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# Impact of Poverty on Economic Growth in Nigeria: A Causality Approach

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***Abstract:***
*The paper examined the impact of poverty on economic growth in Nigeria: a causality approach from 1980-2012. It specifically examined the trend of poverty and also investigated causal relationship between poverty and economic growth in Nigeria using descriptive approach and Granger Causality test. The line graph showed that poverty rate fluctuated in Nigeria The rate of poverty for Nigeria was highest in 2002 with a value of 80 percent and lowest value of 28 percent was experienced in the year 1980. The Granger Causality test also revealed that there was one-way flow of benefits (uni-directional relationship) between poverty and welfare, corruption to poverty, poverty to pattern of income distribution, poverty to economic growth and poverty to investment in Nigeria. On the other hand, there was two-way flow of benefits (bi-directional relationship) between poverty and life expectancy, and between investment and poverty in Nigeria. Other variables failed to granger cause each other. The paper concluded that it was only poverty that influenced economic growth while economic growth refused to Granger cause poverty which indicated that benefit of growth does not trickle down to the poor in Nigeria. The paper therefore recommends that policies that will enable the benefits of growth trickled-down to the poor should be put in place in Nigeria and that government should redistribute income in favour of the poor in Nigeria.*

***Keywords:*** *Impact, poverty, economic growth, descriptive approach, granger causality*

## 1. Introduction

The issue of poverty has become a serious problem all over the world because no nation of the world can be adduced to be devoid of the challenge of poverty. This problem has therefore attracted global attention such that the World Bank, International Monetary Fund (IMF) and other organizations in the world are worried because of the greater percentage of world population who are suffering from the menace of poverty. The developing world or nations of the world are regarded to be worst hit by the problem of poverty in absolute and relative terms in spite of the fact that Latin America and Asia are also poor.

Despite significant improvement in the world over the last sixty years, extreme poverty remained wide-spread in the developing world. Poverty is the shortage of basic needs of life mainly food, clothing, shelter and safe drinking water which determines the quality of life. Poverty also signifies lack of access to opportunities such as education and employment which may aid the escape of people from it and allow such individuals to enjoy the respect of fellow citizens. Mollie (2007) opined that "to be poor is to be deprived of those goods and services and pleasure which others around them take for granted".

Poverty affects individuals and groups. It is not confined to the developing nations as it also manifest itself in developed countries in a set of problems such as homelessness and the persistence of ghetto housing clusters (Chen and Ravallion, 2007). Thus, poverty is both rural and urban based in nature. This shows that there are poor people in urban and rural areas. However, evidence has shown that rural poverty is more obvious and acute than urban poverty (Ijaiya, 2000). Hence poverty in rural areas is associated with the practice of agriculture and that of the urban areas might have been caused by over-crowding of people seeking gainful employment in urban areas due to industrialization of the urban centers, cities and metropolis in different countries of the world. This menace has pushed many individuals to put in place unwholesome behaviours and resort to committing atrocities against themselves and humanity to such an extent that people take to drunkenness, prostitution, stealing and robbery, drug pushing (carriers) and child abuse or child trafficking in the hope to break away from poverty. This therefore, indicates that poverty has both economic and social effects (Okpe and Abu, 2009).

If poverty slows down economic growth, it means effort must be made to reduce mass poverty for sustainable growth to emerge. This therefore, suggests that economic growth is the only path to end poverty (Vasquez, 2001 and Oyugi, 2008). In addition, a short-term view revealed that acceleration of growth from early 1990s in many developing countries is associated with poverty reduction as measured on the usual $1 per day. Studies/ research results has also shown that the percentage of poor people reduced from 29% to 24%. However, the number of poor people increased in absolute term and put at about 1.2billion (Todaro and Smith, 2003). Since there is a strong relationship between poverty and growth, there must be higher degree of economic freedom which consists of personal choice and protection of private property of the rich and the poor which enhances growth. Apart from these, developing countries can also encourage faster growth through policies and institutional reforms that may help those who are poor.

