

Effects Of Corruption On National Development (A Case Study Of Nigerian National Petroleum Corporation 1999-2017)

Chidi Julius Lloyd

PhD, Dept. of Public Law, University of Nigeria, Enugu Campus, Nigeria

Abstract: The major objective of this study is to examine the effects of financial corruption on national development in Nigeria (1999-2017). The continuous outcry of the citizens on the evils of corruption and its consequences on national development motivated this study. Data were drawn chiefly from primary sources and subjected to statistical computations of scaling and percentages. The major findings of the study revealed that to a large extent corruption leads to poverty in Nigeria. Also to a large extent increase in oil revenues do not translate to poverty reduction in Nigeria. The study equally, found that to a large extent the oil industry causes underdevelopment and increase poverty in Nigeria. This study therefore advances that stiffer sanctions must be imposed on those found guilty of corrupt practices including death sentences. This will serve as deterrent to others. Since corruption is a relationship of 'give and take', both the giver and the receiver must be prosecuted as well. There is the need to strengthen institutions such as the civil service, parliament and the judiciary, which in turn will create interlocking systems of oversight and self-regulation. All of these institutions have to be free of corruption themselves and active players in the fight against corruption and good governance should be entrenched.

Keywords: Corruption, Economic Growth, Development, National Development, Oil Industry, Poverty

I. INTRODUCTION

Over the last three decades the most single cankerworm that has eaten deep into the fabrics of our society is corruption. This has so deep-rooted and pervaded the nation that it has now appeared to have become a permanent characteristic of the Nigerian polity. It has become completely institutionalized, entered into the realm of culture and the value system; it is now a norm and no longer an eccentricity. Our children are born into it, fed with it, grew up in it, socialize with it, live with it, and possibly die in it. This is substantiated in the many corruption cases being investigated by the EFCC and ICPC on high ranking government officials - former governors, cronies of the party in power, politicians, representatives of corporate organization as well as top business tycoons. Corruption has coexisted with human society for a long-time and remains as one of the problems confronting and stalling both developed and developing economies with varying degrees in different countries and with overwhelming consequences on political and socio-economic development.

In Nigeria, it surprises many as to why a country so endowed, both in human and mineral resources, is as well ridden and riddled with underdevelopment in perpetuity. Yet, in any analysis of why Nigeria's greatness is being delayed or slowed down, and why majority of her people have failed to see democracy as a means to development, corruption has remained a chief variable (Tunde, 2008). Corruption is endemic and one of the many unresolved problems that have critically skewed and hobbled growth and development. It remains a long-time major political and economic challenge for Nigerians (Sachs, 2007).

Without doubt, corruption has pervaded the Nigerian society and in the words of Achebe anyone who can say that corruption in Nigeria has not yet been alarming is either a fool; a crook or else does not live in this country. The situation has become bad to the extent that as far back 1993, keeping an average Nigerian from being corrupt is like keeping a goat from eating yam (Achebe, 1988). Corruption brings a nation no good. The resources meant for water supply, roads, education, health and other basic and social services that are captured and stolen by a handful of Nigerians through corrupt

acts stultify economic and social development hence creeping poverty all over the place (Keeper, 2010).

Several societies in the world today owe their development to the wealth generated from mineral and natural resources found in their environment. Oil and gas are very strategic resources that power the economies of even the most sophisticated economies of Europe and America. Oil and gas constitute the *primus inter pares* of the present day industrial production, manufacturing, transportation, aviation etc. This is because petroleum accounts for over 65 percent of the energy requirement for production, manufacturing and transportation even though there are alternative sources like solar energy, wind turbines, hydro-power etc. Also, the myriads of products generated from crude oil are used for the production of many products such as vehicle tyres, magnate, asphalt, etc, (Adesopo, 2008). Without oil and gas, the global economy may collapse. The United Arab Emirate (UAE) for instance has utilized the wealth generated from oil and gas to substantially develop their society. Prior to the first export of oil in 1962, the UAE economy was dominated by Pearl production, fishing, agriculture and herding. Since the rise of oil production in 1973 however, the petroleum sector has dominated the economy and accounts for most of its export earnings which has also provided significant opportunities for investment. The UAE has huge proven oil reserves, estimated at 97.8 billion bpd in 2011, with gas reserves estimated at 214.2 trillion cubic feet; at present production rates. These supplies are estimated to last well over 150 years, (Human Rights Watch, 2004).

