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COVID-19 PANDEMIC AND THE REALITIES OF POVERTY IN NIGERIA: A POLITICAL ECONOMY INTERPRETATION

Samson OYEFOLU

Department of Political Science, Lagos State University, Ojo, NIGERIA.

Abstract

The novel Coronavirus disease affects the poverty level in Nigeria. It has reduced the standard of living of the people and caused unemployment among other social-economic woes. This is against the backdrop of the country's rating as the poverty capital of the world with an estimated 87 million people living on less than the \$2 a day threshold. Thus, this article examines the COVID-19 pandemic and the realities of poverty in Nigeria within the framework of the political economy. While relying on secondary data and descriptive analysis, the paper argues that covid-19 obviously exposed the realities of poverty in Nigeria under the prevailing global health emergency. The pandemic has induced a decline in the global oil price which is the mainstay of the economy. This has had a devastating impact on an already weak and underdeveloped digital economy for the smooth running of educational curriculum, and businesses. This reality is compounded by the extant poor state of infrastructure in the public health sector, lack of national welfare programmes, an alarming rate of poverty, and unemployment. The study concludes that the precarious socio-economic realities are a function of the country's neocolonial character of the Nigerian state. Without viable production, the country depends solely on the oil sector for rent collection while oppressing and exploiting the mass of the people. This article then recommends drastic measures to diversify the economy, revamp infrastructure in the public health sector including the pharmaceutical industry, transform the ideological character of the state, improve the digital economy, and articulate national welfare programmes.

Keywords: COVID-19, Nigerian state, pandemic, poverty, political economy

Introduction

Crisis associated with transmissible disease and public health are antique issues which have never recognized any national boundaries (Mingst & Arreguín-Toft, 2011). The Covid-19 pandemic with major global socio-economic, political and health implications is not the first of its kind in the history of man. It is however of note that this virus has been named "SARS-CoV-2" and the disease it causes has been tagged "coronavirus disease 2019" (abbreviated "Covid-19"). The first known patient of Coronavirus started experiencing symptoms in Wuhan, China on 1 December 2019. The disease was described as an infectious disease that is caused by severe acute respiratory syndrome coronavirus.

The COVID-19 disease has spread to over 196 countries and territories in every continent across the globe. Since then, there has been concerted effort to curtail the further spread of the infection which is believed to be transmitted human-to-human. The disease has greatly slowed down economic activities across the world, with many countries coming under partial or total lockdown (Ozili, 2020, p. 5; Oruonye & Ahmed, 2020, p. 33). Based on this situation, WHO (2020) declared the outbreak a Public Health

Emergency of International Concern on 30 January 2020. In fact, as at November 11, 2020, precisely 51, 552, 875 cases of COVID-19 have been reported, including 1, 274, 311 deaths across affected countries around the world with 1, 905, 250 confirmed cases and 45, 947 deaths in Africa (ECDC, 2020).

On Feb 27, 2020, the first official case of COVID-19 in Nigeria was announced. The patient was identified as an Italian citizen, who had recently arrived in Lagos from Europe and who, a few days later, tested positive for the disease. In Ogun state, a neighboring state to Lagos, another patient was identified and was discovered to have been in contact with the first patient. Since then, the situation has developed with more cases occurring (Kalu, 2020, p.1). In concrete term, Nigeria as at November 11, 2020 now had 64,336 confirmed cases, 60, 333 discharged cases and 1,160 deaths have been recorded in almost all the states and the Federal Capital Territory (NCDC, 2020).

The pandemic clearly affects poverty level in Nigeria; reducing the standard of living of the people, rapidly increasing unemployment among others. Worthy to note here is that the country was rated as the poverty capital of the world with an estimated 87 million people living on less than \$2 a day threshold. The last unemployment report released by the National Bureau of Statistics (NBS) also ranks Nigeria 21st among 181 countries with an unemployment rate of about 23.1%. (NBS, 2020). Thus, one of the most serious economic knock-backs that Nigeria has faced in its history, particularly as the oil sector contributes 65 percent and 90 percent to government and total export revenues, is the decline in oil prices by 55 percent between the end of 2019 to March 2020 as a result of Covid-19 outbreak increasingly spreading around the globe (UNDP, 2020). This is not disconnected from the fact that Nigeria as a country is highly dependent on crude oil which has faced sudden decline in demand in the global market resulting in price crash.