The pattern of poverty reduction available around the world followed the relationship found in a study conducted by the World Bank on growth in 65 developing countries during 1980s and 1990s. The study found that the share or numbers of people living below the poverty line of $1 a day often declined in countries that experienced growth and increased in countries that suffer or witnessed economic recession. The study found that the faster the economic growth, the faster the reduction in poverty rate. Conversely, the lower the growth rate the greater the poverty rate. For instance, an increase of 8.2% in per capita income leads to a 6.1% reduction in poverty or a 6.1% reduction in poverty rate transcend into 8.2% increase in per capita income. Also, an increase of 1.5 percent in poverty rate decreased output by 1.9 percent. The above relationship accounts for differences in the performance of countries and regions. Between 1987 and 1998, only East Asia saw a dramatic fall in both number of people and proportion of the population living below the poverty line ($1 per day). It was also the only region that experienced considerable, consistent and rapid growth in real income per capita (Vasquez, 2001).

Nevertheless, growth does not occur by chance but countries may experience sustainable growth over a long period of time through escape from poverty (poverty reduction) an environment that generally encourages free enterprise and protect private property. With the adoption of liberal economic policies, developing countries may achieve economic progress that may be comparable with the developed countries within one generation (Vasquez, 2001).

World Development Report (2003) stated that Africa includes some of the poorest countries in the World and associate conditions of poverty in Africa South of the Sahara to harsh environmental conditions, dry and barren land covering large expanses of the region which subsequently led to poor farming productivity as the soil looses fertility and eventual desertification. Desertification in the late 20th century contributed to famine in a number of African countries such as Somalia, Ethiopia, and Mali. In addition, political instability and wars in many Sub-Saharan countries also contributed to poverty. Hence, the number of people living in extreme poverty in Sub-Saharan Africa grew from 217 million in 1987 to more than 300 million in 1998. However the, World Bank Report (2007) "Global Economic Prospects" predict that by 2030 the number of people living on less than the equivalent of $1 a day will reduce to half (550 million) with improvement in the third world . However, predicted that much of Africa will have difficulty in keeping pace with the rest of the developing world and that even if conditions improved in absolute terms the report warned that Africa will be home for a larger proportion of world's poorest people than it is today.

Narrowing down to the research area (Nigeria) there is the need to see the relationship between poverty and growth measures taken by the Nigerian government to reduce poverty in order to have improved economic progress (growth) and her compliance with the Millennium Development Goals (MDGs). Nigeria got its independence on 1st October 1960 from the British government who had colonized the country since 1861. Nigeria therefore became a sovereign state from that date. Nigeria's population is presently above 140 million (NPC, 2004). The country is located In West Africa a Suburb of Sub- Sahara Africa.

At independence, Nigeria showed greater potential of being a prosperous nation on account of the abundant human and natural resources available within the country's boundaries. Prior to the discovery of oil, Nigeria relied on the production of agricultural products which formed her major exports and earned her major foreign exchange earnings from the sector. The agricultural sector provides employment for over 70 percent of the population. The outlook was further brightened by the emergence of crude oil reserves in the early 1970s when Nigeria earned huge revenue from the exploration and sale of oil product (petroleum). This product then became Nigeria's main export from which she generates about 93 percent of her annual foreign exchange earnings. Nigeria also suffered from socio-economic factors in terms of education etc.

- With the collapse of the international oil market in the early1980s the Nigerian economy began to show signs of distress. Subsequently, Nigeria resort to borrowings to off-set balance of payments deficit, to support development projects and to import basic foods despite the availability of abundant arable land in the country. This led to the emergence of poverty in Nigeria, the resort to external borrowings from the Paris Club, International Monetary Fund, World Bank, other countries and external private organizations which aggravated the rate of poverty as Nigeria could not pay back the principal and the accumulated interest rate on her debt to an extent that she was classified as one of the heavily indebted poor countries (HIPC). The fact remained that Nigeria has taking giant steps toward poverty reduction and had impressive growth rate but these programmes and policies had led to increased poverty among the people. The question therefore is to seek whether the policies and programmes were wrongly positioned. This becomes a vacuum to be filled by this paper which seems to have been neglected overtime. The objective of the paper is to examine the trend of poverty and to investigate the direction of the relationship between poverty and economic growth in Nigeria. The remaining part of the paper is divided into four sections. Section two deals with review of literature, section three consists of methodology, section four contains the discussion of the results while section five consists of conclusion and recommendations.