In Nigeria however, the reverse is the case as the huge wealth generated by crude oil and gas has not translated to improved quality of life, rather, it has culminated in abject poverty and general underdevelopment due to the endemic corruption in the system. Corruption has gone on unabated since Nigeria's Independence in 1960 till date and seems to be getting even more sophisticated by the day. Our interest in this study is to examine the impact of financial corruption on national development in Nigeria (1999-2017).

II. LITERATURE REVIEW

A. CONCEPT OF CORRUPTION

Corruption may not be easy to define. There is no universal consensus on what constitute corruption. However, some scholars have variously defined the concept of corruption. According to Tanzi (1998), "corruption is generally not difficult to recognize when observed." The most simplified and the popular definition is that adopted by the World Bank, which defines corruption as the abuse of public power for private benefits (Gray and Kaufman 1998). Notwithstanding, the different perspectives through which corruption may be viewed, a common ground of opinion conceives it as the perpetration of a vice against the public well-being. Lipset and Lenz (2000: 31) defining corruption in the above line maintained that it is an effort to secure wealth or power through illegal means for private gains at public expense.

In recent years, increasing attention has been devoted to understanding the reasons for and consequences of corruption. The existing literature can be divided into two broad strands. The first focuses on the determinants of corruption. Several studies have shown that the main factor affecting the scope and breath of corruption are the quality of the bureaucracy, the level of public sector wages (Van Rieckeghem and Weder 2007); rule of law, particularly anti-corruption legislation; availability of natural resources (Late and Weidman 1999).

The second strand shifts attention from the determinants to the consequences of corruption. Studies in this regard have analysed the impact of corruption on output growth (Shufer and Vishney 2003), quality of public infrastructure and public investment (Tanzi and Davoodi 1999) and income inequality and poverty (Goopta, Davoodi and Alonso 2000). For clearly pedagogical purposes, it is worthwhile acknowledging that corruption can occur within two different types of social, political economic milieu (Theobald 1999). The first is a situation where individuals misuse public office for personal gains. This type of corruption takes place in a modern, rational, Weberian, bureaucratic system where there is a clear division between public and private life. In such a system, corrupt behaviour violates bureaucratic procedures, organisational norms, laws and large societal expectations for appropriate behaviour of its public officials.

With the second situation, the problem is not rogue individuals but rather, a system where corruption is embedded in society. In this situation, corruption is institutionalized and becomes the norm rather than an exception. The extensive literature on "patronage" and "bigman" politics stands as testimony to that and for many observers of politics in Africa, corruption is a core element of the state and society (Berman 1998). In patronage system, patronage or client networks to which public officials belong, uphold the value of appropriating resources from the state to further the collective interests of the family, clan, ethnic group, region or religion.

The importance of the distinction between individual and systemic corruption is the fact that in countries with systemic/endemic corruption, anti-corruption efforts that start with the assumption that corruption is an individual problem will not produce significant results because the actions, values, norms, economic relations and behaviours that uphold the existence of patronage networks will actively seek to undermine reforms.

Indeed, this has been the one major inherent deformity in the fight against graft in Nigeria. Efforts at combating corruption are built on an atomized, individualistic, and legalistic manner which focuses on the misuse of public office for personal gains. In truth, this only captures a part of what constitute corruption. Little attention is paid to the analytical reality of corruption as a socio-political and economic process that often have strong support from within the social networks to which public officials belong.

In a society with systemic corruption, corrupt practices are embodied in existing power relations which gives rise to the need for such practices to be analysed in regard to their effects on the lives of the populace involved in their daily struggle for socio-economic and political existence.

Anders (2001), in his study of corruption in Malawi, notes that in a situation of extreme poverty, the state becomes

something like a mechanism for those civil servants who can access its resources which makes implicit in systemic corruption the plundering of state resources.

The processes of corruption are complex and interwoven. Corruption has two major components. In this classification, we will draw extensively from the works of Alafas (1990), in his Scheme of Corruption, we have the following:

- ✓ Transactive corruption- This involves government, its agents and other collaborators;
- ✓ Investive and extortive corruption- This is where Corporations give out inducements, not for immediate benefits, but for future aspirations of such. Extortive corruption may be willing or forced by individuals, groups or companies. It is a form of corruption given to protect an interest due to threats to such interest.
- ✓ Auto corruption- This is usually supporting a cause which will yield in outcome some undue advantage to the pursuer.
- ✓ Supportive corruption- This involves planning of actions that shield corrupt persons or institutions from being exposed and punished. It is also any encouragement of corruption in whatever form.
- ✓ Defence corruption- This is an effort of the larger activities of corruption. It is embarked upon as a choice for survival within a system of gross or embedded corruption.