In response to this outbreak, the Nigerian state through the office of the President has put in place certain measures in its effort to curtail the further spread of covid-19. These include among others social distancing, staying at home policy in which workers are expected to work from their individual homes, proscription of public gatherings of all kinds etc. This policy imposed limitations in spending and declining consumptions. Many factories have complied by shutting down or cutting down production and output, while in other instances, staff work from home to avoid physical contact. All of these have the potential of worsening the poverty and unemployment challenges in Nigeria (Oruonye & Ahmed, 2020; FG Covid-19 Regulations, 2020).

Against this backdrop, the paper examines how covid-19 exposed the realities of poverty in Nigerian environment from the prism of political economy. The study is therefore structured into introduction, theoretical approach, covid-19 and reality of poverty in Nigeria, conclusion and suggested recommendations that could possibly ameliorate the situation of the country in the post-pandemic era.

Theoretical approach

This study is anchored on the political economy approach to interrogate the basis of class, policy and nature of Nigerian state. The emphasis of political economy approach is the material foundation of life as a defining factor in the dynamics of society. It is in this perspective that domination and inequalities in a society are viewed with reference to the interaction of the various elements of social life, that is, the economic, political and social structures and belief systems. In this view, it is the economic factor, otherwise known as the 'base' that is the most decisive of all these elements and which largely determines the other character of the others, referred to as the 'superstructure'.

(Ake, 1981, p.21). Here, the superstructure consists of the political, philosophical, legal, artistic, religious and other views of society and corresponding institutions, which are directly determined and dependent on the substructure known as the base or the economy in the society. In effect, while the productive forces and the social relations that people enter into in the production process are studied by many other perspectives, only relations of production are studied by political economy. Political economy hence studies production relations in terms of their interconnection with the development of the forces of production.

In emphasis, this approach describes the sum-total of relations of production, which is hinged on the economic structure of the society. This approach underlines the significance and import of the mode of production, ownership of the means of production and social relations for economic and political choices (Seteolu & Aje, 2018, p.25). The analysis of political economy helps us to understand society quite better. This is because when material resources and constraints of a society are understood with how the society produces goods to meet its material requirements, including the type of social relations arising from the organization of production, then the culture of that society, its religious systems, its laws, political system and even its mode of thought are adequately understood.

In this connection, the approach appreciates the class nature of the Nigerian state as fundamental to interpreting state policies. This state is not neutral in the struggle for resources and it is rather structured as the instrument of the dominant social classes to engender and promote the interest of a particular class. The political economy approach justifies the basis that Covid-19 pandemic purely expose the realities of prevalent poverty in Nigeria. The state and its actors have been instrumental to the deepening of the poverty level in the country. The character of state is not rooted in developmental issues and projects.

At this juncture, it is germane to argue that Nigerian state emerged through European creation as a force state, that is, a state created by invasion, extracting surplus from the colonial people in form of taxation for the purpose of keeping its institutions. As an authoritarian type, the state became distanced from the general public. The state of poverty replicated the nature of the colonial state in terms of authoritarianism and structures as these were established outside the region of Africa (Olaitan, 1995). However, while agriculture dictated the pace of Nigeria's economy from the colonial to the early period of post-independence, the 1970s witnessed intensified exploration of petroleum oil resources (Akpan, 2012, p.2). Essentially, the Nigerian Cocoa Marketing Board was established in 1947 while other marketing boards for cotton, groundnuts and oil palm were set up in 1949. These marketing boards were set up purposely to improve production of crops as well as manage storage and marketing of export crops respectively. As it turned out, these marketing boards were more at the service of the colonial interest of local resource exploitation, which ended up impoverishing the rural sources of economic capital through commodity price distortion and excessive taxation (Akpan, Ibid, p.4). As a result of this fact, post-colonial state had transited from agriculture to oil and largely relied on the oil sector especially from 1970s for revenue to maintain the institutions of the state (Olaitan, Ibid). In Nigeria, there is no hegemonic class since the economy is controlled by foreign interests amid the intense struggles of fractions of the local dominant class to access and control state structures and institutions. The state actors are concerned with collection of rent on oil exploration activities with little or no positive effort for non-oil production activities in the economy. This state is over bearing, ruthless, to Rajenji 34

and it is perceived by the exploited and dominated social groups as alienating and malevolent (Justine, Fidelia & Loretho, 2019; *The Guardian*, 2020, p.7). This peripheral and exploitative nature exposed the realities of poverty in Nigeria especially with the outbreak of this pandemic. Poverty level of the country is being greatly affected as the state is distanced from the people, neglecting social provisioning for the populace with high dependence on foreign products and mostly crude oil which has recently witnessed decline in demand in the global market resulting in price crash.

