cottage industries and the informal sector should be recognized in the setting up of modern industries in the rural areas. The administration of these schemes must be handled by responsible officials who identify themselves with the problems of the poor and whose interests are allied to those of the poor. There must be careful targeting of the poor beneficiaries to ensure that projects work in their favour and that leakages to other groups are avoided.

Secondly, there must be a bold plan for industrialization as has been mentioned in the case¹ of the newly industrialising countries. For, a bold effort at industrialization creates jobs, provides income, t and through multiplier effects, more jobs and incomes. A wide range of goods will be produced at affordable prices by the poor, etc. All these, we must not overlook notwithstanding among other things, our internal resources, internal capabilities and indigeneous expertise.

The establishment and monitoring of a bold plan to improve agriculture and industrialise the modern sector for employment and income generation, through self-reliant forward-looking policies that are not necessarily autarkic because of interdependence in the world economy should be encouraged. Be that as it may, the size and magnitude of investment required to deal with the problem in any clearly meaningful way is beyond the internal resource capability of these poor nations, otherwise they will cease to be poor. Self-reliant approaches would mean development of our internal expertise, exploitation of our internal resources for incorporation into our productive techniques, all using our resources. But we would need some foreign exchange earnings either through our **exports** principally or **borrowing** minimally. There is a constraint on the extent of self-reliance.

I raise these issues, because we are all living witnesses to the problems created for many of the developing countries since the 1980s, by their so-called benefactors. Because of insufficiency of the foreign exchange earnings from their exports, they were forced to seek loans from international lending agencies like the World Bank

and the IMF. And the result is that they are being crushed by the burden of external debts. In 1986 for instance, the total external debt for the sub-Saharan region was \$100bn including arrears. Not less than 85% of this debt was owed directly or guaranteed by official sources in the creditor countries and international institutions. If we include arrears on debts and IMF repayments, the annual debt service ratio of the proportion of export earnings required to service the debt was in the order of 50% in 1986 for the entire sub-region. For Sudan, Mozambique and Guinea Bissau, for instance, it was much higher.

In spite of economic expansion in the industrialised countries and increases in world trade, growth in the developing countries remained sluggish as the external burden continued to mount. This *phenomenon* placed severe strains on the international monetary and financial system. The difficulties of developing countries were exacerbated by a number of factors including inadequacy of financial flows, high interest rates in the international financial markets, weak commodity prices, sluggish demand for their export commodities, increased protectionism and other gimmicks* including non-tariff barriers to trade mounted by the same industrialised countries against the exports of the same poor nations.

Reactions of some of the poor nations

Some of these poor nations under the guise of Structural Adjustment Programmes dictated to them by the same industrialised countries, including the World Bank and the IMF (which are controlled by them) were forced to retrench public expenditure which meant workers. It is once again, the very poor whose problems we are seeking to alleviate who again suffer from over-expensive food, housing, clothing and reduced access to the good things of life. It can, therefore, be claimed that, to a large extent, the erosion of the living standards of the poor which is being experienced is linked directly to the problem of external debts and the international dimension of the North-South economic relations.

Personal Argument/Plea

My plea is that the division of the same mother earth into the rich, the poor and the very poor is untenable. The world is one. In practice, this is not the case. The so-called South harbouring the poor and the very poor of the poor live in a state of endemic famine and abject poverty. The United States of America, for instance, with only 6% of the world population consumes 55% of all the natural resources of the earth. An American child consumes roughly fifty times more material resources than a child in the South. The FAO reports that fifteen people out of one hundred in these advanced countries are overfed, while one person out of ten dies of hunger.

The West and the East would prefer to spend billions of dollars on the arms race. In 1976, for instance, the amount spent on arms build-up was \$334bn, rising to \$400bn in 1979 and to over \$1000bn in 1988. This period was a decade of unparralled dangerous arms expenditure which pre-empted the diversion of a large part of the world's resources away from development in the poor countries.

The development gap, between the North and the South is astounding, the imbalance complete the asymmetry abnormal and the discrepancies frightful. Imagine, a situation where one-third of the world's population, representing the most deprived of developing countries, receives only 3% of total world income. We find a new development in the horizon, where the wealthiest country, the USA, has become the world's largest debtor. The capital surplus countries, Japan and West Germany, which export substantially more than they import, finance the US deficit, while the most deprived, the poverty-ridden developing countries of the world are starved of the capital which they desperately need to accelerate their development and respond to urgent human needs.

Today, we are all watching with mixed feelings the transformation of the Socialist bloc. It seems likely that there will be some shift away from the extreme left, perhaps even past the centre, toward the right. If this does take place, it will give rise to another dimension. The surplus-capital rich of the West will have good reasons to finance recovery, reconstruction and rehabilitation to settle any victims of the socialist transformation. A new European scene will appear on the horizon and any sympathy that was experienced before in the South will fritter away. The cold war would have come to an end and the South would have ceased to be a sort of perpetual gymnasium where the rich practise virtue when "they are so inclined".

If the cold war between the East and the West ceases, there will be another one between the rich and the poor in which the harassment of the poor will create uneasiness for the rich to enjoy his wealth.

In closing this address, Mr. Chairman, let me remind ourselves of the remarks of Javier Perez de Cueller, the Secretary-General of the United Nations:

"The world is interdependent, poverty is a global issue, collective survival and prosperity demand that abundance be shared worldwide. Poverty anywhere is poverty everywhere".

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The poor need some patrimony of knowledge and opportunity of health and hope, some shelter, some food and some clothing. If the North is not forthcoming, do we fold our hands to allow the poor to perish? My charge is that the fate of the poor today lies in the hands of those who can conveniently have three square meals a day and ensure the same for their dogs. Let them come out boldly to support programmes for poverty alleviation as part of their service to humanity.

I take this opportunity to thank the General Assembly of the Social Science Council of Nigeria which in 1988 unanimously elected me into office as the President, to lead this budding but all important organization. I hope I did not disappoint you. I salute you all and wish whoever will be our new President a happy and successful tenure of office.

Thank you.

Professor M. N. Ogbonna,
President, SSCN.