B. CONCEPTUAL DEFINITIONS

BRIBERY: The payment (in money or kind) that is taken or given in a corrupt relationship.

These include "kickbacks", "gratuities", "pay off", "sweeteners", "greasing palms" "scratching of back" etc.

BUREAUCRATIC CORRUPTION: This occurs in the public administration or the implementation end of politics. It is the kind of corruption the citizens encounter daily at places like the hospitals, schools, local licensing offices, police stations, the various government ministries etc.. Bureaucratic corruption occurs when one obtains a business from public sector through inappropriate procedure.

ELECTORAL CORRUPTION: This includes promises of office special favours, coercion, intimidation, and interference with freedom of election, buying of votes, disenfranchisement, snatching of ballot boxes, victimizing and maiming, mutilation of election results in favour of losers and votes turn up in area where votes were not cast.

EMBEZZLEMENT: This is seen as the theft of public resources by public officials. It is when an official of the state steals from the public institution in which he/she is employed. In Nigeria the embezzlement of public fund is one of the most common ways of wealth accumulation, perhaps, due to lack of strict regulatory systems.

EXTORTION: This is money and other resources extracted by the use of coercion, violence, or threats to use force. It is often seen as extraction from below.

FAVORITISM: This is mechanism of power abuse implying a highly biased of state resources. However, many see this as a natural human proclivity to favour friends, family, and anybody close and trusted.

FRAUD: This involves some kind of trickery, swindle and deceit counterfeiting, racketing, smuggling and forgery.

POLITICAL CORRUPTION: It occurs when politicians and political decision-makers, who are entitled to formulate, establish, and implement the laws on behalf of the people, are themselves corrupt. It also takes place when policy formulation and legislation is tailored to benefit politicians and legislators.

C. CORRUPTION IN THE OIL INDUSTRY: THE FUEL SUBSIDY REPORT

The House of Representative ad hoc Committee on fuel subsidy investigated subsidy payments between 2009 and 2011 and found out that the subsidy regime, was fraught with corruption and entrenched inefficiency. Much of the amount claimed to have been paid to as subsidy was actually not for consumed PMS. Government officials made nonsense of the PSF Guidelines due mainly to sleaze and, in some other cases, incompetence. It is therefore apparent that the insistence by top Government officials that the subsidy figures was for products consumed was a clear attempt to mislead the Nigerian people.

Thus, contrary to the earlier official figure of subsidy payment of ₦1.3 Trillion, the accountant General of the Federation put forward a figure of ₦1.6 Trillion, the CBN ₦1.7 Trillion, while the committee established subsidy payment of ₦2, 587.087 Trillion as at 31st December, 2011, amounting to more than 900% over the appropriated sum of ₦245 Billion. The figure of ₦2, 587.087 Trillion is based on the CBN figure of ₦844.944 Billion paid NNPC, in addition to another figure of ₦847.942 billion reflected as withdrawals by NNPC from the excess crude naira account, as well as the sum of

₦894.201billion quoted above strongly suggests that NNPC might have been withdrawing from two sources especially when the double withdrawals were also reflected both in 2009 and in 2010 (Report of the House of Representatives Committee on Oil Subsidy Regime 2012). However, it should be noted that as at the time the public hearing was concluded, there were outstanding claims by NNPC and the marketers in excess of ₦270 Billion as subsidy payments for 2011. Whereas the mandate of the committee was not necessitated by the removal of subsidy, the committee found out that subsidy payment on kerosene formed an integral part of the total sum. On its part, NNPC was found not to be accountable to anybody or authority. The Corporation, in 2011, processed payment of ₦310.4 Billion as 2009 - 2011 arrears of subsidy on kerosene, contrary to a presidential directive which removed subsidy on kerosene in 2009. The corporation also processed for itself, direct deduction of subsidy payment from amounts it received from other operations such as joint venture before paying the balance to the Federation Account, thereby depleting the shares of states and Local Governments from the distributable pool. Worse still, the direct deduction in 2011 alone, which amounted to ₦847.942 Billion, was effected without any provision in the Appropriation Act. While NNPC feasted on the federation Account to bloat the subsidy payable, some of the marketers were involved in claiming subsidy on products not supplied.