## 2. Conceptual Review

### *2.1. Definition and Classification of Poverty*

The word poverty came from Latin word known as pauper meaning poor. World Bank (1997) defined poverty as hunger, lack of shelter, sickness and inability to attend school, inability to read, unable to speak properly, joblessness; fear for the future, losing a child to illness as a result of drinking unclean water, powerlessness; lack of representation and freedom (Narayan, 2000).

Aku, Ibrahim and Bulus (1997) defined poverty from five perspectives as personal and physical deprivation experienced as a result of health, nutrition, literacy and educational disability and lack of self confidence; economic deprivation due to lack of access to property, income, assets, factors of production and finance; social deprivation brought about as a result of denial from full participation in social, political and economic activities; cultural deprivation in terms of lack of access to values, beliefs, knowledge, information and attitudes which deprived the people of the ability to control their personal destinies; and political deprivation

emanating from lack of political voice to participate in decision making that affects their lives (Ijaiya, 2000). This therefore shows that poverty is multi-dimensional.
In furtherance to the above definitions, poverty can be classified into absolute poverty and relative poverty.

*2.2. Absolute Poverty Approach*
The absolute poverty approach is a concept that is associated with Booth (1889) and Rowntree (1901). Rowntree used the concept of primary poverty by describing poverty as the families whose total income (earnings) are inadequate to obtain the minimum necessities for the purpose of maintaining physical efficiency (Rowntree 1901:86). This approach refers to a state of deprivation as being static; invariant and value free external definition of basic needs because the standard of absolute poverty does not change with respect to prevailing living standards of a society or according to the needs of different groups in society overtime. Presently, the absolute poverty approach lives on in the development of food poverty lines which depend on the income required to secure minimum human calorie intake requirements that is, the cost of keeping people alive only without given consideration for other needs.

*2.3. Relative Poverty Approach*
The second classification of poverty is the relative poverty approach. The relative poverty approach relates the standard of living of the poor to the standards that holds elsewhere in the society in which they live. Relative poverty therefore views poverty as socially defined and dependent on social context, hence it is a measure of income inequalities. It is measured as the percentage of the population whose incomes are less than some fixed proportion of median income.

*2.4. Capabilities Approach*
The concept of capabilities approach was introduced by (Sen, 1983). Sen asserted that an adequate concept of poverty should always contain an absolute component. He went further to state that capabilities approach conceived poverty as absolute in the space of capabilities. This he referred to as universal human needs which include nutrition, education, human dignity and participation in society.

*2.5. The Welfare Approach*
This approach conceptualize poverty by combining absolute and relative work on poverty while drawing from the capabilities approach by incorporating the meeting of basic needs such that poverty is conceptualized in a multi-dimensional perspective. This approach therefore shows that to be poor would mean to be excluded from full participation in the society. In addition, there will be an absolute ‘core’ that will be required to meet basic needs across the various dimensions of poverty (South African Studies on Poverty and Inequality Institute, 2007).

*2.6. Determinants of Poverty in Nigeria*
It is acclaimed that poverty cuts across social and economic boundaries. Some people are considered to be poor for a short-time in their lives while some are seen as being poor permanently. This therefore shows that poverty can strike anybody such that certain demographic and groups are over represented among people living in poverty. Thus, poverty can affect immigrants, new comers, disabled individuals, men, women, and marginalized groups as they may face the risk of social and economic exclusion because of poverty. The following factors may be considered as determinants of poverty in Nigeria and Ghana. These factors include high-population, unequal distribution of resources (income), inability to meet high standard of basic cost of living, inadequate education and employment opportunities, environmental degradation, some economic trends, inadequate welfare incentives, corruption and lack of political leadership will etc. (Ajakaiye and Adeyeye, 2001). In addition to the above causes of poverty, it has also been established that corruption is one of the causes of poverty in developing countries most especially in Nigeria as people converts public revenue into their personal use which invariably limits domestic investment fund that could generate employment, increased income and productivity. This vice is caused by greed and consequently increased the level of poverty thereby inhibiting economic growth. (Onalaja and Onalaja (1997) cited in Dike (2003).