Covid-19 pandemic and the realities of poverty in Nigeria: A critical exposition

According to Anan (1998), the challenge of development in Africa is how to improve the quality of life for the citizenry. This view presents the case of covid-19 in relation to aggravating level of poverty in Nigeria today with 40.1 percent of total population classified as poor in the country (NBS, 2019). In other words, on average 4 out of 10 individuals in Nigeria has real per capita expenditures below 137,430 Naira per year as there are about 90 million poor Nigerians by national standards who have no access to essentials of life and whose conditions have been compounded by this outbreak (NBS, 2019; *The Guardian*, 2020). The poverty level raises serious questions on the legitimacy of the state, alienates the people from actors of the state, and raises social tension and probes on the fundamental purpose of the state. The Nigerian state has been battling with how to improve the quality of life for the general public since the spread of disease to the country. The findings of (Oruonye & Ahmed, 2020) in their investigation indicates that covid-19 is already aggravating the unemployment conditions in the state, resulting in loss of enormous revenue to the government, increasing rate of poverty in the country. Meanwhile, aviation regulatory agencies and key service providers are in dire straits over the operating cost of facilities and payment of salary estimated in excess of N6 billion a month. Without revenue in the last three months due to lockdown, sustaining the heavy overhead and keeping the critical facilities serviceable are already a tough call among the government parastatals. Indeed, it must be exposed that the decline in export revenues is projected to have a combined effect of 0.55 percentage points drop in GDP (UNDP, 2020; *The Guardian*, 2020). The shortage in demand could also reduce domestic oil production supply in the short to medium term. Meaning that, fiscal space could be narrowed significantly further limiting the capacity of government to cope with an emergency response.

In more concrete term, the poor state of infrastructure in public health sector in Nigeria became so obvious in all facets. Initially, ventilators, quality testing tools and personal protective equipment that could assist in the situation of Covid-19 were in low supply and as such the process was practically slow and ineffective. In empirical term, the pharmaceutical industry in Nigerian as one of the biggest in West Africa, accounts for the market share of almost 60% in the region. Nonetheless, majority of the Active Pharmaceutical Ingredients (API) used in Nigeria usually come from China with merely 10% of the drugs being produced locally in Nigeria. Problems such as unreliable utilities, poor facilities, poor source of fund, inadequacy of skilled workers, lack of appropriate government incentives, poor demand due to heavy competition mainly from China and other Asian companies, high cost of production due to huge importation, and so on, are being confronted by the pharmaceutical industry. Due to the inability of health agencies to prevent illegal drugs importation and difficulty in tracking informal drug sellers operating without a registered license, Nigeria has a drug market that is virtually unregulated (Fatokun, 2016). In critical sense, this failure of government in building standard health infrastructure raises some fundamental

questions with respect to death of Chief of Staff (CSO), Abba Kyari, Governor of Oyo State, Abiola Ajimobi, Senator Buruji Kashamu representing Ogun East Senatorial District, Senator Adebayo Sikiru Osinowo representing Lagos East Senatorial District among others. Undoubtedly, no comfort to their family but they fell victim to Nigeria's comatose health care system. Now, the questions might include; would they have survived if we had used the catering budget for the presidential villa to equip hospitals all over Abuja and the entire country? Would they be alive if we had a sound health care system in Nigeria? Why do we spend billions on imported vehicles for legislators and traditional rulers when our health care system is dilapidated? It is apparent that the dominant political class of the state had abandoned the healthcare system, usually most of them could have been flown overseas for treatment given their penchant for medical tourism over headaches, stomach upset including quality of their fart (Nigerian Tribune, 2020; Guardian, 2020), but at a time of a global pandemic like this, it became imperative to receive treatment from abandoned health system in the country.

However, the implication of the foregoing is aptly discussed under three major points. Namely; social welfare programmes, transportation, digital economy and education. In this analysis, social welfare is considered a broader view which is invariably connecting to all other identified points. To start with, there is no doubt that the implication of not putting in place an effective and accessible national social welfare program became evident during this coronavirus outbreak, as poor citizens did not have access to welfare relief that could help them cope with the economic hardship at the time and people had little to rely on. Energy and utilities subsidies were not available. Also no housing subsidies and aid for other basic services to most affected individuals by the outbreak (Abramovitz, 2001; Luenberger, 1996). Again, as seriously noted, the lingering pandemic in the country explains why transporters are becoming idle and frustrated with the economic realities meted on them as they complain of low patronage while passengers suffer high transport fares. In other words, while commuters are feeling agitated over the 100 percent increase in transport fares, motorists blamed low influx of passengers which according to them has caused an untold hardship on their living standard (see Leadership, 2020, p. 14). It is implied that social welfare is not a policy priority at all by policy makers in Nigeria.