PPPRA laid this foundation by allocating volumes of products each quarter to the marketers which it knew were not in conformity with its own guidelines for participation.

Our investigation further revealed that certain marketers collected subsidy of over ₦230.184 Billion on PMS volume of 3,262,960,225 litres that from the records made available to us were not supplied. Apart from proliferation and non-designation of bank accounts for subsidy payment, PPPRA and the OAGF were unable to manage in a transparent manner the two accounts they chose to disclose. There were indications that PPPRA paid ₦158 Billion to itself in 2009 and ₦157 Billion in 2010. When confronted, the OAGF was unable to submit details of the bulk payments arrogated to PPPRA and the account from which the bulk sums were disbursed to the supposed beneficiaries. (Report of the House of Representatives Committee on Oil Subsidy Regime 2012). Curiously too, the particular Accountant-General that served during the period 2009 was found to have made payments of equal installments of ₦999 Million for a record 128 times within 24 hours on the 12th and 13th of January 2009, totaling ₦127.872 Billion. The confirmed payments from the CBN records were made to beneficiaries yet to be disclosed by the OAGF or identified by the committee. We however discovered that only 36 marketers were participants under the PSF Scheme during this period. Even if there were 128 marketers, it was inconceivable that all would have imported the same quantity of products to warrant equal payments.

In order to arrive at a probable figure of daily consumption of PMS, the committee took the entire volume 14, 787, 152, 340 litres imported by marketers and NNPC in 2011 as recorded by PPPRA and then deducted what was suspected as overinvoiced volume of 3, 276, 949, 993. Thus, the actual volume imported for year 2011 was 11, 510, 202, 347. This manifested into an average daily PMS consumption of 31.5 million litres, (Report of the House of Representatives Committee on Oil Subsidy Regime, 2012).

However in 2012, the marginal increment of 1.5 million litres a day was recommended in order to take care of unforeseen circumstances, bringing it to 33 million litres per day. And to maintain a strategic reserve and additional average of Seven (7) million litres per day (or 630 million litres per quarterly) for the first quarter of 2012 only was recommended. Thus, PPPRA is to use 40 million litres of PMS in the first quarter as its maximum ordering quantity per day. In subsequent quarters, PMS daily ordering quantity should be 33 million litres per day. For kerosene, the committee recommended a daily ordering quantity of 9 million litres. (Report of the House of Representatives Committee on Oil Subsidy Regime 2012).

E. THE EFFECT OF CORRUPTION ON NATIONAL DEVELOPMENT

The consequences of corruption on a nation's socio-political and economic development are myriad. The foremost effect of corruption is that it leads to a reduction in economic growth and development by lowering incentives to invest, it also leads to a divestment in such economies. Serious investors are always wary of offering bribes before being allowed investment rights or operational licenses. This is due

to the fact that there is no guarantee that greased officials may keep their side of the agreement, and with no official cover they address in case of contract breach, the fleeced investor is on his own (Epele, 2006). To the above is the fact that foreign investors are also prone to withdraw their capital from a country with high incidence of corruption because the risk involved in doing business in such nations sometimes outweighs the benefits. Granted that it has been argued that corruption provides both local and foreign investors the leverage to surmount bureaucratic impediments, yet the number of such successful deals is a far cry from the avalanche of investors that have stripped off their hard earned money (Keeper, 2010). Corruption also alters the pattern of government expenditure. Experience has shown that in highly corrupt countries, officials throw government funds more into large and hard-to-manage projects, such as airports or highways than on social services like health and education. It has been a stumbling block to people enjoying the social fruits of good governance (Ibrahim, 2003).

Corruption contributes immensely to inhibition of economic performance; it negatively affects investment and economic growth, which is detrimental to national development. If corruption discourages investment, limits economic growth and alters the composition of government spending, it automatically hinders future economic growth and sustainable development. Corruption tarnishes the image of a nation; perhaps, Nigeria suffers more than most societies from an appalling international image created by its inability to deal with bribery and corruption. For instance, the 1996 study of corruption by the Transparency International and Goettingen University ranked Nigeria as the most corrupt nation among the 54 nations on the study, with Pakistan as the second highest (Moore, 1997). In the 1998 Transparency International Corruption Perception Index (CPI) survey of 85 countries, Nigeria was ranked 81 (Lipset and Lenz 2000). Worse still, in the 2001 Corruption Perception Index (CPI) survey of 85 countries, the image of Nigeria slipped further south, as The Transparency International Corruption Index, 2001 ranked Nigeria 90 out of the 91 countries studied (second most corrupt nation in the world) with Bangladesh coming first.