*2.7. Poverty Profile in Nigeria*
Poverty profile in Nigeria and Ghana presents poverty situations from national perspectives for both countries (Nigeria and Ghana). In Nigeria, statistics from the Federal office of Statistics (FOS) now National Bureau of Statistics (NBS) put the incidence of poverty at 28.1 percent in 1980 which suggests that about 18.1 million out of 64.6 million people falls below the poverty line. This rate has subsequently increased to 46.3 percent in 1985, 72.0 percent in 2000, 54.4 percent in 2005 and 54.4 percent in 2007 and percent in 2009 (NBS, various years and Ijaiya, 2007).
The trend of the figures recorded as incidence of poverty above shows that the incidence of poverty has been on the increase, despite appreciable growth rate and all anti-poverty programmes introduced and implemented in Nigeria. Two major reasons account for this poor performance. The reasons are rapid population growth of about 2.83 percent since 1970s which resulted into high dependency ratio and over-stressed pressure on resources in several areas. Secondly, self aggrandizement in the form of corruption which has become a can-ker worm among Nigerians coupled with wider inequalities in income distribution. This therefore indicates that Nigeria faces mass poverty which has serious social, political, economic and security consequences that cannot be ignored. This shows that Nigeria may not likely attain the millennium Development Goals (MDGs) by 2015.

## 3. Theoretical Review

Recent literature on poverty uniformly acknowledged different theories of poverty but see the theories from different perspectives that center around the factors that caused them. The theories are formulated by the following authors: Bradshaw, 2006; Blank, 2003; Rodgers, 2000; Jennings and Kushnick, 1999; Shaw, 1996; Goldsmith and Blakely, 1992 and Schiller, 1989. All the authors differentiate between the theories that laid emphasis on individual deficiencies as the root cause of poverty (conservative) and the theories that relate poverty to broader social phenomena (Progressive or liberal). The authors sees poverty as being caused by personal attributes, accidental, structural flawed characters, restricted opportunities and Big Brother, as a racial and political dynamics and as economic, political and social system problems in the society. However, Rank (2004) asserts that the various theories are divergent and that each theory results into different type of community development intervention strategy. In this paper, six theories are identified to include Individual Deficiencies Theory, Structural Deficiencies Theory, Cultural Characteristics Theory, Economic, Political and Social Discrimination Theory of Poverty, Geographical Disparities Theory and Cumulative and Cyclical Interdependencies Theory.

### *3.1. Causality Test*

The realization of the causal relationship between poverty, economic growth and the determinants of poverty become important because the existence of correlation in descriptive analysis may not necessarily imply causality since two variables may show some correlation despite the fact that they are not directly related. This could be possible because of their relationship with another variable called the third variable which could be an external factor that influenced the two variables in the same way. The causality tests therefore permit a more determinate and specific conclusions in a study of this nature (Gujarati and Porter, 2009).

The commonly used causality tests in econometric modeling are Granger and Sims tests. Granger causality test uses the lagged values of a particular variable while Sims uses lead values. However, the application of Sims test is subject to some restriction hence, this study employs the Granger causality test.

### *3.2. Empirical Review*

Agrawal (2008) examined the relationship between economic growth and poverty reduction in Kazakhstan from 1990 – 2004 using province level data on poverty rate, per capita GDP, Gini- coefficient as proxy for income inequality and unemployment rate. He used Ordinary Least Squares (OLS) as his estimation technique and concluded that both economic growth and enhanced government support for the social sectors are helpful to the reduction of poverty.

Oyugi (2008) examined the effects of economic growth on poverty reduction: experiences from Botswana, Kenya and Namibia using descriptive statistics to present his claim in which he combined various studies that were carried out in the various countries to enable him carry out a comparative analysis of economic growth on poverty. He used Gross Domestic Product (GDP), poverty rate, investment in education and health, mortality rate, human development index, unemployment, governance, life expectancy, Gini – Coefficient and standard of living for welfare as variables to buttress his study. He concluded that growth has failed to trickle down to benefit all the poor and to effectively reduce poverty. He further stated that poverty levels in Botswana was high in spite of high growth rate of 7 percent while he claimed that high inequality levels registered in the three countries (Botswana, Kenya and Namibia) was one of the major reasons that accounted for why growth could not effectively reduce poverty drastically.