Another notable point is that, prior to Covid-19 outbreak, Nigeria is often faced with a weak and underdeveloped digital system. The basis for this claim is not farfetched. For instance, apart from National Open University of Nigeria (NOUN), there were rarely any institutions or school offering a full online educational curriculum from start to finish. In the same vein, many businesses, such as technological companies and banks, operated on the conventional 'come-to-the-office-to-work' model as opposed to the 'working-from-home' model. The sudden outbreak of the novel pandemic seriously challenged the pattern of educational system and business environment in Nigeria. Though, if industries and markets already had a large digital infrastructural base, the operations of these markets and industries would have been affected in small measure. The fact holds that they are used to providing services via the current digital facility during the Covid-19 outbreak only in the areas of digital bank transfers, telecommunication services, and internet services (Ozili, 2020). Essentially, Ozili insists the recent economic crisis would have been addressed if there was a strongly developed digital economy especially during this pandemic whereby every sector is on lockdown. This poor digital facility was so glaring in conducting online teaching for students in higher institutions and other categories

many institutions could not easily cope with the sudden introduction of digital learning system because of inadequacy of standard requirements that could sustain the programme. As a fundamental matter, it is apt to stress maintain that governance goes beyond allocating political positions and awarding contracts. It is about an art and a science of solving and envisaging problems, organizing human, material and ideational infrastructure. It is about securing and making life better by increasing happiness and making people prosper (*Nigerian Tribune*, 2020, p.11).

Conclusion

The core of this analysis so far is that the present outbreak of covid-19 pandemic has critically exposed the poverty level in Nigeria following the state's response in form of lockdown and social distancing as globally applied to stem the continuous spread of the pandemic without enduring and strong socio-economic base that could firmly ensure continued survival of human lives in the state. The summary of the findings indicates that realities of poverty became sharply exposed and heightened with sudden increase in unemployment rate, unimaginably high percentage of poor people in the country, ineffective and underdeveloped digital facility for business operation and smooth running of educational system, poor infrastructural development in public health sector despite the largest size of the country's pharmaceutical industry in the West Africa region, relying largely on importation of materials into the industry. More so, the study reveals the failure of government in institutionalizing sustainable national social welfare programme that could have been made available to cushion the deplorable condition of the poor majority at the time coupled with negative effect of pandemic on global oil price leading to shortage of revenue as demand for only product of the state witnessed decline. From the foregoing, it is undeniable that the realities of poverty in the country as a result of covid-19 obviously reflect the political economy of the state which defines the nature and character of the Nigerian state as a colonial creation properly organized for repression, exploitation to serve the interests of the dominant class and devoid of autonomy without a hegemonic class. The state is not prepared for efficient production base but heavily depend on mono-economic product of oil sector thereby relying on collection of rent as revenue for servicing the state institutions. This state imports virtually everything with little or no interest in export promotion of locally manufactured products. This nature of the state gives meaning why it is alienated from the populace as glaringly visible in this pandemic situation.

Recommendations

For post-Covid policy intervention to improve the socio-economic conditions of the state, the paper recommends the following: (a) The need to create monitoring mechanism and accessibility of welfare programmes, generally for ordinary citizen to rescue the ugly situations of poor majority of Nigeria (b) The infrastructural deficit in public health sector should be properly and adequately addressed to discourage undue reliance on foreign intervention and also provide more standard equipment to public health system. (c) The leadership character must be transformed to reflect people oriented leadership and policy direction. (d) Improvement of already weak digital system should be given prompt attention in order to strengthen business operation and sustain smooth running of complete online educational curriculum. (e) In order to promote export substitution strategy, effort should be made to give capital and subsidy to indigenous entrepreneurs involved in manufacturing (f) Drastic measure

about a competitive and diversified economy should be quickly intensified to enhance creation of sustainable jobs and de-emphasize heavy dependence on oil sector

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Biographical Note

Samson OYEFOLU, a Graduate Assistant and Postgraduate candidate in the Department of Political Science, Lagos State University, Ojo, NIGERIA.