Corruption contributes to the problem of mass poverty and rendered millions of Nigerian citizens unemployed and uneducated. The poverty profile of Nigerians appears to be worsening. The UNDP Development Report 2001 places Nigeria at 148 out of 173 countries surveyed. The situation worsens in 2003 report, which put Nigeria at 152 among the 175 countries covered in the survey. It is truism that mass poverty has been a breeding ground for all forms of extremism in the frequent outbreak of ethno religious violence in some parts of Nigeria (FRN, 2001 and Obadan, 2001). In Nigeria, corruption led to decaying infrastructure, inadequate medical services, falling educational standards, mismanagement of foreign loans, bloated imported bills and public expenditure, reduces production capacity, distortion of the economy through waste and misallocation of resources. In 2001, Nigeria lost more than N23billion to corruption (Salu and Aremu, 2004).

F. CONCEPT POVERTY

Quite paradoxically, while the objective of eliminating poverty constitutes a unanimous challenge to development agents and policy makers, there hardly seem to be such unanimity in what poverty means. The debate on the conception of poverty is quite elaborate. But from a generic stand-point, poverty is a social construct explained and defined as it suits the actor or particular points in time. But despite the conceptual variances, there is a consensus that poverty is not a desirable condition (Okonjo-Iweala, and Osafo-Kwaako, 2007).

The problem of definitional variance is put in strait line when we bring to bear that any analytical exploration of the concept of poverty can only be meaningful within a particular historical setting of time and place, and must be erected on the prevailing conventions and circumstances of the society in question.

G. THEORETICAL FRAMEWORK

The theoretical framework adopted in this study is the Marxian Political Economy Approach. The term political economy was first used by Atoine De Montchretein in 1615 in his book, 'The Laws of Political Economy.' The use of the word was strengthened by Adam Smith and James Mill in their 'Interpretation of Laizzer Fairre' (Ibab, 2005:59).

The political economy approach is used for studying the capitalist system (society) and its contradictory relationships. The fundamental basis of political economy is rooted in 'Dialectic Materialism.' As a scientific framework, it maintains that the material base of reality (including society) is constantly in a state of flux in a dialectic process, governed and propelled by the laws of unity and conflict of opposites, the negation of the negation (Frolov 1981:4).

Marxian Dialectics sees history as a cumulative activity of human beings, the complex producer of the deliberate effort of individuals to satisfy their material needs; the consequences of such activities is otherwise the pursuit of man's economic necessity (Orugbani 2002: 23). The theory further postulates that the conflict between classes is essentially dependent on the economic sub-structure of society which is the driving force of history, development and underdevelopment because of the dialectic transformation it heralds (Anikpo 1996, Ake 1981).

Political economy and dialectical materialism is rooted in the ideology that man is first and foremost a material being, and our material existence determines and shape our consciousness. Therefore, meeting the material needs is a primary condition for man's existence-and this is what informs and shape our ideas and consciousness. Drawing from this therefore, the use of this approach is very appropriate for this study. The political class in Nigeria lacks an economic or productive base and therefore use political power to promote their personal interests. They corruptly use public resources to enrich themselves; they build and sustain their economic empires for themselves, their children and grand children. The above corroborates Ake's postulation that the African political class lacks an economic base and therefore resort to the capture of political power to consolidate economic gains. This

according to Ake leads to what he called the 'Politics of Anxiety,' which involves a desperate struggle for power, a win by all means mentality (Ake in Alapiki 2004).

As a result of the expected economic gains, the political class in Nigeria has made politics a normless exercise. The following characteristics are observable in Nigerian politics:

- ✓ Politics is a zero-sum game in Nigeria;
- ✓ It is characterised by malpractices, fraud, rigging, and violence;
- ✓ Politics in Nigeria is normless;
- ✓ The institutions concerned with election matters from the political parties to the umpire (INEC) are apparently compromised.
- ✓ It is very expensive in terms of money involved in electioneering activities; and
- ✓ Lastly, politics is seen as an end in itself as gaining power provides the ultimate economic gains, social security and immunity from prosecution.