Ijaiya, Ijaiya, Bello and Ajayi (2011) studied the relationship between economic growth and poverty reduction in Nigeria from 1980-2008 employing household consumption expenditure, per capita income and their differences. They used multiple regression analysis as estimation technique. They discovered that the initial level of economic growth was not prone to poverty reduction and that positive change in economic growth was prone to poverty reduction in Nigeria. They conclude that improvement and sustenance depends on sound and stable macroeconomic policies such as sound fiscal and monetary policy measures that would create hospitable climate for private investment which could promote improved productivity that would benefit both the rich and the poor.

Okoroafor and Nwaeze (2013), Studied poverty and economic growth in Nigeria from 1990-2011. They employed time series data on variables such as per capita income, life expectancy, adult literacy rate and discomfort index using both descriptive and ordinary least squares (OLS) as estimation techniques. They discovered that none of the explanatory variables was significant in explaining upward variations in the economy and they therefore conclude that there exist sharp disconnect between economic growth and poverty in Nigeria.

## 4. Methodology

The standard Granger causality test examines whether previous changes in one variable, X (Growth) assist in causing or help to explain current changes in another variable Y (Poverty). If it does, then, X (Growth) Granger cause Y (Poverty). If it does not, then one concludes that X (Growth) does not Granger cause Y (Poverty). To determine the direction of causality from X to Y or from Y to X, one simply repeats the experiment by interchanging X and Y variables. The outcome of the experiment will reveal whether the relationship is Uni-directional or Bi-directional. The Granger causality equation is presented below as:

$$PCI_t = \sum G_i POV_{t-1} + \sum \beta_j PCI_{t-2} + U_{1t} \ldots\ldots (6)$$

$$POV_t = \sum \lambda POV_{t-1} + \sum \delta PCI_{t-1} + U_{2t} \ldots\ldots (7)$$

Where

PCI = Per Capita Income (Proxy for Economic Growth)

POV = Poverty Index

*4.1. Discussion of Results*

| Null Hypothesis | No. of lags | F – statistic | Decision |
|---|---|---|---|
| ACP does not Granger Cause POV | 2 | 0.72210 | Do not Reject |
| POV does not Granger Cause ACP | 2 | 2.79256 | Reject |
| COR does not Granger Cause POV | 2 | 4.45015 | Reject |
| POV does not Granger Cause COR | 2 | 0.27091 | Do not Reject |
| GINI does not Granger Cause POV | 2 | 0.77752 | Do not Reject |
| POV does not Granger Cause GINI | 2 | 4.02253 | Reject |
| INF does not Granger Cause POV | 2 | 0.42346 | Do not Reject |
| POV does not Granger Cause INF | 2 | 0.51957 | Do not Reject |
| LXP does not Granger Cause POV | 2 | 1.58942 | Do not Reject |
| POV does not Granger Cause LXP | 2 | 3.10168 | Reject |
| PCI does not Granger Cause POV | 2 | 0.43457 | Do not Reject |
| POV does not Granger Cause PCI | 2 | 2.40184 | Reject |
| SSE does not Granger Cause POV | 2 | 1.04215 | Do not Reject |
| POV does not Granger Cause SSE | 2 | 0.16855 | Do not Reject |
| UMP does not Granger Cause POV | 2 | 0.20679 | Do not Reject |
| POV does not Granger Cause UMP | 2 | 0.24403 | Do not Reject |
| INV does not Granger Cause POV | 2 | 0.67300 | Do not Reject |
| POV does not Granger Cause INV | 2 | 2.34098 | Reject |
| ACP does not Granger Cause PCI | 2 | 3.21073 | Reject |
| PCI does not Granger Cause ACP | 2 | 3.03893 | Reject |