The quest for material cravings by the political class engenders corruption, poverty, violence and underdevelopment in Nigeria. It is for the above reasons that the Political Economy Approach is the most appropriate theoretical framework for explaining the politics in the oil industry, corruption and poverty in Nigeria.

III. RESEARCH METHODOLOGY

Quasi-experimental research design, which is called 'survey', is adopted in this study. The sample (respondents) for this study consisted of workers and management staff of NNPC in Port Harcourt. However, the sampling technique adopted for this study i.e. for the selection of the sample (respondents), is the simple random sampling technique. The primary data in this study were collected through the questionnaire.

The supervisor made necessary inputs and validated a structured questionnaire containing multiple choice, open ended, close-ended and dichotomous questions. Ten copies of the questionnaire were initially administered on 10 staff of NNPC in Port Harcourt to act as a pilot study. The pilot was used to ascertain the level of acceptability, validity and relevance of the presumed data for the study.

Descriptive and inferential/statistics were used to analyze the data for this study. The descriptive statistics have been used for the analyzing and understanding of any treatment of numerical data, which does not involve generalization while the inferential statistics are used to make generalization, predictions or estimations about a given data. In this study, percentage, ratios, frequency distribution and other statistical tools have been used.

IV. RESULTS

The study selected a sample of four hundred (400) respondents from the staff of NNPC in Port Harcourt. The administration of questionnaire was carried on at the respondents' organisation. The copies of questionnaire were administered on managers, accountants, marketers, public

relations officers, supervisors and general staff working in NNPC Port Harcourt. The administration and collection of data for the study through questionnaire covered a period four months (May-August, 2014).

Out of the four hundred (400) copies of questionnaire administered, four hundred and forty-six (346) respondents returned their copies of questionnaire. However, after editing the copies of questionnaire, 344 copies were found useful for the study, and this figure represents 86% response rate based on the ones found useful. The findings are presented, analysed and discussed by using the 344 respondents found relevant for the study as follows:

V. RESPONDENTS' SOCIO-ECONOMIC CHARACTERISTICS

Respondents' socio-economic characteristics in this study include sex, age, marital status, religion, education and occupation.

Sex	Frequency	Percentage
Male	212	62
Female	132	38
Total	344	100

Source: Survey Data 2017

Table 1: Percentage Distributions of Respondents by Sex

As revealed in Table 1, majority of the respondents (62.7%) were males, while females constituted only 38%. More males than females willingly participated in the study because of their overwhelming concern for poverty and development in Nigeria. Another factor that seems to have influenced males' dominance in the study is the dominance of men in every sphere of our social existence and essentially knowledge on the issue at hand.

Age Bracket (years)	Frequency	Percentage
Below 18	15	4
18-35	234	68
36-54	83	24
55 and above	12	3
Total	344	100

Source: Survey Data 2017

Table 2: Percentage Distribution of Respondents by Age

Table 2 shows the age bracket of the respondents. It is revealed that majority of the respondents (68%) were within 18-35 years of age, 24% were within 36-54 years, only 3% were 55 and above years, and only 4% were below 18 years. It is interesting to find out that the active age group (those between 18 and 35 years) constituted the majority of the respondents.

Marital Status	Frequency	Percentage
Single	115	34
Married	221	64
Widowed/Separated/Divorced	08	2
Total	344	100

Source: Survey Data 2017

Table 3: Percentage Distribution of Respondents by Marital Status

It is revealed in Table 3 that the married constituted the highest number of respondents used in the study (64%), followed by the single (unmarried) who constituted 34% of the respondents. Only 2% of the respondents were widowed, separated or divorced.

VI. THE RELATIONSHIP BETWEEN CORRUPTION AND POVERTY

This study has set to determine the extent of the relationship between official corruption and poverty in Nigeria. The finding in this regard will be subjected to analysis in the table below to ascertain the extent to which corruption can cause and or re-enforce poverty based on research question 1

RESEARCH QUESTIONS 1

Does corruption lead to poverty in Nigeria?

Response	Number	Percentage
Agreed	98	28.48
Strongly Agreed	242	70.34
Undecided	4	1.16
Disagreed	-	
Strongly Disagreed	-	
Total	344	100

Source: Survey Data 2017

Table 4: Corruption and poverty in Nigeria

From table 4 above, it is clear that a greater number of respondents strongly agreed with the proposition that poverty is higher with a higher level of corruption. Slightly above 98 percent of respondents agreed that there is always a higher level of poverty associated with endemic corruption. The above any many other documented facts concretely establish the fact that wherever corruption is endemic, poverty will be widespread too. This was further confirmed by the survey data where about 98 percent of respondents affirmed that endemic corruption equally produce endemic corruption. Therefore, a strong relationship exists between the two in a very high degree. According to Transparency International, when there is corruption, key drivers such as Political Accountability, Transparency and inclusiveness are significantly undermined and at times even absent. When the Corruption Perception Index (CPI) is compared with their Human Development rankings, a strong correlation emerges between corruption, poverty and development as measured by the Human Development Index (HDI). Countries with lower corruption tend to have higher human development index and vice-versa (Transparency International 2008: 3).

RESEARCH QUESTIONS 2

Increase in oil revenue does it translate to poverty reduction in Nigeria?

Response	Number	Percentage
Agreed	109	32
Strongly Agreed	102	30
Undecided	74	21

Disagreed	37	11
Strongly Disagreed	22	6
Total	344	100

Source: Survey Data 2017

Table 5: Increase in oil revenues and poverty reduction.

From the table above, it is clear that more than average of the respondents agreed to the proposition that higher revenues accruing from crude oil and gas has not translated into reduction in the poverty rate. As a matter of fact, while 109 respondents, representing 30 percent of respondents agreed, 102 respondents, representing 32 percent strongly agreed with the proposition as against 37 respondents representing 11 percent and 22 respondents, representing 6 percent of respondents disagreeing or strongly disagreeing respectively with the proposition. A total of 74 respondents, representing 21 percent of the respondents were undecided. It goes to demonstrate the fact that higher crude oil prices have not brought about poverty reduction due largely to corruption and mismanagement of public resources.

OIL INDUSTRY, POVERTY AND UNDERDEVELOPMENT IN NIGERIA

The Nigerian oil industry has so many laws, which have been proven by various literatures to be antithetical to development and poverty reduction. These laws as cited in chapter three of this work have dis-empowered the people and thrown them into deprivation, poverty and underdevelopment. The out-standing ones include the Petroleum Act of 1967, The Land Use Act of 1978, The Oil Compensation Act.

RESEARCH QUESTIONS 3

To what extent does the oil industry cause underdevelopment and increase poverty in Nigeria?

Response	Number	Percentage (%)
Agreed	70	20
Strongly Agreed	131	38
Undecided	53	15
Disagreed	74	22
Strongly Disagreed	16	5
Total	344	100

Source: Survey Data 2017

Table 6: Extent to which the oil industry has underdeveloped and increased poverty in Nigeria

From the response pattern in the survey data, it is surprising because even though a greater number of respondents responded in the affirmative, a relatively high number either disagreed or were undecided. From the table above, 70 percent of respondents, representing 20 percent agreed that there is a strong relationship between the oil industry, poverty and underdevelopment in Nigeria. Another 131 respondents representing 38 percent also strongly agreed with the proposition, 53 respondents, representing 15 percent were undecided and 74 respondents representing 22 percent and 16 respondents representing 5% disagreed.

From the fore-going, majority of respondents are of the view that the laws governing the oil industry are antithetical to the empowerment and development of the real owners of the

land and resources. For them, the poverty and underdevelopment in Nigeria is rooted in the laws governing oil company operations in the country, the mode of compensation and the ownership of land.

VII. DISCUSSION OF FINDINGS

The study has revealed that corruption is the main issue leading to poverty and the underdevelopment of the masses in Nigeria. Equally, oil increase does not translate to poverty reduction and sustainable development in Nigeria. In their study analysis, Eric C. Frances C. and Bertram S, examined two models of establishing the correlation between corruption and poverty. These are the Economic Growth Model and the Governance Model. They opine that corruption affects poverty by first impacting economic growth factors, which, in turn, impact poverty levels. Economic theory and empirical evidence both demonstrate that there is a direct causal link between corruption and economic growth.