*Table 1: Causal Relationship between Poverty and Economic Growth in Nigeria*
*Source: Author's Computation; E-View 8 (2015)*

Table 1 above, shows the result for granger causality between poverty and economic growth in Nigeria. The result revealed through the F-statistic that welfare proxied by aggregate consumption expenditure (ACP) does not granger cause poverty because of its low value of 0.72210 which shows that ACP does not have influence on poverty because the f – value is insignificant. On the other land, the F–value of poverty stood at 2.7956 which revealed that poverty influenced ACP hence poverty granger cause welfare or standard of living of the people in Nigeria. Satisfying with the result, the study accepts that poverty rate granger cause welfare in Nigeria. The result therefore suggests that there is uni-directional relationship between poverty and welfare and that the flow of relationship is from poverty to welfare.

The result also revealed that corruption (COR) greatly influences poverty with the significant value of F–statistic of 4.45015 while poverty does not granger cause corruption (COR) because of the weak and insignificant F–statistic which stood at 0.27091. This shows that poverty (POV) does not granger cause corruption (COR). With the above result it shows that the flow of relationship is from corruption (COR) to poverty. Hence, there is uni-directional relationship between corruption and poverty and the flow of relationship is from corruption to poverty. The reason for this result may be due to the fact that people who are involved in corrupt practices do so because they intend to break-away from poverty such that gratification may give them the opportunity to have access to more income or resources which may pummeled or pulled them up above the poverty line not minding that corrupt practices are social vices abhorred by the people. Corruption may therefore be thriving in Nigeria because people intend to live a more decent life with improved standard of living.

In another development, the result also shows that the pattern of income distribution proxied by Gini-coefficient (GINI) does not granger cause poverty because of the low and insignificant F-statistic of 0.77752 which indicate that Gini has no influence on poverty rate. On the other hand, the result revealed that poverty (POV) granger cause pattern of income distribution (GINI) because of the F-value of 4 .02253 which has significant influence on GINI. With the result, the study accepted the hypothesis which says that poverty greatly influenced GINI hence, poverty granger cause GINI and the relationship flows from poverty to GINI. The study therefore agrees that there is also a uni-directional relationship between poverty and pattern of income distribution (GINI) in Nigeria. This may likely be as a result of the wide gap in income redistribution in Nigeria such that the gap between the rich and the poor is visibly noticed and have great impact on the Nigerian economy.

The result further revealed that inflation does not granger cause poverty and at the same time poverty does not granger cause inflation as indicated by the F-value of 0.42346 and 0.51967 for inflation and poverty respectively. This outcome may not be far from the fact that there may be no direct relationship between the two variables. Although, there is the likelihood that the poor could indirectly suffer due to high inflation.

On the part of life expectancy (LXP), the result revealed that life expectancy (LXP) granger cause poverty because of the significant F-statistic of 1.58942 which shows that LXP have influence on poverty rate in Nigeria. The result also show that poverty equally granger cause life expectancy (LXP) with the F-statistic of 3.10168. It could be accepted that there is bi- directional relationship between life expectancy and poverty rate in Nigeria. This outcome may not be unconnected to the fact that the level of income of an individual may be a potent determinant of existence which is an indicator of expected life span of an individual since life expectancy of the individuals are low in Nigeria as majority of the people die young as revealed by life expectancy for Nigerians which is lower than that of Ghana.

The result further revealed that economic growth proxied by per capita income ( PCI) does not granger cause poverty rate because the F-statistic of 0.43457 became statistically insignificant as it could not influence poverty rate. This result might have been influenced by the lower value of per capita income in Nigeria vis-a-vis alarming rate of poverty. The pair wise granger causality test further shows that poverty rate in Nigeria granger cause economic growth which was proxied by per capita income PCI because the F-statistic of 2.40184 became statistically significant such that it statistically influenced economic growth. This result could be caused or influenced by the alarming rate of poverty in Nigeria. The result therefore shows that there is uni-directional relationship between poverty rate and economic growth proxied by PCI in Nigeria and that the flow of their relationship is from poverty rate to economic growth.