Corruption impedes economic growth by discouraging foreign and domestic investment, taxing and dampening entrepreneurship, lowering the quality of public infrastructure, decreasing tax revenues, diverting public talent into rent-seeking, and distorting the composition of public expenditure. In addition to limiting economic growth, there is evidence that corruption also exacerbates income inequality; regression analysis has shown a positive correlation between corruption and income inequality. Explanations for this link are that corruption distorts the economy and the legal and policy frameworks allowing some to benefit more than others; there is unfair distribution of government resources and services; corruption reduces the progressive tax system; corruption increases the inequality of factor ownership; and lower income households (and businesses) pay a higher proportion of their income in bribes than do middle or upper-income households. Economic growth and income inequality are important because they link corruption to poverty. Income distribution is an important mediating factor because economic growth may not always benefit the poor (Eric C. Frances C. and Bertram S (2003:3-4). These findings and analysis agree with this study's discovery. The IMF says in its regular assessment of the Nigerian economy in 2008 that there is room for the authorities to further strengthen management of the economy and reach development goals. The IMF review says. The economy grew, on average, by more than 7 percent over the past three years. However, while Nigeria's growth has been among the highest in sub-Saharan Africa, poverty remains high and progress on many of the poverty reducing Millennium Development Goals has been slow.

Nigeria is Africa's largest oil producer, and national oil production rose in 2010 just before global geopolitical factors helped spur an increase in world oil prices. Higher oil prices boosted budget revenues and softened the impact of lower tax receipts in recent years, while creating room for investment spending in the priority sectors. (IMF Countries and Regions Economic Health Check Survey Report 2008).

According to Okaba, (2005) Nigeria is sub-Saharan Africa's largest exporter of oil with a production figure of 2.3 million bpd, a population of about 150 million and Human

development Index of 148 out of 173. Nigeria's oil revenue earning is legendary, ranked only behind the world's oil giants: Saudi Arabia, Venezuela, Iran and the United Arab Emirates.

In the final analysis, while higher oil prices have translated into higher standard of living in some other countries, the situation is different in Nigeria due largely to corruption, mismanagement of resources and other factors noted above.

VIII. CONCLUSION

The politicization in the oil industry has undermined development. Poverty is widespread as more than 70 percent of Nigerians live below the poverty line. The endemic corruption has engendered this sky-high poverty and hopelessness in the country. The corruption in the oil sector manned by Nigeria National Petroleum Corporation (NNPC) is made even clearer with the revelations and findings of the House of Representatives Ad hoc Committee on Fuel Subsidy regime. Corruption is evil and responsible for the nation's gross underdevelopment. With the high amount of human and material resources abound in the country, it is believed that Nigeria was supposed to be counted among the league of industrialized nations on earth. Despite the deep conviction about the negative effects of corruption in Nigeria, cases of graft have continued to be on the sharp rise. The situation is so bad that corruption has almost turned out to be a national culture. For nearly two decades now, Nigeria has been named among the ten most corrupt nations in the world by internationally recognized anti-corruption organizations.

IX. RECOMMENDATIONS

The following recommendations have been made in this study:

- ✓ The government should introduce a national reorientation programme to educate people on the crucial need to eradicate corruption in all sectors of Nigeria's economic and socio-political systems. The previous efforts in programmes such as Code of Conduct Bureau, WAI Brigade, ICPC, EFCC and NATPIP, are steps in the right direction.
- ✓ Stiffer sanctions must be imposed on those found guilty of corrupt practices including death sentences. This will serve as deterrent to others. Since corruption is a relationship of 'give and take', both the giver and the receiver must be prosecuted as well. This should be enforced right from the top to the bottom. Perhaps, it is time to enact a decree for this purpose.
- ✓ The government must introduce an equitable wages and incentive system and improve other conditions of work so that the level of poverty can be reduced and the quality of life improved. This will inevitably reduce people's vulnerability and susceptibility to corruption.
- ✓ The government must introduce transparency devices, technological know-how and electronic strategies that can detect and prevent corruption in all areas. The use of

cameras in public places and electronic voting system will work in this direction. Prevention is better than cure.

- ✓ The government in power should develop the political will to prosecute anyone irrespective of tribe, religion or party affiliation found guilty to serve as deterrent to others. There is the need to entrench good governance in every sphere of government activity which is a sine-qua-non for poverty reduction in every Nigerian society. It is not enough for political office holders and other government functionaries to preach that the government has zero tolerance for corruption.
- ✓ They should visibly exhibit accountability, transparency, fiscal responsibility and respect for the rule of law while carrying out their official responsibilities. It is important to note that instituting good governance entails replacing the existing weak institutions in the country with strong ones. Positive transformation of Nigeria can only occur through addressing the root causes of corruption and through effectively implementing the legal mechanisms already in place.

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