Considering the relationship between secondary school enrolment and the rate of poverty in Nigeria, the pair wise granger causality test in the table above, shows that neither secondary school enrolments nor rate of poverty granger cause each other because of the low value of their f-statistic of 1.04215 and 0.16855 which proved insignificant. This result might have been influenced by the low value of human capital development proxied by secondary school enrolment (SSE) in Nigeria which could not help to pull people out of poverty. This suggests that the direction of their relationship is neutral.

In another development, the granger causality test as contained and observed from the table shows that there is no causality between unemployment rate and poverty rate and vice versa because of the low values of their f-statistic of 0.20679 and 0.24403 respectively. The result Therefore shows that the two variables does not granger cause each other hence, there is neutral relationship between them. This result therefore suggest that unemployment (UMP) does not lead to poverty while poverty does not create unemployment in Nigeria.

Finally, the result on the table revealed that investment (INV) does not granger cause poverty (POV) in Nigeria as indicated by the value of the f-statistic of 0.67300. The value proved to be statistically insignificant meaning that investment (INV) does not statistically influence the rate of poverty in Nigeria. On the other hand, poverty rate (POV) granger cause investment because its f-statistic of 2.34098 proved to be statistically significant meaning that poverty have significant influence on investment in Nigeria. This therefore indicates that there is uni-directional relationship between poverty and investment and that the flow of relationship is from poverty to investment and not from investment to poverty. This result therefore suggests that if policies are geared toward poverty reduction and more income is redistributed to the poor, investment level may likely improve in Nigeria.

The result further shows that welfare proxied by ACP has significant influence on economic growth in Nigeria proxied by per capita income (PCI) because of the statistical significance of the F-statistic of 3.03893 which shows that economic growth (PCI) also have statistical significant influence on aggregate consumption expenditure (ACP). As a result, there is bi-directional relationship between welfare or standard of living of the people and economic growth in Nigeria. This result suggests that the welfare or standard of living of the people is dependent on the level of per capita income in Nigeria.

The result on table 1 above shows that there is uni-directional relationship between poverty and welfare, corruption and poverty, poverty and pattern of income distribution, poverty and economic growth (PCI) and poverty and investment. It also revealed that there is bi-directional relationship between life expectancy and poverty and between ACP and PCI while there was no casual relationship between inflation and poverty and between unemployment and poverty in Nigeria.

## 5. Conclusion

The study concluded that poverty rate is high in Nigeria and that Nigeria had not moved toward halving poverty rate in 2015 in consonance with the achievement of the first goal of the Millennium Development Goals (MDGs). This is because Nigeria was far behind the achievement of the goal. This is supported by the line graph which discussed the estimation of trend which discussed the analysis of poverty in Nigeria during the period covered by the study. The Granger Causality test also revealed that there was one-way flow of benefits (uni-directional causality) between poverty and welfare, corruption to poverty, poverty to pattern of income distribution, poverty to economic growth and poverty to investment in Nigeria. On the other hand, there was two-way flow of benefits (bi-directional causality) between poverty and life expectancy, and between investment and poverty in Nigeria. Other variables failed to granger cause each other.

## 6. Recommendations

Based on the conclusion of the study, the following recommendations are suggested for policy makers as guide in making decisions on the relationships between poverty and economic growth in Nigeria.

The Nigerian government should holistically pursue the implementation of poverty programmes introduced as the means to achieve poverty reduction rather than impressive growth whose benefit never trickled down to the poor in Nigeria.

Government should ensure that it tries to introduce policies that will maintain easy flow of benefits between poverty and welfare, corruption to poverty, poverty to pattern of income distribution and poverty to investment so that Nigeria could have impressive economic growth.

Government should improve on its performance in ensuring that policies that will permit improved relationships between poverty and life-expectancy, and investment and poverty is introduced and maintained so that they further increase economic growth in Nigeria.

Government should introduce policies that will prevent social and economic disconnect between unemployment, education, inflation and poverty so that the interaction between the variables could adequately contribute to the growth process in Nigeria.

Finally, government should introduce policies that will ensure that the benefits of growth trickle- down to the poor through income redistribution in favour of the poor so that the poor can adequately contribute to economic growth in Nigeria.

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